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Prepared By: Hanna Khan

Approved By: Kirsten Luxbacher

Report Highlights:

Germany is by far the biggest market for food and beverages in the European Union. The food retail sector is saturated, highly consolidated, and competitive. There is good sales potential on the German market for U.S. exporters of nuts, fish and seafood products, dried fruits, bakery products, and organic products. The COVID-19 related lockdown measures heavily impacted the German food sector as well as consumers'eating and purchasing patterns. Whereas online grocery shopping was still a niche market in Germany in 2019, it showed the highest growth in e-commerce in 2020.

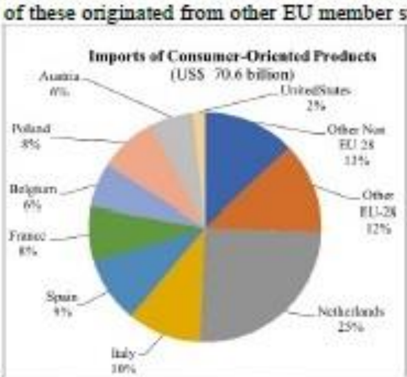
Market Fact Sheet: Germany

Executive Summary

Germany is the biggest market for food and beverages in the EU with 83.1 million consumers. In 2020, Germany's nominal GDP was over USD 3.8 trillion[1], making it the world's 4th largest economy. Germany is a major producer of food and agricultural products and a leading player in the global marketplace. It is also the third largest importer of agricultural products. In 2020, imports reached USD 114.9 billion[2]. While 80 percent of these imports originated from other EU member states[3], the United States was the largest supplier outside the bloc. Imports of agricultural products from the United States totaled USD 2.4 billion in 2020. The macroeconomic situation and key data about the German economy can be found in the 2020 Exporter Guide

Imports of Consumer-Oriented Products

In 2020, Germany imported consumer-oriented agricultural products worth USD 70.6 billion; the majority (85 percent) of these originated from other EU member states.



Food Processing Industry

Germany's 6,123 food processing companies employ 618,721 people. The sector is dominated by small and medium size companies; 90 percent of which have less than 250 employees[4]. In 2019, the sector generated a turnover of roughly USD 207 billion[5]; accounting for 5.4 percent of the German GDP. The largest subsectors by value were meat, dairy, bakery, confectionary, and alcoholic beverages accounting for 25, 15, 10, 7, and 6 percent, respectively.

Food Retail Industry

The sector is saturated, highly consolidated, and competitive. The top four retail groups together account for around 74.5 percent of the total revenue. Small neighborhood retailers continue to face strong competition from modern grocery retailers. Online food sales increased in the wake of the COVID-19 outbreak. Germans are generally price sensitive, but wealthy consumers are willing to pay a higher price for premium quality products..

Quick Facts CY 2020

Imports of Consumer-Oriented Products
USD 70,566 *(USD million)*

List of Top 10 Growth Products in Host Country

1) Pistachios	2) Almonds
3) Walnuts	4) Alaska Pollock
5) Food preparations	6) Wine
7) Hops	8) Peanuts
9) Bread & Pastry	10) Cranberries

Food Industry by Channels (USD billion) 2019

Food Industry Output	207.4
Food Exports	69.6
Food Imports	62.4
Retail	234.9
Food Service	92.7

Food Industry Gross Sales (USD Billion) 2019
Food Industry Revenues
- Food (Domestic market) USD 137.5

Top 10 Host Country Retailers

1) Edeka/Netto	6) Real
2) Rewe/Penny	7) Rossmann
3) Schwarz (Lidl/ Kaufland)	8) Metro
4) Aldi North/South	9) Globus
5) dm	10) Bartels Langnes

GDP/Population
Population *(millions)*: 83.1
GDP *(billions USD)*: 3,810
GDP per capita *(USD)*: 45,878
Sources: TDM, BVE, Destatis, Lebensmittel Praxis

Strengths/Weaknesses/Opportunities/Challenges

Strengths	**Weaknesses**
Germany is the biggest market in Europe with one of the highest income levels in the world.	U.S. exporters face competition from tariff-free products from other EU member states and FTA partners.
Opportunities	**Threats**
A large, well developed food processing industry requiring a wide range of ingredients, from low-value, unprocessed foods to high-value, highly processed ingredients.	Non-tariff barriers such as phytosanitary restrictions and traceability requirements can make exporting to Germany complicated.

