Foreign Agricultural Service
GAIN Report
Global Agriculture Information Network

Required Report - public distribution

Date: 11/27/2002

GAIN Report #NL2059

The Netherlands

Retail Food Sector

Report

2002

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Report Highlights:
This report is an overview of the Dutch Retail Market.

Includes PSD changes: No
Includes Trade Matrix: No
Unscheduled Report
The Hague [NL1], NL

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Section I. Market Summary

Facts And Figures

Food Retail in Europe

The French Carrefour group is by far the largest food retailer in Europe. In 2001 the company had total sales of 70,502 million EURO, of which approximately 70 percent were food sales. The list of the fifteen largest food retailers is dominated by French and German food retailers. Dutch based Ahold, UK based Tesco and Sainsbury and U.S.-based Wal-Mart are the only non German and non French retailers. Ahold's total sales in Europe last year were 27,049 million EURO of which 90 percent are sales of food products.

The process of on-going consolidation within the European food retail industry has led to larger, stronger and more international food retailers. The thirty largest food retailers have a market share of 68.5 percent. Ten years ago this figure was only 51.5 percent.

Figure 1: Top 15 Largest Food Retailers in Europe, 2001

	Food Retailer	Country of Origin	Food Sales Million Euro
1	Carrefour	France	49,704
2	Tesco	UK	33,348
3	Rewe	Germany	30,675
4	Intermarche	France	28,627
5	Metro	Germany	27,126
6	Edeka	Germany	26,257
7	Aldi	Germany	25,357
8	Ahold	Netherlands	24,533
9	Auchan	France	24,078
10	Sainsbury	UK	21,941
11	Casino	France	17,254
12	Schwarz-Gruppe	Germany	17,041
13	Wal-Mart	USA	13,774
14	Lecrerc	France	13,635
15	Tengelmann	Germany	9,520

Source: M + M Eurodata, USDA

Food Retail in the Netherlands

In contrast to other mature European retail markets like the UK, France and Spain, the majority of Dutch supermarkets are full-service stores operating on floor space between 400 and 1,000 square meters. Approximately 80 percent of food retailer turnover is generated in stores of 600 square meters or more. In the Netherlands there are very few hypermarkets or super stores and progressively fewer traditional convenience or mom and pop stores.

In the Dutch food retail industry there are several operating companies. The 5 biggest companies have a market share of 78 percent (figure 2). Ahold and Laurus alone account for over 50 percent of the market. Some of these companies have several retail models. Laurus, for instance, has three different supermarket models. Also Sperwer is active in the Dutch market with two different models, Plus and Spar. The remaining three companies have one model each.

Figure 2: Top 5 largest Food Retailers, 2001

Rank	Operating Companies	Market Share	Main Models
1	Albert Heijn	27.4	Albert Heijn
2	Laurus	25.3	Edah, Super de Boer, Konmar
3	Schuitema	12.4	C1000
4	Aldi	8.3	Aldi
5	Sperwer	4.4	Plus, Spar

Source: AC Nielsen / USDA

- **Albert Heijn**

The Netherlands largest food retailer is Albert Heijn owned by the Dutch-based Royal Ahold. Besides the Netherlands, Ahold owns supermarkets in 11 other European countries, the U.S., South America, and Asia. Albert Heijn has one main model in the Netherlands which is the Albert Heijn supermarket, with close to 700 outlets with an average floor space of 950 M2. Recently Albert Heijn has introduced two variants on the existing model; "AH XL" and "AH To Go's". The "Albert Heijn XL" is a super store of over 4.000 M2. The "AH To Go's" on the other hand is small and sells only convenience and value added products.

- **Laurus**

The second largest food retail company is Laurus. Laurus' most important stores, in terms of sales, are the "Super de Boer" stores. This model includes 425 stores and operates in stores of on average 800 M2. Laurus' second largest formula is "Edah", a well known model used by 287 stores (900 M2). The last formula is "Konmar", used in 137 big stores (1500 M2).

- **Schuitema**

The third largest company is Schuitema, 73% owned by Ahold. The wholesaler offers the C1000 formula to independent food retailers. In addition, Schuitema offers logistics and marketing services. At the moment there are approximately 480 supermarkets of which 385 are independent supermarkets. The other 95 stores are directly owned by Schuitema. The ownership has been the result of an acquisition of Tengelmann's A&P's.

- **Food Retail Versus Food Service**

The share of food spending on food service versus food retail is increasing. This has lead to moves by food retailers to extended stores' openings hours and increase the availability of convenience products and ready-to-cook meals.

