USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

Required Report - public distribution

Date: 11/16/2015

GAIN Report Number: SP1541

Post: Madrid

Spain

Food Service - Hotel Restaurant Institutional

Annual 2015

Approved By:
Rachel Bickford, Agricultural Attaché

Prepared By:
Arantxa Medina, Marketing and Management Specialist

Report Highlights:
In 2015, Spain shows signs of real improvement in its economic situation. The country is slowly finally coming out of the economic crisis and consumers are going back to bars and restaurants. Therefore, the Hotel, Restaurant and Institutional (HRI) sector in Spain offers excellent opportunities for U.S. food-ingredient and food-product exporters. Entry into the Spanish market generally requires that potential U.S. exporters negotiate specific arrangements with established importers.

INDEX

I. MARKET SUMMARY

Economic Trends

ECONOMIC TRENDS	2011	2012	2013	2014	2015*
Real GDP Growth Rate	-1.0	-2.6	-1.7	1.4	2.8
Inflation (%)	3.1	2.4	1.5	-0.2	-0.6
Unemployment (%)	21.4	24.8	26.1	24.5	21.1
GDP per Capita (€)	22,900	22,300	22,100	22,400	22,500

Source: Eurostat (www.ec.europa.eu/eurostat)
(*) Forecast

In 2015, Spain shows signs of real improvement in its economic situation. The country is slowly finally coming out of the economic crisis that affected its financial system and consumer income and behavior.

Spain is expected to continue to show positive signs of recovery during 2015 and 2016. This situation will likely be reflected in consumers gradually increasing their expenditure again. According to the Consumer Confidence Index (CCI) published in August 2015 by the Centre for Sociological Research (CIS), consumer confidence shows some improvement compared to August 2014. The CCI is a monthly assessment of recent economic developments and expectations of Spanish consumers related to family finances and employment used to anticipate their consumption decisions. During the third quarter 2012, this index reached lowest historical levels, when the Spanish economy was suffering the hardest of the economic recession. According to the latest survey, consumers are slowly recovering confidence and also are improving their future expectations, both when asked about employment and household situation.

Between 2008 and 2013 Spain experienced one of the most important economic recessions in its history, with soaring unemployment rates and decreasing consumers' purchasing power. This situation seriously affected the Hotel, Restaurant and Institutional (HRI) sector, as Spanish consumers tried to avoid unnecessary expenses and reduced their visits to bars and restaurants. 2014 marked the first full year of Spanish economic recovery the economic and this trend is expected to consolidate during the coming years.

Spain is one of the top tourism destinations in the world, with increasing numbers of tourists every year, boosting demand for meals in the HRI sector. In the first half of 2015, Spain set a new record of tourist arrivals. The country saw a record 37.9 million international tourist arrivals from January to July, up 1.7 million visitors compared to the same period in 2014. Tourism is one of the few sectors bringing optimism to the Spanish economy.

According to official statistics, Spain seems to be finally coming out of the economic crisis that affected its financial system and consumer income and behavior. This allows consumer foodservice to register positive slight growth in terms of number of outlets, transactions volume and current value sales. Chained outlets drove the recovery, with franchising the preferred formula for the opening of new outlets. Consumers are slowly going back to the pre-crisis social habits of eating in bars and restaurants during lunch and eating out more--at least once during the week.

Synopsis of the HRI sector:

- Spain is one of the top tourism destinations in Europe with the number of tourists increasing every year, boosting demand for meals in the HRI sector.

- In Spain, the HRI sector accounts for about one third of all food consumed.

- Restaurant chains, including ethnic and fast food, are gaining market share and are expected to continue growing.

Some key factors of Spanish changing demography and consumer habits affecting the HRI sector:

- Smaller households – The number of households without children is increasing. The average family has one or two children per household. Also, single person households are increasing.

- Increasing number of women in the workforce – The percentage of women in the workforce is bolstering the demand for more ready-to-eat foods, as well as eating-out frequency.

- Change in eating patterns – The increased presence and success of ethnic foods from all over the world has particularly among the younger population.

- Aging population – The increasing percentage of the Spanish population over 65 years old, increases the demand for senior citizens centers and/or facilities.

In Spain, the HRI sector currently accounts for 32.2 percent of all food consumed. 0.6 percent up compared to 2013. Total food expenditure outside home in 2014 reached $35 billion.

