

THIS REPORT CONTAINS ASSESSMENTS OF COMMODITY AND TRADE ISSUES MADE BY
USDA STAFF AND NOT NECESSARILY STATEMENTS OF OFFICIAL U.S. GOVERNMENT
POLICY

Required Report - public distribution

Date: 7/26/2018

GAIN Report Number: NL8032

Netherlands

Retail Foods

The Dutch Food Retail Report

Approved By:

Jennifer Lappin

Prepared By:

Marcel Pinckaers

Report Highlights:

The Dutch retail sector is fairly consolidated, with the two largest food retailers controlling 54 percent of the market. Consumers are increasingly looking for sustainable products, products that are healthy, and convenience products. The Dutch will continue to buy more private label brands and groceries online. Borders between new food retail formats and innovative foodservice concepts are beginning to blur.

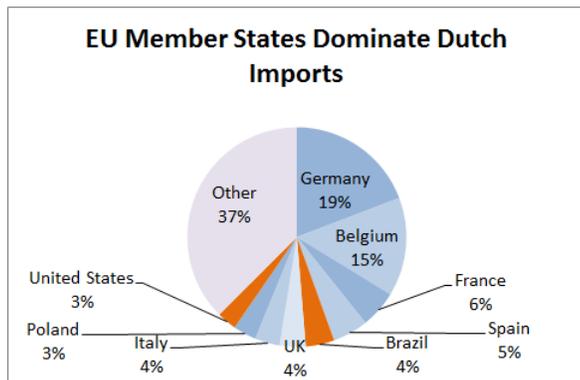
Executive Summary

The Netherlands is a small country geographically, but is the perfect gateway for U.S. products into the EU due to the presence of the Port of Rotterdam, Amsterdam Airport Schiphol, the confluence of two European rivers and an excellent road and railway infrastructure. The Dutch are known for their expertise in transportation and logistics. This is one of the main reasons why the Netherlands continues to be the second largest exporter of agricultural products in the world, after the United States.

The macroeconomic situation and key data about the Dutch economy can be found in the [GAIN Exporter Guide September 20, 2017](#).

Imports of Consumer-Oriented Products

Dutch imports of consumer-oriented products are led by products coming from other EU Member States. In 2017, the United States was the 9th largest supplier of these products to the Netherlands with imports valued at almost \$1.2 billion.



Food Processing Industry

There are 5,890 food companies in the Netherlands, employing approximately 136,000 people, or six percent of total employment in the Netherlands. The sector generated a turnover of \$82.5¹ billion last year and accounts for almost five percent of Dutch Gross Domestic Product (GDP). The subsectors of meat, dairy and fresh produce each account for roughly a quarter of the industry’s turnover. With an increase of five percent, the food industry demonstrated the highest production growth in five years.

Food Retail Industry

The Dutch retail sector is rather consolidated with the two largest retailers controlling 54 percent of the market. For 2017, the turnover of the Dutch food retail industry is estimated at \$42 billion. Consumers are increasingly looking for sustainable or organic products and more ready-to-eat meals and convenience products. The market for shopping online, as a percentage of the total food retail, is estimated at five percent, which is still small but growing. The market for private label products is stable at around 30 percent market share.

Quick Facts CY2017

Imports of Consumer-Oriented Products, total:

\$39.5 billion

List of Top 10 Growth Products in the Netherlands (imported from the World):

- | | |
|---------------|-------------------------|
| 1. Wine | 2. Vegetables |
| 3. Cocoa | 4. Bread, pastry, cakes |
| 5. Bananas | 6. Avocados |
| 7. Butter | 8. Food Preparations |
| 9. Grapefruit | 10. Tomatoes |

Food Industry by Channels:

Food Industry	\$82.5 billion
Consumer-Oriented Products Imports	\$39.5 billion
Consumer-Oriented Products Exports	\$74.3 billion
Agricultural & Related Products Imports	\$75.2 billion
Agricultural & Related Products Exports	\$107.6 billion
Food Retail	\$42.2 billion
Food Service	\$13.3 billion

Top 10 Food Retailers in the Netherlands, Market Share:

Albert Heijn	35.3%	Jumbo	18.7%
Lidl	10.5%	Aldi	6.7%
Plus	6.4%	Dirk	3.8%
Coop	3.1%	Emté	2.5%
Deen	2.2%	Hoogvliet	2.1%

GDP/Population:

Population: 17.2 million
 GDP: \$815 billion
 GDP per capita: \$47,384

Strengths/Weaknesses/Opportunities/Challenges

Strengths:

U.S. consumer products that are innovative, unique, new or have special certification fare well in the Netherlands.