Figure 3: Ratio Between Retail and Food Service on Food Spending

	1991	1995	2000	*2001	**2002	#2005
Food Retail	72.7	71.6	71.1	70.9	70.7	70.1
Food Service	27.3	28.4	28.9	29.1	29.3	29.9

Source: ACNielsen, * preliminary, ** forecast, # indication

- **Increase in Floor Space and Productivity**

Total food retail sales in 2001 increased by 5.7 percent to 22.7 billion EURO. This turnover was achieved by fewer stores. The total number of retail stores decreased by 5 percent to 4.968 supermarkets.

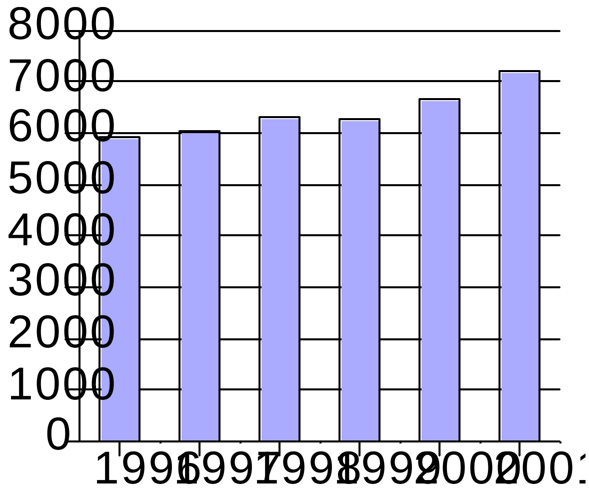
Figure 4: The Number of Stores within a Specific Floor Surface

	1999	2000	2001	2002
0 - 400 m2	2,877	2,352	2,114	1,914
400 - 700 m2	1,355	1,286	1,194	1,153
700 - 1,000 m2	923	1.070	1,033	1,010
1,000 - 2,500 m2	705	826	838	841
>2,500 m2	47	49	50	50

Source: ACNielsen

Due to the increase of large supermarkets / super stores and the closing of small, predominantly independent, supermarkets, the average floor-space increased from 522 M2 in 1998 to 610 M2 in 2001. Also the floor productivity (turnover / square meters) increased to 7,202 per M2 in 2001.

Figure 5: Floor Productivity (Turnover / M2)



Source: AC Nielsen

Changes And Challenges Within Operating Companies And Formulas

- **"AH To Go" Search for Traffic**

Albert Heijn is looking for opportunities to grow profit. As a result, Albert Heijn has introduced 'To Go' shops. These shops are small convenience stores (70 M2) located near human traffic. The concept satisfies the consumer's need to drink and eat tasty, healthy, fresh and varied products while traveling, commuting or working. At the moment there are almost 30 AH To Go. Ahold's plan is to increase this amount by another 40 in 2003 up to a total of 170 in 2007. Expansion will predominantly take place at gas stations (in cooperation with Esso) but also at railway stations, universities, shopping malls and hospitals.

- **"AH XL"**

Ahold's Albert Heijn opened its first Super Store AH XL (4,200 M2) last year. So far results of this store have been good. The second AH XL will be opened later this year. In 2010 Albert Heijn wants to have 50 Super Stores. AH XL is a store of 4000 M2 and sells besides food items also non food products like CD's, DVD's and computer games.

Albert Heijn is not the only food retailer in the Netherlands to introduce Super Stores. Schuitema's C1000 recently opened a 3,100 square meters store. C1000 also offers non-food products and services like photo service, ATM's, a post office and a restaurant. Another example is Jumbo Supermarkten. This company plans only to expand into stores between 3,000 and 4,000 M2. The big difference between Jumbo and AH XL and C1000 is that Jumbo sell only food items. Finally Konmar has built some big supermarkets during past few years. These Super Stores are approximately 4,000 M2.

- **Changes and Challenges for Laurus**

Laurus used to have several store formats and formulas. Early last year Laurus started to transform its 800 shops into one formula, Konmar supermarkets. Due to disappointing results, the transformation was stopped. One year later, a new CEO is leading the company and 38.6 percent of the shares were bought by France' fifth largest food retailer, Casino. Laurus will focus on three models: Edah, Super De Boer and Konmar.