Spain Total Food Expenditure - 2014

Total Food Expenditure 2014 $108 Billion (100%)	**Food Expenditure at Home** $73 Billion (67.8%)	**Supermarkets** $32 Billion (29.2%)
		Hypermarkets $11 Billion (9.7%)
		Hard Discount **$11 Billion** **(10.6%)**
		Specialized Commerce $12 Billion (11.6%)
		Other $7 Billion (6.8%)
	Food Expenditure Outside Home $35 Billion (32.2%)	**Self-Service, Fast Service and Bars** $11 Billion (10.1%)
		Restaurants with Table Service $17 Billion (15.8%)
		Vending Machines, Transport, Hotels, Convenience, Night Bars $7 Billion (6.3%)

Source: MERCASA

ADVANTAGES AND CHALLENGES FACING U.S. PRODUCTS

Advantages	Challenges

Spain's food industry relies on imported ingredients, many from the U.S.	Spain's financial situation, two main effects on retail: sinking domestic demand, lack of credit for companies—but it is improving.
Tourism is a strong and ever-growing sector that provides sales in the HRI sector, as well as demand for more international foods.	Lack of consumer awareness of U.S. brands and varieties of U.S. products.
Good image and reputation of U.S. products.	Competition from neighboring EU countries, where tastes and traditional products may be well known.
Good network of agents and importers to help get product into the market.	U.S. exports face higher transportation costs and difficulties in shipping mixed or smaller container loads versus EU competitors.
Consumers are increasingly health conscious, demanding products not sufficiently present in the market.	EU labeling, traceability, and packaging laws.
Distribution structure is modern and many companies cover both Spain and Portugal.	High import tariffs and import regulations impose a price disadvantage on non-EU based companies.
Food products in the market are becoming more diversified. Consumers are becoming more open, creating opportunities for new and foreign products.	High marketing costs (advertising, discounts, etc.)

II. ROAD MAP FOR MARKET ENTRY

A. Entry Strategy

Success in introducing products in the Spanish market requires local representation and personal contact. A local representative can provide up-to-date market intelligence, guidance on business practices and trade related laws, sales contact with existing and potential buyers, and market development expertise. The Office of Agricultural Affairs in Madrid maintains listings of potential importers and develops sector-specific information to help you introduce your product in Spain.

Furthermore, a directory of European importers (many of them HRI suppliers) is available online at: American Foods in Europe Directory. European importers of U.S. products are listed by product category and company/country index.

Spain generally applies EU rules and regulations. However, there are subtleties that you should learn about if you are thinking of exporting to Spain. For more information, we invite potential U.S. exporters to contact us for additional, unpublished sector-specific information.

In general terms, U.S. exporters already exporting to other EU member states will likely be meeting most of the requirements for exporting to Spain. The U.S. exporter needs to contact a Spanish importer and/or distributor for his product.

Typically, HRI operators buy their food ingredients from importers or wholesalers. Some large companies buy directly from foreign suppliers. Around 20 percent of the Spanish food production is sold to export markets, mainly to the EU. Some food-processing companies concentrate on the domestic or on export markets, but most of them will have mixed customers. Companies supplying mainly the domestic market frequently market their products directly and have their own logistics infrastructure. However, their customers will vary from wholesalers to buying groups and retailers. Companies producing for the export market may have their own marketing office overseas, local agents or may work with local importers.

U.S. exporters now face even greater challenges, because of the new EC labeling and traceability regulations. Any product that contains genetically modified ingredients must be labeled so that the consumer can distinguish the product. Since consumers have relatively low acceptance of genetically modified foods, food processors, retailers and the HRI sector are reluctant to purchase these processed products or food ingredients for processing.

The following documents are required for ocean or air cargo shipments of foodstuffs to Spain:

- Bill of Lading and/or Airway Bill
- Commercial Invoice
- Phytosanitary Certificate and/or Health Certificate when applicable

If your product is or contains plant or animal products, it will require a phytosanitary or health certificate issued by the competent U.S. authority. Also, if you are exporting animal products, your production plant has to be approved to export into the EU.

- Import Certificate

Most food products require an Import Certificate issued by the competent Spanish authority. However, the Import Certificate is obtained by the Spanish importer and/or the agent involved in the business and is intended for tariff classification purposes.

Also, please check the U.S. Mission to the European Union web page, which will guide you on exporting into the EU.