Weakness:

Shipping time & costs, import tariffs and EU approved product labels make U.S. products more expensive.

Opportunities:

Dutch consumers are affluent, open minded and curious, and are willing to pay for products that have a premium and/or add something new.

Threats:

U.S. exporters face competition from other EU member states and third countries such as Canada and Mexico that have negotiated lower tariff rates through trade agreements.

Data and Information Sources: Global Trade Atlas, industry experts, company websites

Contact: FAS The Hague, agthehague@fas.usda.gov

¹ 1\$=0.85€

SECTION I. MARKET SUMMARY

Overall Business Climate

Strengths of the Dutch economy include the Netherlands': stable political and macroeconomic climate, a highly developed financial sector, strategic location, a well-educated and productive labor force, and high-quality physical and communications infrastructure. In the wake of the worldwide financial crisis a decade ago, the Dutch government implemented significant reforms in key policy areas, including the labor market, the housing sector, the energy market, the pension system, and health care. After years of recovery since late 2013, the macroeconomic outlook in the Netherlands has improved significantly. The Dutch government projects GDP growth of 3.2 percent in 2018, and 2.7 percent in 2019. Projected drivers of growth include increased exports and business investments, as well as invigorated domestic consumption by both households and the public sector.

More information about the macroeconomic situation and key data about the Dutch economy can be found in the [GAIN Exporter Guide September 20, 2017](#).

Dutch Food Retail Market

In 2017, the turnover of the Dutch food retail industry grew by two percent and totaled \$42.2² billion, or €35.9 billion. There are roughly 4,300 food retail outlets in the Netherlands providing over 260,000 jobs. Around 80 percent of all food retail outlets are full service supermarkets, operating on floor space between 500 and 1,500 square meters located downtown and in residential areas. Retailers with full service supermarkets have responded to the need of the Dutch to have these supermarkets close to their homes. The remaining 20 percent includes mainly convenience stores (near office buildings, city center, motorways and train/metro stations), some wholesalers and just a few superstores (conveniently located in shopping malls and industrial parks). More figures can be found [here](#).

The top two food retailer formulas in the Netherlands, Albert Heijn and Jumbo, have a market share of 54 percent. The market of German discounters Aldi and Lidl combined has further increased to over 17 percent. Independent food retail stores are increasingly leaving the scene due to shrinking margins, growing online sales and on-going consolidation. The latest market shares of leading food retailers in the Netherlands can be found [here](#).

Market Dynamics

Demand for Sustainable Food Products Is Up

During the last decade, Dutch food retailers have increasingly sourced food products which are either produced sustainably or obtained in a sustainable manner. Wageningen University and Research publishes annually the "Monitor Duurzaam Voedsel" report, which gives an overview of consumer spending on sustainable food in the Netherlands. Total consumer spending on foods certified as sustainable grew by 30 percent in 2017 to over \$4.2 billion, or €3.6 billion. The share of sustainable food compared to total spending on food grew from ten percent in 2016 to an estimated 12 percent last year. Sustainable food continues to be the most important growth market in the Dutch food industry. The consumption of certified sustainable products is expected to continue to increase. A wider range of certified products and changing consumer preferences—paying more attention to sustainability and health—explains the growth in spending on these products. Most of the spending takes place in the supermarket, mainly due to a wider availability of sustainable products. The "Monitor Duurzaam Voedsel 2018," which details the 2017 figures, can be found [here](#).

Private Label Products

The market share for private label products continues to increase in most European markets. The largest market shares are to be found in the Western European countries, led by Spain (52 percent), Switzerland (50 percent), the U.K. (46 percent) and Germany (46 percent). The Netherlands' market share continues to be around 30 percent.

The market share of private label is high in retail markets; these markets are highly consolidated and innovative. Several retailers in the Netherlands market have developed two private labels; one focusing on price whereas the other is aiming at enhancing quality. Consumers are discovering the good value for money that private label brands are offering; they can be a good alternative for A-branded products.

