

USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

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Germany

Retail Foods

The German Food Retail Market

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Report Highlights:

Germany, by far the biggest market in the European Union, shows good prospects for U.S. food products such as tree nuts, wine, processed fruits and vegetables and fruit juices. The food retail sector is fairly consolidated with discounters dominating the market. Food marketing trends in Germany show an increase in demand for convenience, sustainable, health, luxury, private label, and innovative food products.

Post:
Berlin

Executive Summary:

Section I. Market Summary

Germany has 82 million of the world's wealthiest consumers and it is by far the biggest market for food and beverages in the European Union. According to Euromonitor International, grocery retailing reached sales of €178.5 billion in 2011 (\$218 billion). Part of demand is met with domestic products; however, overall Germany is a net importer of all major categories of food products.

Value of imports from Consumer Oriented and Fishery Products, past 5 years billion USD

	2007	2008	2009	2010	2011
Consumer Oriented Products	51.1	57.2	51.5	52.5	58.1
Imports from the U.S.	0.5	0.6	0.6	0.6	0.8
Fishery products	4.2	4.5	4.4	4.5	5.1
Imports from the U.S.	0.3	0.3	0.2	0.2	0.3

Source: www.gtis.com

The German food market is heavily dependent on imports to meet its consumer demands. Last year, Germany imported \$ 58.1 billion of consumer-oriented products. By value, about one fourth came from the Netherlands and France and Italy each had about 10 percent of the import market. After Switzerland and Turkey, the U.S. is the third largest non EU-supplier of consumer-oriented products. In 2011, U.S. exports totaled \$824 million, led by tree nuts, wine, food preparations, and beef.

Current situation

The global financial crisis has not affected Germany as severely as other countries but economic uncertainty has led to a decrease in consumer spending on food and non-alcoholic beverages. In 2008, the German economy slowed and by 2009 Germany was in a recession. In 2010 and 2011 the economy rebounded and Germany performed better than most Western European countries. In 2011, unemployment fell to the lowest level in over a decade. Consumer spending recovered in line with the economy. However, continued fiscal consolidation and Germany's dependence on exports could slow the pace of growth in consumer expenditures on food.

Consumer Expenditures Germany in Euro Per Capita – Value at Current Prices

Consumer Expenditures	2008	2009	2010	2011	2012*
Consumer Expenditures	15,989	16,040	16,508	17,215	17,685
Consumer Expenditures on food and non-alcoholic beverages	1,815	1,788	1,817	1,911	1,927
Consumer Expenditures on alcoholic beverages and	515	517	519	527	535

tobacco					
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Source: Euromonitor, 2012* estimate

Consolidation, market saturation, strong competition and low prices are key characteristics of the German retail food market. The sector is dominated by five large retail companies. The major chains face slim margins due to fierce competition in the sector. However, in recent years, there has also been a trend in consumer preference toward smaller grocery formats, including convenience stores, small grocery retailers and independents.

German Food Retail Sector



Source: Euromonitor International

Number of retail outlets in Germany

Type of Outlet	2007	2010	2013f
Supermarkets/Hypermarkets	15.757	15.779	15.521
Independent Food Stores	22.916	21.558	20.117
Convenience Stores	14.997	15.427	15.923
Discounters	14.525	15.086	16.058
Traditional Markets	3.315	3.315	n.a.

Source: Euromonitor International

In terms of sales, discounters are well established and dominate food retailing in Germany. After years of growth, the discounters face limits to growth that can be achieved through the opening of new stores. However, in 2010 and 2011 supermarkets performed better than other retail channels. They distinguish themselves from other grocery channels by offering high-quality products located close to city centers. Sales in Hypermarkets stagnated due to competition by discounters. In response, Hypermarkets expanded their own

private label products.

Due to the sheer number of stores, the importance of independents is relatively high. With their combination of packaged, branded products and local, fresh products, independent food stores perform well, although their numbers are slowly declining.

Convenience stores take advantage of a trend towards ready-to-eat products and are slowly increasing sales following the crisis. An ongoing development within this channel is a decrease in independent stores but an increase in chain stores.

Traditional open markets are increasingly taking advantage of the popularity of locally produced fresh foods. Weekly markets can be found in nearly all German cities, though they play only a minor role in terms of sales.