Trade Shows

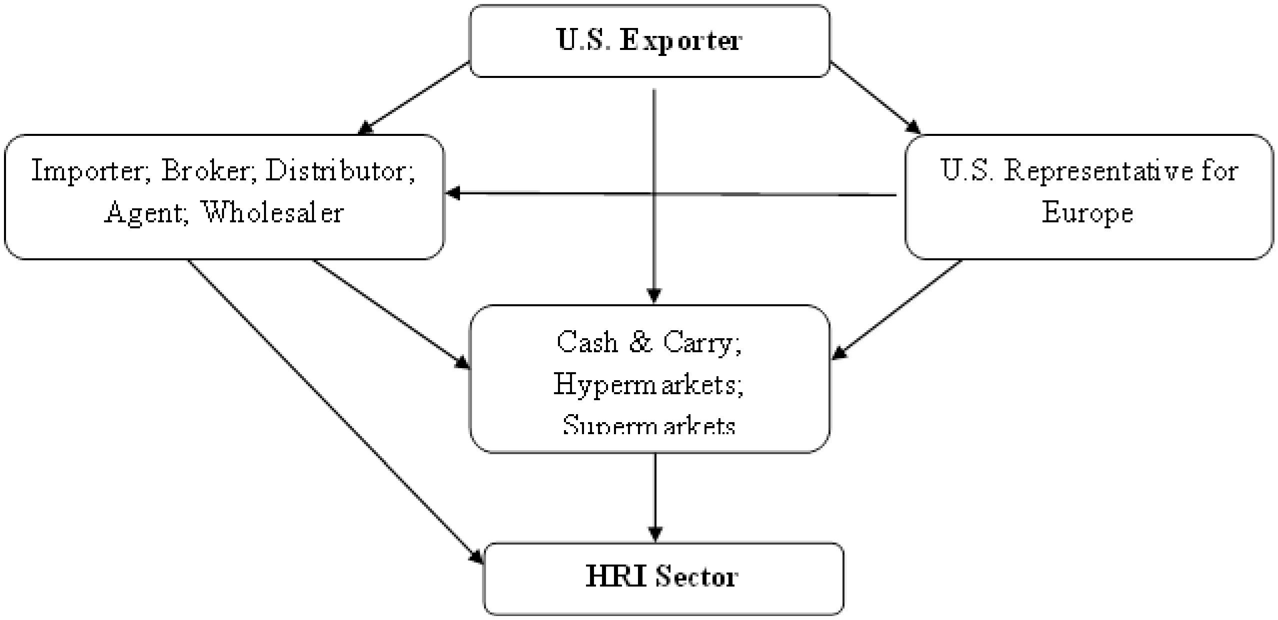
Trade shows in Spain offer excellent opportunities for U.S. exporters to make contact with potential clients or business partners from Spain, other EU countries and other continents.

The most important trade shows related to the HRI sector are:

HOREQ
Dates: January 20-22, 2016.
Place: IFEMA, Madrid

Hostelco
Dates: October 23-26, 2016
Place: Fira Barcelona, Barcelona

B. Market Structure



The HRI sector's supply channels are diverse and serve small and large customers with different needs. Beverage suppliers are very specialized since most beverage consumption takes place in bars, cafeterias and restaurants. The most important HRI sector suppliers are:

- Importers, Wholesalers, Specialists--More specialized by product segment, importers and wholesalers also supply directly the HRI sector, particularly the restaurant and hotel chains.

- Commercial distributors--play an important role in the supply of the food and beverages needs of many small and diverse food service providers.

- Wholesale Markets--Most perishable products are purchased at the wholesale market. The HRI sector is, by tradition, a net consumer of fresh produce.

- Cash & Carry--Open only to businesses and offering very competitive prices, they supply a wide variety of food products, from perishable to non-perishable, domestic and imported. Some cash-and-carry chains have developed outlets that only service the HRI sector.

- Super and Hypermarkets--Very important to the HRI sector when considering "last minute" purchases. Also important due to their convenient locations.

- Local Producers--Some players in the HRI sector buy directly from local producers, particularly if they are located close to major markets. The food service sector has a tradition of using fresh produce in their daily menus. Many restaurants and hotels, particularly along the coasts, buy directly from local producers and fishermen.