Picture 1. The Private Label Market Shares

Private label seems to fare well not only in years of recession but also in more prosperous times. The profitability of private label products has fueled

² \$1=€0.85



Source: www.plmainternational.com

retailers’ interest to offer more private label products (e.g. gluten-free, healthy, and organic) and move into other areas of private label (e.g. bakery and cosmetics). The on-going expansion of local and international discounters continues to boost the growing market for private label products as well.

The largest trade show for the private label industry takes place in Amsterdam, the Netherlands. Every year around 15 U.S. companies exhibit at the Amsterdam Private Label Manufacturers Association (PLMA) fair; the next edition is scheduled for May 21 – 22, 2019. Please contact us should you require more information about the show, and also check if your commodity cooperator or State Regional Trade Group is planning on participating.

Online Shopping Offers Potential

The market for shopping online, as a percentage of the total food retail, is estimated at five percent which is still small but growing. According to industry contacts, online shopping offers great potential. At the moment, one out of six households occasionally buys their groceries online. The largest market in Europe for online shopping of food products is the U.K. In the Netherlands, Ahold’s Albert.nl acquired market leader Bol.com to further tap into the online shopping market. DeKa drive (consumers can shop-online and pick-up groceries 7 days a week at the DeKa drive, www.dekadrive.nl) is opening more DeKa drives within the next few years. Of the Dutch consumers who shop online, consumers in the age group of 18-44 are most likely to do so, driven by saving time and money. Consumers are likely to continue to shop online if they have a high quality online experience and a reliable delivery of the purchased goods. Shopping by using smart phones and tablets has boosted sales in the past five years, as well.

Blurring Boundaries

Especially in cities, consumers are shopping at different times and locations. Breakfast is often bought on the way to work. During lunch breaks, people decide what they like to eat for lunch and buy it on the spot. Dinner is increasingly bought on the way home. As a result, innovative convenience stores, either small independent or part of a larger chain, are opened near metro/train stations, schools, office buildings and shopping malls. For expansion, food retailers are looking at other, perhaps less-conventional locales that attract a lot of people including hospitals, near highways, universities, and airports. In a recent interview, Jumbo Supermarket mentioned that *“the traditional supermarket is disappearing, instead it will become places where people meet and where we offer healthy and tasty food products.”*

In order to survive in this competitive market, the traditional neighborhood grocery stores are offering more and more meal components and ready-to-eat meals. Consumers also request regional cuisine products (Asian, Italian, Tex-Mex, etc.) and overall tasty and fresh food. New convenience stores are in fact not so much competing with traditional supermarkets but more so with foodservice concepts.

Awareness of Health and Well-Being

Consumers are becoming more aware of and are more concerned about the effects foods may have on their health and well-being. There is a trend to a healthier lifestyle in Western countries. The following U.S. industries have all benefitted from this trend: healthy food snacks (“free from, low on, and rich in” products), tree nuts (pistachios, almonds, walnuts, etc.), so-called super fruits (cranberries, pomegranates, dried plums, and other berries) and pulses. Consumers are looking for and finding more information on healthier living. Beyond traditional media outlets, influencers (bloggers and vloggers) are rapidly gaining power in influencing consumers. Food retailers play a crucial role as well, as they market food products to create, anticipate and meet consumers’ needs.

Table 1. Advantages and Challenges of the Dutch Food Retail Market

Advantages	Challenges
Sector Strengths & Market Opportunities	Sector Weaknesses and Competitive

	<i>Threats</i>
Turnover figures indicate that the Dutch retail market is solid and strong.	The industry is highly consolidated and therefore has a strong negotiating position.
Affluent, open minded and curious consumers create opportunities for new products.	Discounters fare well in the Dutch retail market and the Dutch like to spend their money wisely.
Due to its location, infrastructure and facilities the Netherlands is a trading hub. Importers make purchasing decisions valued at hundreds of millions of USD for consumer-oriented products that are transshipped to other European countries.	Listing fees paid to retailers and money spent on creating brand awareness hamper the introduction of new U.S. brands.
Sustainable food (including organic food) is the most important growth markets.	Sustainability certification can be costly and onerous.