Sales in Grocery Retailing by Category, billions of Euro

Type of Outlet	2007	2008	2009	2010	2011
Discounters	59.1	61.3	61.3	61.7	62.1
Supermarkets	40.4	45.6	47.1	48.9	49.2
Hypermarkets	33.1	34.1	34.6	34.6	33.9
Traditional Grocery Retailers	24.9	23.9	23.7	23.7	24.0
Convenience Stores*	8.8	9.4	9.3	9.3	9.4

Source: Euromonitor International, FAS,

* Convenience Stores include kiosks, gas stations, small grocery shops, etc. with extended opening hours, a selling area of less than 400sq meters, and offering take-away food.

Wide Range of Private Label Products

In Germany, the market share for private label products has steadily increased to 40 percent in recent years. Focused on price, private label food products contributed to the initial success of German discounters. However, that has changed since nowadays there is not only price competitive standard private label products, but also more expensive high quality premium products Consumers are discovering the high value for money that private label brands are offering and how they can be an actual alternative to established brands. Private label market share is expected to increase further, driven by the increase profitability it is giving to retailers. Private label leaders are supermarket chains like Edeka and Rewe. Discounters have played less of a role in the development of private label sales.

Trends in food retailing

Basic expectations for German consumers are for high quality food products. However they are very price-sensitive. Germans are devoted to their discounters and the country has, globally, the highest share of discounters in food retailing. This is one reason why margins at the retail level are so thin.

A key demographic factor in the future will be Germany's aging population, which is already ranked among the oldest in the world. Demand for convenience, health, wellness, and luxury foods, will continue to affect food

retailing. Another trend is that German consumers take great pride in being environmental or, 'green.' A segment of the market has demonstrated they are willing to pay more for “sustainable,” “locally sourced,” “free range,” “natural,” “organic,” “fair trade” and “carbon neutral” products.

For sustainability in particular, major retailers and producers are increasingly requiring private certification. Unilever, for example, has pledged purchase 100% ‘sustainable’ products by 2020 and is already making strong progress toward that goal. For U.S. products, there is room to use high health, safety and environmental standards governing production as a competitive advantage but is it important that suppliers ‘have a story to tell’ and are prepared to consider private sustainability certification.

Advantages and Challenges of the German Food Retail Market

Sector Strength & Market Opportunities	Sector Weaknesses & Competitive Threats
Germany is the biggest market in Europe with one of the highest income levels in the world	German consumers demand quality and low prices
Many German consumers are uninformed about the details of sustainability and there is yet room to define a U.S. sustainability message	No unified U.S. sustainability message in the German market.
Germany is among the largest food importing nations in the world	EU import regulation and tariffs. EU gives preferential access to products from EU countries
Opportunities for healthy food products not sufficiently available on the local European market	Very competitive market with low growth in retail sales
Equivalency agreement on Organics offers ample opportunities	Listing fees paid to retailers and money spend on creating brand awareness hamper the introduction of new U.S. brands
Germany has many, well established importers. Distribution system is well developed	Margins on food at retail level are very thin
U.S. style is popular, especially among the younger generation	Retailers rarely import products into Germany on their own
The size of the EU import quota for beef is rising to 48,200 tons and Germany is the largest EU market.	The quota only applies to beef from animals not treated with growth-promoting hormones’
Good reputation for U.S. food like dried fruits, seafood, wine.	
Large non-German population and German’s inclination to travel abroad help fuel demand for foreign products	

Source: FAS Berlin

Section II. Road Map for Market Entry

The German market offers good opportunities for U.S. exporters of consumer-oriented agricultural products.

However there are a number of challenges U.S. exporters must meet before exporting to the German market. Success in introducing food products depends mainly on knowledge of the market and personal contact. There is also little room for compliance errors with stringent EU and German rules. The U.S. supplier should analyze German/EU food laws, packaging and labeling requirements, business practices and trade-related laws and

tariffs, potential importers and the distribution system. The Office of Agricultural Affairs (OAA) offers guidelines on business practices and import regulations. The FAS's Foreign Buyers List, for example, gives important information on German buyers of food, fish, and seafood products.

Purchasing by German food retailers is fragmented and competitive. Few German retailers import products directly from other countries, except for items that they purchase in large quantities. Most food retailers would rather buy from central buyers/distributors importing food and beverages. In general, these wholesalers have specialized in products or product groups and some are even experts in food products from a specific country of origin. Thus, specialized importers have an in-depth knowledge of importing requirements, such as product certification, labeling and packaging. They also typically handle shipping, customs clearance, warehousing and distribution of products within the country.