Data and Information Sources:
Trade Date Monitor (TDM), German Office of Statistics (Destatis), Federation of German Food and Drink Industries (BVE), Lebensmittel Praxis
Contact: FAS Berlin, Germany
AgBerlin@usda.gov

[1] Source: bit.ly/3xlC9yS/ 2020: 1 USD = EUR 0.8755
2 Source: Trade Date Monitor
[3] UK was still part of the EU Single Market and Customs Union in 2020.

[4] BVE Statistical booklet: bit.ly/3wyeJqc
[5] Exchange rate 2019: 1 USD = 0.8933 Euro

I. Market Summary

Germany has more than 83 million of the world's wealthiest consumers. This makes Germany the third largest importer of consumer oriented agricultural products worldwide, and by far the most important European market for foreign producers. Overall, Germany is a net importer of all major categories of food products. In 2019, grocery retailing reached an estimated USD 270.4 billion[1]. Imports of agricultural and related products increased by 3.4 percent to USD 114.9 billion. Imports of consumer-oriented agricultural products totaled USD 70.6 billion in 2020.

The retail market's key characteristics are consolidation, market saturation, strong competition, and low prices. Germany is an attractive and cost-efficient location in the center of the EU. While many consumers are very price sensitive, the market also provides for many wealthy consumers who follow value-for-money concepts. These consumers are looking for premium quality products and are willing to pay a higher price. Germany still has some of the lowest food prices in Europe. German citizens spend only 14 percent[2] of their income on food and beverage products. Low food prices result from high competition between discounters and the grocery retail sale segment.

Germany's COVID-19 related lockdown and physical distancing measures heavily impacted its food sector as well as consumers' shopping and consumption patterns. Much of the demand for food and agricultural products shifted from restaurant and food service to food retail in 2020. Retail sales were driven by consumers' building of emergency stockpiles and a trend for home-cooking.

In the period March to May 2020, the food retail sector saw an increase of 12 percent, catalog online sales and e-commerce increased by 26 percent[3]. Direct sales of fresh produce boxes from local farms rose by up to 60 percent[4].

Key market drivers and consumption trends

- Fair trade and organic products have become more important on the German food retail (grocery store) market. Germany is the second largest organic market in the world (behind the United States) and presents good prospects for exporters of organic products.
- Ageing population and increased health consciousness of consumers is fueling the demand for health and wellness products, as well as functional food products.
- Increasingly high-paced society and the rising number of single households are driving the demand for convenient ready-to-eat meals, desserts, and baking mixes.
- Ethnic foods, beauty and super foods, "clean" label foods, "free from" products (e.g. gluten or lactose free), and locally grown are further trends that attract more and more German consumers.
- Increasing share of consumers who view their purchasing decision as a political or life-style statement (non-GMO, "free-range" eggs, vegetarian, or vegan, etc.).
- Consumers increasingly demand traceability and information about production methods.
- Germany remains a price-focused market, but the share of consumers who are willing to pay for quality is increasing in most cities.

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1 German Farmers' Association (DBV) Situation Report 2020/2021, p. 21
2 German Farmers' Association (DBV) Situation Report 2020/2021, p. 21
3 Federation of German Food and Drink Industries (BVE), Corona Evaluation Report, p. 12
4 Federation of German Food and Drink Industries (BVE), Corona Evaluation Report, p. 15

- COVID-19 related lockdown measures impacted consumers' eating and purchasing patterns. A recently published evaluation report on the effects of COVID-19 on the German food and drink sector indicates four patterns influencing consumers' purchasing decisions[5]: DIY-Food (do-it-yourself), freshness & convenience, storability, pleasure & brand value.

Please see our German country page at www.fas-europe.org with more information and reports.

Table 1: Advantages and Challenges

Advantages	Challenges
Germany is the biggest market in Europe with one of the highest income levels in the world.	German consumers demand both high quality and low prices.
The demand for sustainable food and food ingredients is growing.	Private sector sustainability standards can act as a barrier to trade.
Germany is among the largest food importing nations in the world.	U.S. exporters face competition from tariff-free products from other EU member states and FTA partners.
Germany is centrally located in Europe with excellent transportation channels. Food processors are well situated to export products to other EU countries.	Listing fees paid to retailers limit the introduction of new U.S. brands.
Germany has a large, well developed food processing industry requiring a wide range of ingredients, from low-value, unprocessed foods to high-value, highly processed ingredients.	Non-tariff barriers such as phytosanitary restrictions and traceability requirements can make exporting to Germany complicated.
The United States has a reputation as a reliable supplier of food inputs in terms of availability, delivery, and quality.	Some products of modern biotechnology are prohibited as they are not approved in the EU.