Source: FAS The Hague

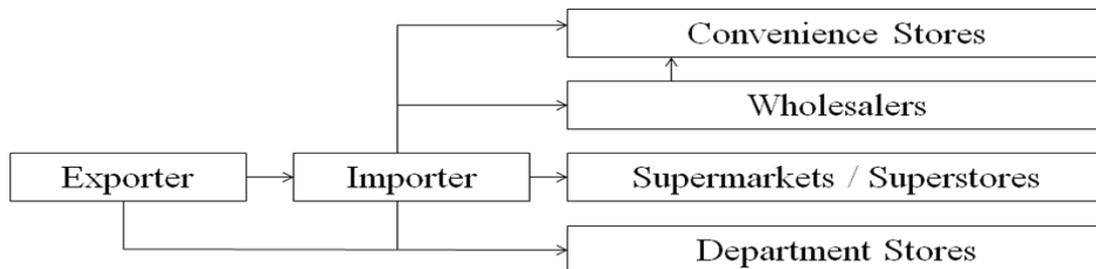
SECTION II. ROAD MAP FOR MARKET ENTRY

U.S. exporters seeking to enter the Dutch market place have many advantages, as indicated in the above table. However, there are a number of challenges U.S. exporters must meet before exporting to the Dutch market.

Entry Strategy

Success in introducing your product in the Dutch market depends mainly on knowledge of the market and building personal contact with knowledgeable and established importers. An importer knows the market, the trade barriers and the required documentation. Prior to any export, invest in research that analyzes the Dutch food culture (concepts, flavor, price, requirements). Once the product has been chosen, be aware of fierce competition. There are tariff and non-tariff trade barriers that can complicate exporting to the Dutch market. The EU also has several Free Trade Agreements (FTAs) which may advantage other third country competitors. FAS The Hague offers guidelines on business practices and import regulations and also maintains lists of Dutch buyers (FBL lists). Please contact our office in The Hague by email agthehague@fas.usda.gov for additional information.

Market Structure:



Source: FAS The Hague

The vast majority of supermarkets and superstores buy foreign (specialty) products via specialized importers. This is especially the case for retail-ready consumer-oriented products like sauces, condiments, beverages and snack products. In general, convenience stores operate on a much smaller scale and therefore often buy smaller quantities through wholesalers. Department stores work either through importers or sometimes buy directly from U.S. exporters. Many imported intermediate and even some consumer-oriented products are often processed, mixed or packed before being sold to the consumer. Products like tree nuts, wines and in most cases fish products fall in this category.

Retailers increasingly have their stores divided in different categories. For each category they will have two or three preferred suppliers who are responsible for supplying the full range of products within the category. This way, the retailer negotiates with just a handful of suppliers for fruits & vegetables, meat products, seafood products, groceries, beverages, bakery products, etc. For the international specialty products (covering branded retail ready U.S. products) area within supermarkets, retailers usually work with only a few specialized importers who are responsible for selecting products and filling those shelves.

Company Profiles

As described in Section I, the Dutch retail industry is rather consolidated; however, on the purchase side, the industry is even more consolidated since several smaller food retailers have joined forces. The following figures will give you an overview of the different buying combinations in the Netherlands.

Table 2. Leading Buying Groups in the Netherlands

Purchase Group:	Market Share, percentage:	Name of retail formats:
Albert Heijn Provincialeweg 11 1506 MA Zaandam www.ah.nl	35.3	Albert Heijn, AH XL, Albert.nl, AH To Go
Superunie Industrieweg 22B 4153 BW Beesd www.superunie.nl	28.8	Plus Holding, Deen Supermarkten, Coop Holding, Hoogvliet Super, Spar Holding, Boni-Markten, Boon Beheer, Detailresult Groep, Jan Linders, Nettorama Distributie, Poiesz Supermarkt, Sligro Food Group
Jumbo Groep Holding Rijksweg 15 Veghel, 5462 CE The Netherlands www.jumbo.com	18.7	Jumbo
Lidl Huizermaatweg 45 1273 NA Huizen www.lidl.nl	10.5	Lidl
Aldi Holding Pascalweg 21 4104 BE Culemborg www.aldi.com	6.7	Aldi

Source: Distrifood Retailplanner

Most of the food retail stores are supermarkets. In addition there are some department stores (Bijenkorf, HEMA and Hudson's Bay), convenience stores (AH To Go, CoopCompact, Spar City Store and Attent), gas markts (On the Run/Snack & Shop Shell Station, GO shops – the fresh way, Café Bonjour and Wild Bean Café) and wholesalers (De Kweker, Sligro, Makro, Bidfood, VHC – Horesca, Hanos and Zegro) that all sell food products.