- **Higher Market Share for Hard Discounters**

Hard discounters Aldi and Lidl (who this year agreed to purchase 50 stores of former Laurus former formula 'Basismarkt') together have for the first time a market share of 10.1 percent up by 0.8 percent compared to last year. Aldi, which operates 377 stores in the Netherlands, has a market share of 8.3 percent. The second largest hard discounter in the Netherlands is Lidl (120 stores) with a 1.8 percent market share.

Aldi is the only non Dutch company which has a significant market share in the Dutch retail market. Aldi is a German based hard discounter with stores all over Europe. Together with Lidl, they are the only retailers who have been able to maintain a hard discounting formula in the Netherlands.

- **Ethnic Stores**

During the past 4 decades, the number of ethnic stores in the Netherlands has increased. Most of them are located in the Randstad, the region encompassed by 4 cities Amsterdam, The Hague, Rotterdam and Utrecht, where the majority of the Dutch population live. Almost a year ago, the first ethnic store formula with national coverage was developed, the Fresh & Snackstore (F&S). At the moment there are 21 Fresh & Snackstores and the plan is to increase this number by another 22 stores coming year. In order to keep costs low, the stores are rather small (250 - 400 M2) and in general do not spend a lot of money on furniture and decoration. The stores offer a combination of national and international products (predominantly Turkish and Moroccan products).

Section II. Road Map for Market Entry

Entry Strategy
Success in introducing your product in the Dutch market depends, in large part, on local representation and personal contacts. The local representation should be able to provide detailed market information on the drivers and dynamics in the competitive environment. In addition, guidelines are needed on business practices, trade-related laws and logistics (for more information see our Exporter Guide 2002 and F.A.I.R.S. Report 2001).

Some local representatives serve as both importers and distributors. The Office of Agricultural Affairs in the Netherlands maintains extensive listings of importers and also maintains information about ongoing activities that provide opportunities to meet the Dutch trade.

Market Structure
In the Netherlands, several large purchase groups are active in purchasing consumer products. In most cases they are or divisions of the operating companies in food retail like Albert Heijn, Laurus and Schuitema. However, the third largest purchase group in the Netherlands, Superunie, is not a food retail company. Superunie buys food products from national or international suppliers for its affiliated members. Superunie's biggest affiliated members are Sperwer, Sligro, Jumbo and Coop.

Purchase Group	Formula
Albert Heijn	Albert Heijn, AH XL, AH To Go
Laurus	Edah, Super de Boer, Konmar
Superunie	Coop, Jumbo, PLUS, Jan Linders, Vomar, Spar
Trade Service Netherlands (Schuitema)	C1000

Company Profile

A. Super Stores/Supermarket, Hard Discounters and Department Stores

1. Super Stores and Supermarkets
    - Albert Heijn, C1000, Edah, Konmar, Super de Boer, Coop, Jumbo, Jan Linders, AH XL
2. Hard Discounters
    - Aldi, Lidl
3. Department Stores
    - Bijenkorf, HEMA, V&D

B. Convenience Stores, Gas Marts and Kiosks

1. Convenience Stores
    - AH to go: train stations, busy shopping streets, business districts
2. Gas Marts
    - Shell - AH To Go
3. Kiosks
    - train stations

C. Traditional Outlets

- Grocery Store, butcher Store, bakeshops

=> For Detailed information on the operating companies, purchasing group and models please see Appendix I

Section III. Competition

Knowledgeable traders, good distribution systems, professional supermarkets and affluent consumers make the Netherlands an attractive export market. The Dutch processing industry is very competitive. The position for primary producers is somewhat different. Due to high prices for farm land, high labor costs, high standards for food safety and animal welfare and multiple rules and regulations, the cost price for raw materials is, in general, not the most competitive. As a result, the Netherlands increasingly sources from nearby countries. Trade with EU countries is fairly easy because of the low transportation costs and the free trade agreement.

However for some products, the Netherlands has to look outside, e.g. for year-round availability of fresh fruit and vegetable. The Netherlands sources fresh produce from Southern Hemisphere Countries like Chile, Argentina, Brazil but also New Zealand and Australia. In addition to availability, cost is another important reason to source internationally. As a result, poultry is increasingly sourced from Thailand and Brazil.

The last reason why the food industry looks to foreign markets is to look for unique products. This can be either tropical products but also well-known products that are produced, processed or packed in a different way and therefore become unique for the Dutch food industry.

In order to increase export sales to the Netherlands, the US products have to complement the Dutch season, be price competitive or be unique.