C. Sub-Sector Profiles

1. Hotels

Spain is one of the top tourism destinations in Europe, with increasing numbers of tourists every year, boosting demand for meals in the HRI sector. The tourism infrastructure is well developed throughout the country since this sector proved to be crucial for the economy. In the first half of 2015, Spain set a new record of tourist arrivals. The country saw a record 37.9 million international tourist arrivals from January to July, up 1.7 million visitors compared to the same period in 2014. Tourism is one of the few sectors bringing optimism to the Spanish economy.

According to official statistics, Spain seems to be finally coming out of the economic crisis that affected its financial system and consumer income and behavior. This allows consumer foodservice to register positive slight growth in terms of number of outlets, transactions volume and current value sales. Chained outlets drove the recovery, with franchising the preferred formula for the opening of new outlets. Consumers are slowly going back to the pre-crisis social habits of eating in bars and restaurants during lunch and eating out more at least once during the week.

The Hotel Sector in Spain -- 2014

	Spain
Total Number of Hotel Units	14,776
Total Number of Beds	1,437,330
Nights Spent (Million)	295

Source: INE

Spain – Main Tourist Areas
2014 Total Number of Nights Spent – 295 Million

Tourist Areas	**No. Nights Spent**	
	Nationals	**Foreigners**
Isla de Mallorca	2,628,148	38,035,274
Isla de Tenerife	3,454,387	20,644,591
Barcelona	2,936,147	15,453,276
Costa del Sol	5,675,572	11,409,851
Isla de Gran Canaria	2,215,753	14,226,423
Palma-Calvià	1,590,324	14,717,425
Costa Blanca	7,939,258	7,514,690
Fuerteventura	808,174	11,040,890
Costa Brava	3,003,238	7,686,610
Isla de Lanzarote	1,485,132	8,627,738

Source: INE

Spain – Main Hotel Chains – 2014

Company Name	Total Sales ($ Million)*	Purchasing Agent
Melia Hotels International, S.A.	2,757	Distributors, Cash-and-Carry, Importers, Wholesalers
NH Hotel Group, S.A.	1,764	Distributors, Cash-and-Carry, Importers, Wholesalers
RIU Hotels & Resorts-RIUSA II, S.A.	1,623	Distributors, Cash-and-Carry, Importers, Wholesalers
Iberostar Management, S.A.	1,221	Distributors, Cash-and-Carry, Importers, Wholesalers
Barcelo Gestión Hotelera, S.L.	1,213	Distributors, Cash-and-Carry, Importers, Wholesalers
Marriot (España) – Luxury Hot. Intern. Of Spain, S.L.	419	Distributors, Cash-and-Carry, Importers, Wholesalers
Palladium Hotel Group - Fiesta Hotels & Resorts, S.L.	419	Distributors, Cash-and-Carry, Importers, Wholesalers
Corporación H10 Hotels, S.L.	386	Distributors, Cash-and-Carry, Importers, Wholesalers
Hotusa - División Hotelera	331	Distributors, Cash-and-Carry, Importers, Wholesalers
Grupo Piñero – División Hostelera	311	Distributors, Cash-and-Carry, Importers, Wholesalers

*Estimated

2. Restaurants

The food service sector in Spain expanded significantly in the last couple of decades as noted previously. Independent restaurants still dominate the market, accounting for more than 90 percent of consumer foodservice value sales in 2014. Having said that, it is worth noting that the market share of chained consumer foodservice continues to grow. Changes in the eating habits and lifestyles have accelerated the increase of chain restaurants, including fast-food and ethnic restaurants. New types of “healthy” fast food restaurants have emerged, as have salad and gourmet bars or vegetarian restaurants.

Under the specialty food sector, coffee shops and ice-cream shops are also growing very rapidly. Food Courts and other types of food service establishments, located in modern shopping and entertainment centres are very popular and attract a continuously growing number of customers. Fast food chains, restaurants and coffee shops consider such places as key locations for their business. Restaurant chains buy their food products from either local or larger EU-based suppliers in some cases consolidating purchases for the entire chain.

In the period 2015 - 2019, Spain's GDP is expected to maintain positive growth rates, while the unemployment rate is set to fall to 17 percent by 2019. These improvements in the economic situation will likely have the positive effect of bringing the back to bars and restaurants.