Source: FAS Berlin

II. Road Map for Market Entry

Entry Strategy

U.S. companies seeking to export goods to Germany are advised to do thorough research to develop a good understanding of the market. FAS GAIN Reports are a good source for country specific information: https://gain.fas.usda.gov/#/. Also, contact with the FAS office in Berlin is encouraged for anyone interested in entering or learning more about the market (contact information provided at the end of this report).

Once U.S. companies have acquired this background information, they may consider attending or visiting one of Europe's USDA endorsed trade shows like the ANUGA show and other trade shows in Europe. They serve as a springboard into the market, helping companies to establish new trade contacts and gauge product interests. Germany hosts many of the world's largest trade shows. Therefore, it is an

[5] Federation of German Food and Drink Industries (BVE), Corona Evaluation Report, p. 21

excellent location for U.S. exporters to promote their products, to get in contact with potential business partners, buyers, to meet with FAS Berlin, and to conduct product launches.

Table 2: Major Food Related Trade Shows in Germany

Trade Show	Description	Location
ANUGA (every two years) October 9-13, 2021 www.anuga.com	Leading food fair for retail trade, food service, and catering market	Cologne
Bar Convent October 11-13, 2021 https://www.barconvent.com	International trade show for bars and beverages	Berlin
ISM January 30 - February 2, 2022, www.ism-cologne.com	World’s largest show for snacks and confectionery products	Cologne
FRUIT LOGISTICA February 9-11, 2022 https://www.fruitlogistica.com/en/	World's leading trade fair for the fresh fruit and vegetable business	Berlin
BIOFACH February 15-18, 2022 www.biofach.de/en	World’s leading trade show for organic food and non-food products	Nuremberg
Internorga March 18-22, 2022 www.internorga.com/en/	Europe’s leading trade show for foodservice and hospitality	Hamburg
Gastro Vision March 18-21, 2022 en.gastro-vision.com/	Germany’s business forum for decision-makers from the hotel, restaurant, and catering industry	Hamburg
ProWein March 27-29, 2022 www.prowein.com	International trade show for wines and spirits	Dusseldorf
Interzoo (every two years) May 24-27, 2022 www.interzoo.com/en	Leading trade show for pet food and supplies	Nuremberg

U.S. exporters can also contact their respective U.S. State Regional Trade Groups (SRTG), their Commodity Cooperator Group, and their state Department of Agriculture to obtain additional support.

State Regional Trade Groups (SRTG) are non-profit trade development organizations that help U.S. food producers and processors to enter overseas markets. They are funded by USDA/FAS and the private industry. They carry out promotional activities to increase exports of U.S. high-value food and agricultural products. For more information, contact the State Regional Trade Group responsible for your state: https://www.fas.usda.gov/state-regional-trade-groups

The **U.S. Agricultural Export Development Council** is composed of U.S. commodity trade associations and other organizations, in addition to the SRTGs, with an interest in promoting U.S. agricultural exports. For an overview and additional information on the various commodity groups, you can go to http://www.usaedc.org/. The Commodity Cooperator Groups regularly organize trade missions, which often take place around trade shows or other events. They are also excellent platforms for U.S. suppliers of food ingredients to meet with foreign buyers.

Import Procedure
Importers represent the first link in the domestic sales chain and are consequently responsible for the compliance of imported products to national and EU regulations. The European Commission has published the following guidance documents which refer to key EU rules: "Guidance document – Key questions related to import requirements and the new rules on food hygiene and official food controls."

The responsibility for enforcing food law provisions in Germany lies with its federal states (*Laender*). Whether a specific product complies with the legal requirements is evaluated by considering the actual product in its entirety, taking into account its origin, import certificate, composition, intended purpose, and presentation. Please contact FAS Berlin for clarification on questions concerning the interpretation and application of import provisions in individual cases.

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 import requirements, such as product certification, labeling, and packaging. They also typically handle shipping, customs clearance, warehousing, and distribution of products within the country.

Market Structure
Consolidation, market saturation, strong competition, and low prices are key characteristics of the German retail food market. The top four grocers account for around 74.5 percent[6] of the total market. The German market is largely dominated by domestic players. This is particularly true for hypermarkets, supermarkets, and discounters. German consumers are very particular about what they like and what they do not like in their grocery retailers, and grocery retailers can count on a strong base of loyal customers. The failure of Walmart to establish itself in Germany over a decade ago shows how hard it is for international players to successfully enter the German market.