Source: FAS Berlin

Participating in German food trade shows is a proven way to find the right distributor and facilitates the direct contact with German food brokers, importers, and wholesalers. Trade shows like ANUGA, Green Week or the BioFach show in Germany enjoy an exceptional reputation within the global food industry and these shows outreach is, in many cases, global. For a current listing of German food trade shows, please see: www.usda-mideurope.com.

Selling direct

Direct sales to Germany's leading retail companies is very difficult; however, it can be a desirable product-entry approach for a U.S. supplier. Due to their wide range of distribution, central buyers are generally flooded with offers from competing suppliers and they are usually not interested in taking on added responsibility of importing products directly. This is especially the case for new-to-market products, which may not comply with German/EU import requirements, food laws and packaging and labeling requirements. Retail buyers may only be interested in importing products directly if they are unique, possess some specific attribute, or offer significant advantages in terms of quality, price, or financial promotional support.

Each of Germany's leading retail groups has a different business structure, purchasing, and distribution system. Many of the leading retailers have multiple retail chains, often with various types of retail formats such as large hypermarkets, discount and small neighborhood stores, or perhaps beverage and/or delicatessen outlets. Large retailers' purchasing departments may also be divided by retail format and, sometimes, by region of the

country.

New products on the German market may require up to 12 to 18 months of testing to gain market acceptance. Listing fees, equivalent to several thousand dollars or more per product are common and do not ensure shelf space if a profitable turnover is not achieved rather quickly. The exception may be a retailer's desire to maintain a competitive edge by keeping a full range of products.

Profiles of Leading Retail Companies

Retailer Name and Outlet Type	Ownership	FoodSales (€Mil/2011)	No. of Outlets	Locations
Edeka-Group <ul style="list-style-type: none"> Edeka (Supermarkets) Netto (Discounter) 	Local	31,552 11,157	7,908 4,000	nationwide nationwide
Rewe-Group <ul style="list-style-type: none"> Rewe (Supermarkets) Penny (Discounter) 	Local	15,485 6,824	2,994 2,400	nationwide nationwide
Metro-Group <ul style="list-style-type: none"> Real (Hypermarkets) Metro (Cash & Carry) 	Local	6,764 4,358	331 123	nationwide nationwide
Schwarz-Group <ul style="list-style-type: none"> Lidl (Discounter) Kaufland (Hypermarkets) 	Local	12,956 10,280	3,200 563	nationwide nationwide
Aldi-Group <ul style="list-style-type: none"> Aldi Süd (Discounter) Aldi Nord (Discounter) 	Local	11,234 9,020	<1,800 <2,500	Southern Germany Northern Germany
Lekkerland (Wholesaler)	Local	7,601	19	nationwide
Tengelmann-Group <ul style="list-style-type: none"> Kaisers (Supermarket) 	Local	2,050	710	nationwide

Source: Euromonitor, Lebensmittelzeitung

Section III. Competition

Germany is increasingly dependent on supplies of bulk and intermediate products (like seafood, fruit juices, swine, fresh produce, nuts, etc) from other EU member states and third countries. Germany also depends especially on Southern Hemisphere countries for year-round supplies of fresh fruit and vegetables. Another reason why importers and food distributors turn to foreign markets is the search for unique products. U.S. beef, fruits, nuts, sweet potatoes, and a full range of specialty food products have gained popularity over the years.

Competition for U.S. exports

Product category Total Import in million US\$, 2011	Main suppliers in percentage, 2011	Strengths of Key supply countries	Advantages and Disadvantages of Local Suppliers
PG 30 Breakfast Cereals 256	1. France 16.3 2. Netherlands 14.9 3. United Kingdom	Distance, availability and regional products	Developed processed food industry

	12.5 16. U.S. 0.2		
PG 31 Snack Foods 3,258	1. Netherlands 23.3 2. Belgium 22.3 3. Poland 8.3 4. U.S. 0.2	Distance, availability and regional products	Developed confectionary industry
HS 02: Meat 8,094	1. Netherlands 22.5 2. Belgium 13.7 3. Denmark 11.1 18. U.S. 0.8	Distance and availability	Focus on dairy production instead of beef production. Genetics need improvement
HS 03: Fish and Crustaceans 4,294	1. Poland 14.3 2. Denmark 12.5 3. China 12.2 6. U.S. 5.5	1,2: Distance and availability 3: Price/quality ratio	Tradition in seafood trading and processing, fish is popular
HS 04: Dairy Produce; Birds Eggs and Natural Honey 8,625	1. Netherlands 31.3 2. France 14.5 3. Austria 7.7 33. U.S. 0.1	Proximity	Great tradition of milk and milk based products
HS 07: Edible vegetables 6,444	1. Netherlands 38.1 2. Spain 20.3 3. Italy 9.0 19. U.S. 0.3	1: Proximity 2,3: Tradition, different climate/ supply/ taste/ varieties	Products not sufficiently available on local market
HS 08: Edible Fruits and Nuts 9,055	1. Spain 19.4 2. Netherlands 18.7 3. Italy 12.7 6. U.S. 4.8	1,3: Tradition, different climate/ supply/ taste/ varieties 2: Proximity	Products not sufficiently available on local market
HS 09: Coffee, Tea, Mate and Spices 6,401	1. Brazil 29.2 2. Vietnam 8.4	Trading tradition	No domestic availability, Re-export