SECTION III. COMPETITION

In 2017, total Dutch agricultural and related products imports were valued at \$75.2 billion. Imports from the United States totaled \$3.1 billion, up for the sixth consecutive year. Other large EU export markets include the U.K. (\$3.1 billion) and Germany (\$2.6 billion).

The United States is the 9th largest supplier of consumer-oriented products to the Netherlands after several EU member states and Brazil. Dutch imports of consumer-oriented products from the United States continued to grow until 2015 but have dropped since, driven by lower imports of beef, almonds, pistachios, wines and grapefruit.

The table below summarizes the competitive situation that U.S. suppliers face in the Dutch food retail market in terms of locally produced goods and imports and their respective market shares. In addition, the strengths of supplying countries and also the advantages and disadvantages of local suppliers are discussed.

Table 3. Netherlands' U.S. Market Share Versus Main Suppliers' Market Share in Consumer Oriented (U.S. exports), Million USD, 2017

Product Category (product code) Imports in USD million	Main Suppliers, in percentage		Strengths of Key Supply Countries	Advantages and Disadvantages of Local Suppliers
Craft beer (HS2203) Total Imports: USD 405 From USA: USD 4	1. Belgium 2. Germany 3. France 11. USA	53 20 6 1	Competition from neighboring countries Belgium, Germany and France.	Strong demand for new flavors, funky labels and innovative tastes.
Sweet potatoes (HS071420) Total Imports: USD 83 From USA: USD 53	1. USA 2. Honduras 3. Spain	64 8 4	EU ban on Thiabendazole. Competition from Honduras, Spain, China and Egypt.	Restaurants are increasingly serving sweet potatoes. Demand for variety and quality products.
Condiments and sauces (Product group) Total Imports: USD 460 From USA: USD 1	1. Germany 2. Belgium 3. Italy 4. The U.K. 11. USA	22 15 9 9 3	First four suppliers benefit from proximity and being in the EU market.	Demand for good quality and unique products.
Walnuts (HS080231) Total Imports: USD 16 From USA: USD 9	1. USA 2. Australia 3. Argentina 4. Chile 5. France	55 12 10 9 7	Growing competition from Argentina and Chile	Growing demand from food manufacturers, confectionary and snack industry. Benefit from healthy image
Ice cream (HS210500) Total Imports: USD 208 From USA: USD 2	1. Belgium 2. Germany 3. Italy 10. USA	41 23 9 1	1, 2 and 3 are close to the market and offer good quality products.	Demand for good quality and unique products.

Source: www.gtis.com

SECTION IV. BEST PRODUCT PROSPECTS

A. Products Present In The Market That Have Good Sales Potential

- Nuts and dried fruits
- Fruit juices (orange and grapefruit)
- Alcoholic and non-alcoholic beverages
- (Super) Fruits containing high levels of antioxidants

B. Top Consumer-Oriented Products from the World

- Wine
- Beef
- Food preparations
- Grapes

C. Top Consumer-Oriented Products from the United States

- Food preparations
- Beef
- Almonds
- Pistachios

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

- Functional/health/free-from foods
- High value organic products
- Innovative sauces, condiments and confectionary products
- Oysters

E. Products Not Present Because They Face Significant Barriers

- Poultry (sanitary procedures)
- bivalve molluscan shellfish (n.b. the U.S. and EU are working to reopen bilateral trade targeting fall 2018)
- Processed food with GMO ingredients, bleached flour etc.

SECTION V. POST CONTACT AND FURTHER INFORMATION

United States Department of Agriculture - Foreign Agricultural Service – The Hague - Marcel Pinckaers

John Adams Park 1, 2244 BZ Wassenaar, the Netherlands

Phone: +31 (0)70 3102 305 | E-mail: marcel.pinckaers@fas.usda.gov