Table 3: Profiles of Top Food Retailers in Germany

Retailer Name and Outlet Type	Total Sales ($million[7]/2020)	Food Sales ($million[8]/2020)	Locations
1. **Edeka-Group** • Edeka (Supermarkets) • Netto (Discounter)	76,567	70,114	nationwide nationwide

[6] Source: Lebensmittel Praxis, edition 05_2021
[7] Exchange rate: 2020: 1 USD = 0.8755 Euro
[8] Exchange rate: 2020: 1 USD = 0.8755 Euro

2. Rewe-Group • Rewe (Supermarkets) • Penny (Discounter)	63,525	53,719	nationwide nationwide
3. Schwarz-Group • Lidl (Discounter) • Kaufland (Hypermarkets)	51,742	42,039	nationwide nationwide
4. Aldi-Group • Aldi Süd (Discounter) • Aldi Nord (Discounter)	36,094	28,569	Southern Germany Northern Germany
5. dm (retail chain specialized in cosmetics, healthcare items, household products & health food, similar to RiteAid or CVS)	9,754	8,779	nationwide
6. Real	8,950	6,265	nationwide
7. Rossmann (retail chain specialized on cosmetics, healthcare items, household products & health food, similar to RiteAid or CVS)	8,372	7,535	nationwide
8. Metro[9]	6,087	4,657	nationwide

Source: Lebensmittel Praxis, edition 05_2021

Large grocery retailers in Germany are mainly driven by competition between each other. They are very well-established and compete mainly on price, outlet networks, and consumer trust, which, amongst other factors, requires them to maintain their standards in terms of quality. Retailers also try to differentiate themselves through additional services and standards which add value to their original value proposition.

The growth of discounters is slowing because of market saturation and the continuing trend towards shopping at supermarkets in convenient city locations. As urbanization is growing and consumers' lifestyles are changing, more and more people seek convenience when doing their grocery shopping. To counter this, discounters are also attempting to adapt and expand in hopes of differentiation. Additionally, they are focusing more on quality and choice rather than price with new concepts and the introduction of more premium and convenience foods.

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[9] Excluding Real

Supermarkets benefit from the convenience trend as smaller outlets in convenient city and residential locations continue to increase in popularity. The urban consumer of today is looking to save time, without having to drive to a hypermarket or a discounter, but still demands high-quality products and a wide product range.

The COVID-19 outbreak pushed consumers out of their routines and led to changing consumer attitudes and purchasing habits. Whereas online grocery shopping was still a niche market in Germany in 2019, it showed the highest growth in e-commerce in 2020. Sales increased by around 60 percent.[10]

This trend is expected to continue. A forecast among 139 online grocery shoppers indicates that around 37 percent would buy a similar amount of groceries online in the future, around 31 percent plan to buy more groceries online[11].

Companies like the meal-kit provider HelloFresh were able to benefit from the shift to online grocery shopping. Revenues for the period from April to June 2020 increased by 123 percent, the number of customers rose from 2.4 million to almost 5 million. [12]

III. Competition

The main competitors for U.S. suppliers include domestic producers and producers from other EU member states, such as the Netherlands, Italy, Spain, France, Poland, and Belgium. However, for dried fruits and nuts the main competitors are Turkey (hazelnuts and raisins), Chile (dried prunes), South Africa (raisins), and Canada (cranberries). The U.S. industry's advantages include a good reputation for consistent quality and stable supply. The main advantages of competitors are proximity and price.

Table 4: Overall Competitive Situation for Consumer-Oriented Products (2020)

Product category Total German Import	**Main suppliers in percentage**	**Strengths of Key supply countries**	**Advantages and Disadvantages of Local Suppliers**
Tree Nuts (HS 0801 +0802 +200819) **MT 503,786** **USD 3.6 billion**	1. **USA – 23.2%** 2. Turkey – 18.2% 3. Netherlands – 9.9%	USA is the leading supplier of almonds, pistachios, and walnuts. Turkey has the lead in hazelnuts. Netherlands is a large re-exporter of cashew nuts.	Domestic production is minimal. Germany is a leading producer of marzipan.
Fish & Seafood (HS 03 + HS 16) **MT 1.172 million** **USD 5.9 billion**	1. Poland – 23.1% 2. Netherlands – 15.2% 3. Denmark – 11% **5. USA – 3.8%**	Proximity and availability. USA is the second largest supplier of Alaska Pollock fillets.	Tradition in seafood trading and processing. Fish is popular.