	3. Peru 7.2 35. U.S. 0.2		
HS 16: Edible Preparations of Meat Fish, Crustaceans 2.966	1. Netherlands 15.4 2. Brazil 10.7 3. Poland 10.4 30. U.S. 0.2	1,3: Proximity 3: Price/quality ratio	Not sufficiently domestically available
HS 19: Preparation off Cereals, Flour, Starch or Milk 1,493	1. Italy 30.6 2. France 12.9 3. Netherlands 11.9 29. U.S. 0.1	Proximity and re-export	Not sufficiently domestically available
HS 20: Preparations of Vegetables, fruits, Nuts 5,689	1. Netherlands 22.1 2. Italy 12.8 3. Belgium 9.0 19. U.S. 0.6	Proximity	Not sufficiently domestically available
HS 21: Miscellaneous Edible Preparations 3,034	1. Netherlands 18.3 2. France 13.0 3. Italy 9.1 11. U.S. 1.6	Proximity and re-export	Not sufficiently domestically available
HS 22: Beverages, Spirits, Wine and Vinegar 8,679	1. Italy 20.7 2. France 20.5 3. Netherlands 11.3 8. U.S. 4.7	Excellent regional products	Not sufficiently domestically available

Source: www.gtis.com

Section IV. Best Product Prospects

Product Category	Total German Imports 2011 in millions of U.S. \$	German Imports from the U.S. in millions of U.S. \$	U.S. Import Growth in 5 years (2007-2011)*	Market attractiveness for USA
Fish and Seafood Products	5,146	257	-1%	The German market offers lucrative opportunities for fish and seafood products. Fish consumption is growing as consumers

				associate fishery products with a healthy diet. Best prospects for U.S. and seafood exports are salmon, (lobster), shrimps, crabs, caviar substitutes, catfish and scallops
Tree Nuts	1,539	298	14%	The United States is the biggest supplier of tree nuts to Germany. Most tree nuts are used as ingredients by the food processing sector. Almonds are the most important commodity within this category. Further products with good sales potential include hazelnuts, pistachios, pecans and walnuts.
Wine and Beer	3,902	98	42%	Germany has a high share of domestic wine production. However, good prospects exists for “new world wines” including those from the U.S.
Pet Foods (Dog and Cat)	861	1.6	-22%	Sales of cat food have the biggest market share. U.S. exports are declining but potential exists for premium pet food.
Processed Fruits and Vegetables	3,295	33	11%	German imports are slowly increasing. Those products are mostly used as ingredients by the food processing sector for the production of pastries and cereals. Dried fruits and prepared nuts are also popular as a snack.
Snack Foods (Excl. Nuts)	3,257	6.5	12%	German demand for healthy, organic, innovative, and exotic snacks continues to grow.
Red Meats Fresh/Chilled/Frozen	5,541	68	2439%	Good opportunities for U.S. high quality beef produced without growth promotants. The EU quota size and administration system have recently see changes.

www.gtis.com; * Due to the global financial crisis most import volumes peaked in 2008. U.S. imports have recovered slowly. Some products like pet foods and fish still haven’t reached pre-crisis levels.