Section IV. Best Products Prospects

A. Products present in the market which have good sales potential

- Wine
- Nuts
- Canned Salmon
- Citrus Fruit Juice
- Processed Fruit and Vegetables
- Sauces and Condiments

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

- Dried Fruits
- Hormone Free Beef
- Cheddar Cheese
- Functional Foods
- Certain Processed Organic Products

C. Products not present because they face significant barriers

- Red Meat and Meat Preparations (hormone ban)
- Poultry (sanitary procedures)
- all GMO derived food products

Section V. Post Contact and Further Information

Post Contact:

Office of Agricultural Affairs (O.A.A.) American Embassy
Postal Address: U.S. Embassy-AGR, PC71, Box 038, APO AE 09715
Visitor Address: Lange Voorhout 102, 2514 EJ The Hague, the Netherlands
Phone: 31-70-3109299,
Fax: 31-70-3657681,
E-mail: agthehague@fas.usda.gov,

For more information on exporting U.S. Products to the Netherlands, please visit the FAS website at www.fas.usda.gov

Appendix I

The Netherlands : Buying Association / Supermarket				
Organization	Chain/Supermarket	No. of Outlets	Retail surface in sq. m.*	Location
Albert Heijn				
Albert Heijn B.V. HQ : Zaandam Tel: 31-75-659 9111 Fax: 31-75-631 3030 www.ah.nl HQ: Zaandam Mother Co. Koninlijke Ahold N.V.	**Albert Heijn** franchise AH to Go* Albert Heijn XL *These stores are in Railway Stations, Gas Stations and Hospitals	490 197 16 1	1,112 874 4,200	National Arnhem
Den Toom HQ:Rotterdam Tel:31-10-433 1777 Fax::31-10-413 5646	**Den Toom** (incl Liquor Stores)	1	2,300	Rotterdam
Laurus N.V. HQ: ‘s-Hertogenbosch Tel: 31-73-622 3622 Fax: 31-73-622 3636 www.laurus.nl				
Edah HQ: Helmond Tel: 31-492-571 911 Fax: 31-492-571 388 www.edah.nl	**Edah** Including Franchises	287	900	National
Konmar & Super de Boer HQ: Amersfoort Tel: 31-33-454 7777 Fax: 31-33-454 7454 www.konmar.nl	**Konmar**	137	1,500	National
	Super de Boer Including Franchises	425	800	National
C.I.V. Superunie HQ: Beesd. Tel : 31-345-686 666 Fax : 31-345-686 600 www.superuni.nl				

Agrimarkt B.V. HQ: Goes Tel: 31-113-629 200 Fax:: 31-113-629 266	**Agrimarkt**	3	1,400	North-Brabant, Zeeland & Zuid Holland
Boni-Markten HQ: Nijkerk Tel: 31-33-247 3131 Fax:: 31-33-247 3141	**Boni-Markten**	33	750	Overijssel, Gelderland, Utrecht, Drenthe, Flevoland & Friesland
Boon Sliedrecht HQ : Sliedrecht Tel: 31-184-418 500 Fax: 31-184-412 159 **Mother Co.** Boon Beheer b.v.	**M.C.D.**	29	685	Utrecht, South-Holland North Brabant &Gelderland
	Own Brand & Formula Shops	16	250-2,400	National
CoopCodis HQ : Arnhem Tel: 31-26-384 3900 Fax: 31-26-384 3999 www.coop.nl	**Coop** Including Franchises	57	667	
	E-markt	82	297	Gelderland & Utrecht
	Stipt	22	105	National
	Thuiswinkel (mobile shop)	5	20	National
	Volumemarkt	48	545	North Holland
	Others	145		National
Deen Supermarkten HQ : Hoorn Tel: 31-299-252 100 Fax: 31-299-252 102 www.deen.nl	**Deen**	32	930	North Holland
Dekamarkt B.V. HQ : Velsen Noord/Beverwijk Tel: 31-251-276 666 Fax: 31-251-276 600	**Dekamarkt**	82	855	North & South Holland Flevoland, and Gelderland
	Wine & Liquor Store	34	83	
	Drug Store Bubbles	4	200	
	Dekamarkt Gas Station	1	60	North Holland
Hoogvliet B.V. HQ : Alphen a/d Rijn Tel: 31-172-418 218 Fax: 31-172-421 074 www.hoogvliet.com	**Hoogvliet** Liquor Stores	36 16	1,000 35	Utrecht, South-Holland & Gelderland
Jan Linders HQ : Nieuw Bergen (L) Tel: 31-485-349 911 Fax: 31-485-342 284 Email: janlinders@janlinders.nl www.janlinders.nl	**Jan Linders**	44	710	South East-Gelderland, East Brabant & Limburg