[10] German Retail Federation (HDE), Online Monitor 2021, page 9

[11] German Retail Federation (HDE), Online Monitor 2021, page 51

[12] Federation of German Food and Drink Industries (BVE), Corona Evaluation Report, p. 16

Wine & Beer (HS 2203, 2204, 2205, 2206) **Liters: 2.164 billion** **USD 3.6 billion**	1. Italy – 32.4% 2. France – 25% 3. Spain – 11.4% **10. USA – 2%**	1-3) Proximity, reputation, climatic conditions for wine growing.	Wine only grows in southern part of country. Insufficient domestic supply.
Food Preparations (HS 210690) **MT 440,884** **USD 2 billion**	1. Netherlands – 18% 2. France – 11% 3. Poland – 10% **9. USA – 3%**	1-3) Proximity and availability.	Strong domestic food industry.
Peanuts (HS 1202) **MT 140,406** **USD 212.8 million**	1. Netherlands – 58% 2. Argentina – 11% 3. Belgium – 8% **4. USA – 7%**	1+3) Volumes consist of re-exported peanuts from Argentina, USA, Brazil	No local availability, high demand from well-established snack food industry
Dried Prunes (HS 0813 20) **MT 11,994** **USD 41.7 million**	**1. USA – 34.8%** 2. Chile – 32.5% 3. Netherlands – 13.9% 4. France – 5.3%	1) Good reputation for quality, California origin adds value 2) Product pricing, zero duty access through EU-Chile FTA	No local availability
Raisins (HS 0806 20) **MT 81,294** **USD 170.9 million**	1. Turkey – 32.7% 2. South Africa – 25.4% 3. Netherlands – 11.2% **4. USA – 6.8%**	1) Pricing	No local availability
Meat (HS 02) **MT 2.193 million** **USD 7.1 billion**	1. Netherlands – 25.4% 2. Poland – 12.7% 3. Belgium – 11.8% **18. USA - 0.2%**	1-3) Proximity and availability. U.S. imports consist of hormone-free beef under Hilton beef quota.	Focus on pork rather than beef production.
Sauces and Preparations (HS 2103) **MT 358,127** **USD 782.9 million**	1. Italy – 29% 2. Netherlands – 22% 3. Poland - 6% **11. USA – 2%**	1-3) Proximity and availability. USA is well known supplier of BBQ sauces.	Strong domestic food industry.
Snack Foods excl. nuts (HS 1905 + 1704) **MT 1.1 million** **USD 3.4 billion**	1. Poland – 16,9% 2. Netherlands – 16,8% 3. Italy – 12,2% **25. USA – 0.4%**	1-3 Proximity and availability. 1) Volumes also consist of re-exports from China, Thailand, & USA.	Tradition in snack food production. Germany is one of the global market leaders in snack foods.

Source: Trade Date Monitor, Products ranked according to value of U.S. products (last update: June 21, 2021)

IV. Best Product Prospects

Products in the market that have good sales potential

- Nuts: Almonds, pistachios, walnuts, pecans, hazelnuts
- Fish and Seafood: Pollock, salmon, surimi, roe and urchin, misc. fish products
- Dried and Processed Fruits: Raisins, prunes, cranberries

- Beef and Game: Hormone-free beef, bison meat, exotic meat, and processed meat products
- Soup & Other Food Preparations
- Organic products

Products not present in significant quantities, but which have good sales potential

- Bakery products
- Pulses

Products not present because they face significant boundaries

- Food additives not approved by the European Commission
- Red meat and meat products with hormones
- Most poultry and eggs
- Biotech-derived products that are not approved in the EU

V. Key Contacts and Further Information

If you have questions or comments regarding this report, or need assistance exporting to Germany, please contact the Foreign Agricultural Service in Berlin. Importer listings are available from the Foreign Agricultural Service for use by U.S. exporters of U.S. food and beverage products.

U.S. Department of Agriculture Foreign Agricultural Service
Embassy of the United States
Clayallee 170, 14195 Berlin, Germany
Phone: +49-30- 83 05 – 1150
agberlin@usda.gov
www.fas-europe.org

FAS Germany publishes numerous market and commodity reports available through the Global Agricultural Information Network (GAIN) at: https://gain.fas.usda.gov/#/search

Attachments:

No Attachments