Category A: Products Present in the Market That Have Good Sales Potential

- Tree nuts
- Wine
- Processed fruits and vegetables
- Fruit juices
- Snack foods
- Health food, organic food, sustainable food products
- Dried fruits

Category B: Products Not Present In Significant Quantities but Which Have Good Sales Potential

- High quality beef (produced without promotants)
- Cranberries and cranberry products
- Seafood and seafood products
- Game and exotic meat

- Innovative sauces, condiments and confectionary products
- Products featuring ‘sustainable’ or other social issue-based marketing theme

Category C: Products Not Present Because They Face Significant Barriers

- Poultry (non-tariff barrier)
- Processed food with GMO ingredients, bleached flour

Section V. Post Contact and Further Information

Internet home pages of potential interest to U.S. food and beverage exporters are listed below:

USDA/FAS/Berlin www.usda-mideurope.com
 U.S. Mission to the European Union www.fas.usda.gov/posthome/useu/usda.html
 FAS/Washington www.fas.usda.gov
 European Importer Directory www.american-foods.org

If you have questions or comments regarding this report, or need assistance exporting to Germany, please contact the U.S. Agricultural Affairs Office in Berlin at the following address:

Foreign Agricultural Service
 U.S. Department of Agriculture
 Embassy of United States of America
 Clayallee 170
 14195 Berlin, Germany
 Tel: (49) (30) 8305 – 1150
 Fax: (49) (30) 8431 – 1935
 Email: AgBerlin@fas.usda.gov
 Home Page: www.usda-mideurope.com

Please view our Home Page for more information on exporting U.S. food and beverage products to Germany, including market and product “briefs” available on specific topics of interest to U.S. exporters. Importer listings are available from the Agricultural Affairs Office for use by U.S. exporters of U.S. food and beverage products.

Recent [reports](#) of interests to U.S. exporters interested in the German Market include:

Report Title	Report Number	Month Report was written
Exporter Guide	GM 1019	August 2011
FAIRS Report	GM 12006	January 2012
Biotech Report	GM 12012	May 2012

Attachment I

Key German Contacts for the Food Retail Trade

Note: While it is impractical to provide a complete list, this partial list is for your information only with the understanding that no discrimination is intended and no guarantee of reliability implied.

Aldi Einkauf GmbH & Co. oHG - Sued
Burgstrasse 37
45476 Muelheim/Ruhr, Germany
Fax: (0049) 1803 252722
Homepage: www.aldisued.de

Aldi Einkauf GmbH & Co. oHG - Nord
Eckenbergstrasse 16
45307 Essen, Germany
Fax: (49-201) 859 33 19
Homepage: www.aldi-essen.de

EDEKA Zentrale AG & Co. KG
New-York-Ring 6
22297 Hamburg, Germany
Tel: (49-40) 63 770
Fax: (49-40) 63 77 22 31
Homepage: www.edeka.de

EHI Retail Institute e.V.
Spichernstrasse 55
50672 Koeln, Germany
Tel: (49-221) 57 99 30
Fax: (49-221) 57 99 345
Homepage: www.ehi.org
Organization representing the retail sectors; German counterpart of FMI.

Globus SB Warenhaus Geschaefstfuehrungs-GmbH
Leipziger Strasse 8
66606 St. Wendel, Germany
Tel: (49-6851) 90 90
Fax: (49-6851) 90 96 00
Homepage: www.globus.de

KaDeWe Kaufhaus des Westens
Tauentzienstrasse 21-24
10789 Berlin, Germany
Tel: (49-30) 212 10
Fax: (49-30) 211 01 90
Homepage: www.kadewe.de

KaDeWe is the flagship of the Karstadt department store chain. It is comparable to Harrods in London and claims to have the biggest food & delicatessen department in Europe.

Lekkerland GmbH & Co. KG
Europaallee 57
50226 Frechen, Germany
Tel: (49-2234) 182 10
Fax: (49-2234) 182 14 45
Homepage: www.lekkerland.de

Lidl Stiftung & Co. KG
Einkauf International
Stiftsbergstrasse 1
74167 Neckarsulm, Germany
Tel: (49-7132) 94-2000
Homepage: www.lidl.com

Markant Handels und Service GmbH
ZHG Ware
Hanns-Martin-Schleyer-Strasse 2
77656 Offenburg, Germany
Tel: (49-781) 61 60
Fax: (49-781) 616166
Homepage: www.markant.com

MGB METRO Group Buying GmbH
Schlueterstrasse 1
40235 Duesseldorf, Germany
Tel: (49-211) 68860
Fax: (49-211) 6886-2000
Homepage: www.metrogroup.de

REWE-Zentral AG
Foreign Trade Dept. - HWA -
Domstrasse 20
50668 Koeln, Germany
Tel: (49-221) 1490
Fax: (49-221) 149 93 71
Homepage: www.rewe-group.com

Tengelmann Warenhandelsgesellschaft
Unternehmenszentrale
Wissollstrasse 5-43
45478 Muelheim/Ruhr, Germany

Tel: (49-208) 580 60

Fax: (49-208) 5806-6401

Homepage: www.tengelmann.de