Restaurants

According to Euromonitor:

- The number of outlets reach 70,626 in 2014, a 1 percent increase
- Full-service restaurants increases by 1 percent in current values to €23.8 million in 2014, while transactions rises to 1.6 million
- North American style full-service restaurants sees the fastest growth, increasing by 7 percent value terms in 2014
- Few players concentrate on new openings during 2014, boosting the fortunes of low-cost formats
- Full-service restaurants is set to increase in value and in the number are set to increase in the period 2015-2019

Fast Food Restaurants

Some relevant numbers on this sub-sector, as stated by Euromonitor:

- Fast food grows by 6 percent in current values and transactions volume in 2014, rising to €3.2 million and 648 million transactions
- 5,202 fast food outlets are present in Spain in 2014, up 5 percent compared to 2013
- Burguer fast food was a particularly dynamic fast food category in 2014
- Chained fast food accounted for 55 percent of total food outlets in 2014

Spain – Leading Food Chains – 2014

Company Name	Total Sales ($ Million)*	Purchasing Agent
McDonald's España	1,092	Importers, Distributors, Wholesalers
Burguer King General Service Company, S.L.	573	Importers, Distributors, Wholesalers

Telepizza – FoodCo Pastries, S.L.	551	Importers, Distributors, Wholesalers
Areas, S.A.	463	Importers, Distributors, Wholesalers
Grupo Zena – Food Service Project, S.L.	413	Importers, Distributors, Wholesalers
Grupo VIPS-Sigla, S.A.	324	Importers, Distributors, Wholesalers
The Eat Out Group, S.L.	320	Importers, Distributors, Wholesalers
Casual Beer & Food, S.A.	302	Importers, Distributors, Wholesalers
Restauravia Grupo Empresarial , S.L. - Grupo	231	Importers, Distributors, Wholesalers
Comess Group de Restauración, S.L.	213	Importers, Distributors, Wholesalers

*Estimated

3. Institutional

The institutional food service in Spain is dominated by the big companies, where the top ten companies are responsible for more than 70 percent of total sales. In addition there are hundreds of local small companies providing catering and events services, but are difficult to account for in term of units and sales. In general terms, Spanish total sales of the institutional food sector are estimated at $3 billion, in almost 10,000 refectories all over the country. Large institutional food service companies are price sensitive, importing directly, and/or buying products, particularly fresh produce, from local suppliers.

Spain – Leading Institutional Food Sector Companies – 2014

Company	Total Sales ($ Million)*	Purchasing Agent	
Serunión, S.A.	446	Direct, Importer, Wholesaler	
Eurest Colectividades, S.L.	355	Direct, Importer, Wholesaler	
Sodexo España, S.A.	252	Direct, Importer, Wholesaler	
Auzo Lagun, S.C.	198	Direct, Importer, Wholesaler	
Aramark Servicios de Catering, S.L.	161	Direct, Importer, Wholesaler	
Cremonini Rail Iberica, S.A.	101	Direct, Importer, Wholesaler	
Mediterránea de Catering, S.L.	99	Direct, Importer, Wholesaler	
Gate Gourmet Spain, S.L.	98	Direct, Importer, Wholesaler	
Grupo Arturo Cantoblanco	77	Direct, Importer, Wholesaler	
ISS Soluciones de Catering, S.L.	72	Direct, Importer, Wholesaler	

*Estimated

III. COMPETITION

Competitive Situation Facing U.S. Suppliers from Domestically Produces Goods and Imported

Goods			
Product Category (thousand metric tons; million USD)	**Major Supply Sources in 2014 (in value)**	**Strengths of Key Supply Countries**	**Advantages and Disadvantages of Local Suppliers**
Frozen Fish *Imports: 313* *Value:$809*	1. Portugal - 10% 2. Mexico - 6% 3. France - 5% 10. USA - 4%	Other major suppliers offer high quality fish products at competitive prices.	Large competition from local suppliers and producers. Spanish domestic consumption and exports surpass local supply.
Almonds *Imports:75* *Value:$536*	1. USA - 88% 2. Australia - 8% 3. Germany - 1%	Competition from other supplying countries is limited, as Spanish demand for almonds is very high and production in other EU countries is not enough to satisfy demand.	Spain produces almonds, mostly used roasted as a snack, due to its organoleptic properties. U.S. almonds are processed, both to be used by national industry or re-exported.
Walnuts *Imports:24* *Value:$180*	1. USA - 59% 2. France - 15% 3. Chile - 11%	France is a traditional supplier of walnuts. Chile is increasing its presence in the Spanish market	Spain has a significant production of high quality walnuts.
Pistachios *Imports:6* *Value:$70*	1. Germany - 36% 2. USA - 29% 3. Iran - 23%	Germany is the main entry point for U.S. and Iranian pistachios to the EU. Pistachios are then re-exported to other member states.	Pistachio production in Spain is very limited.
Sunflower seeds *Imports:427* *Value:$265*	1. France - 48% 2. USA- 12% 3. Bulgaria - 10%	Growing competition from China, Argentina and Israel for confectionary.	Spain production of sunflower seeds for confectionary is not sufficient to meet demand.
Pulses *Imports:203* *Value:$209*	1.USA - 23% 2. Argentina - 16% 3. Mexico - 16% 4. Canada - 13%	Strong competition from Argentina, who largely increased their presence in recent years, and Canada, a traditional supplier to Spain.	Spain is a traditional consumer of pulses and its local production is not sufficient to fulfill internal demand.

IV. BEST PRODUCTS PROSPECTS

Products Present In The Market That Have Good Sales Potential

- Tree nuts, particularly almonds, walnuts and pistachios
- Peanuts
- Pulses
- Sunflower seeds
- Fish and Seafood, fresh and frozen

Products Not Present In Significant Quantities But Which Have Good Sales Potential

- Functional and health food
- Free-from products (lactose-free, gluten-free)
- Food ingredients
- High value beef meat (only Non-Hormone Treated Cattle)
- Specialty foods, snack foods and sauces
- Beverages (wine and beer) and distilled spirits
- Organic Products
- Pet foods

Products Not Present Because They Face Significant Barriers

- Red meat and meat preparations (hormone ban)
- Poultry (sanitary procedures - chlorine wash)
- Processed food (with GMO ingredients)

V. POST CONTACT AND FURTHER INFORMATION

If you have any questions or comments regarding this report or need assistance exporting to Spain, please contact the Office of Agricultural Affairs in Madrid at the following address:

Foreign Agricultural Service
American Embassy, Madrid
C/ Serrano, 75
28006 Madrid
Spain
Tel.: +34-91 587 2555
Fax: +34-91 587 2556
Email: AgMadrid@fas.usda.gov
Web: http://madrid.usembassy.gov/about-us/fas.html

Please email the Office of Agricultural Affairs in Madrid for more information. Importer listings are available from the Agricultural Affairs Office for use by U.S. exporters of U.S. ingredients. Recent reports of interest to U.S. exporters interested in the Spanish market can be accessed through the FAS website.

Additionally, a list of trade associations and useful government agencies is provided below:

Trade Associations

FIAB- Federación de Industrias de Alimentación y Bebidas
(Spanish Federation of Food and Beverage Industries)
http://www.fiab.es
fiab@fiab.es

FEHR – Federación Española de Hostelería
(Spanish Federation for HRI Sector)
http://www.fehr.es
fehr@fehr.es

ASEDAS – Asociación Española de Distribuidores, Autoservicios y Supermercados
(Spanish Association for Distributors and Supermarkets)
http://www.asedas.es
direc.general@asedas.org

ANGED – Asociación Nacional de Grandes y Medianas Empresas de Distribución

(National Association of Midsize and Large Distributors)
http://www.anged.es
anged@anged.es

Government Agencies

Subdirección General de Sanidad Exterior
Ministerio de Sanidad, Servicios Sociales e Igualdad
(Ministry of Health, Social Services and Equality)
(Responsible for: Imported Foodstuffs, Contaminants and Compound Residues, Health Certification, Port Inspection and EU Alerts)
http://www.msssi.gob.es/profesionales/saludPublica/sanidadExterior/home.htm
saniext@msssi.es

Agencia Española de Consumo, Seguridad Alimentaria y Nutrición (AECOSAN)
(Spanish Consumption, Food Safety and Nutrition Agency)
http://www.aecosan.msssi.gob.es
http://www.aesan.msc.es/SIAC-WEB/contacto.do?reqCode=newSearch

Dirección General de Industria y Mercados Alimentarios
Ministerio de Agricultura, Alimentación y Medio Ambiente
(Ministry of Agriculture, Food and Environmental Affairs)
http://www.magrama.gob.es
informac@magrama.es

For more information on exporting U.S. agricultural products to other countries, please visit the Foreign Agricultural Service home page at www.fas.usda.gov