Jumbo Supermarkten HQ :Veghel Tel: 31-413-380 200 Fax: 31-413-343 634 www.jumbosupermarkt.nl	**Jumbo** Including Francises	51	830	North-Brabant, Zeeland, Almere, Dedemsvaart, Uithuizen & Limburg
	Pryma Including Franchises	14	325	Gelderland,Limburg South-Holland, North-Brabant & Zeeland
	Others	20		
Nettorama Distributie B.V. HQ : Oosterhout Tel: 31-162-455 950 Fax: 31-162-456 520 www.nettorama.nl	**Nettorama Verbruikersmarkten**	24	1,150	Overijssel, Utrecht, South-Holland, North-Brabant Drenthe & Limburg
Poiesz Supermarkten B.V. HQ : Sneek Tel: 31-515-428 800 Fax: 31-515-428 801 www.poiesz-supermarkten.nl	**Poiesz Supermarkt** Wine & Liquor Store	34 31	675 30	Friesland, Groningen, Flevoland & Drenthe
Sanders Supermarkt B.V. HQ : Enschede Tel: 31-53-484 8500 Fax: 31-53-484 8501 www.sandersupermarkt.nl	**Sanders**	18	646	Twente
Sligro				
Sligro HQ :Veghel Tel: 31-413-343 500 Fax: 31-413-341 520	**Sligro**	34		National
	Mobile Shops	150		
	Eigen Formule/Eigen naam	250	100-350	
	Milo	71		
	Drop Inn	37	20-50	
	Snoep Express (candy)	15	100-150	
EM-TÉ Supermarkets HQ :Kaatsheuvel Tel: 31-416-542 500 Fax: 31-416-542 519 Internet: www.em-te.nl	**EM-TE** Liquor Stores	11 11	1,015 70	North Brabant
Prisma Food Retail HQ : Nijkerk Tel: 31-33-245 5455 Fax: 31-33-245 5401 Email: info@primsafood.nl Internet: www.primsafood.nl	**Attent**	58	205	National
	Golff	61	743	
	Meermarkt	81	364	
	Zomermarkt/Rekra	72	232	

	Others	39		
Sperwer Holding HQ : De Bilt Tel: 31-30-221 9211 Fax: 31-30-220 2074 Email: directie@sperwer.nl www.plussupermarkt.nl www.gastrovino.nl	**Plusmarkt**	147	743	National
	Garantmarkt	74	291	
	4=6 Service	11	81	
	Gastrovino (Delicatessen)	41	111	
	Holiday Resorts Shops	13		
	Others	19		
Spar Holding HQ: Zevenbergen Tel: 31-168-357 900 Fax: 31-168-357 999	**Spar**	248	<500	National
	Euro Spar	1	1,550	Putte
	Independent Supermarkets	192	<150	National
	Mobile Shops	250	<50	National
Vomar Voordeelmarkt HQ: IJmuiden Tel: 31-255-563700 Fax: 31-255-521649 Email: vomar@vomar.nl www.vomar.nl	**Vomar Supermarkt**	34	1,160	North Holland
	Liquor Stores	30		
De Wit Supermarkten B.V. HQ: Beverwijk Tel: 31-251-275 700 Fax: 31-251-226 969 Email: info@komart.nl www.komart.nl	**De Wit Kom@rt**	33	900	Utrecht & North Holland
	Liquor Stores	16	80	
Koop-Consult working in co-operation with Dirk van den Broek companies HQ: Sassenheim Tel: 31-252-245 769 Fax: 31-252-245 766				
Dirk van den Broek HQ: Maarssenbroek Tel: 31-346-581 520 Fax: 31-346-562 550 Email: info@DirkvandenBroek.nl	**Dirk van den Broek**	41	1,000	Amsterdam and surrounding area
Bas van der Heijden HQ: Zwijndrecht Tel: 31-78-610 0099 Fax: 31-78-610 1986 Email: info@BasvanderHeijden.nl	**Bas van der Heijden**	27	900	Rotterdam and surrounding area

Digros HQ: Sassemheim Tel: 31-252-419 003 Fax:: 31-252-413 042 Email: info@Digros.nl	**Digros**	14	925	Leiden and surrounding area
Jan Bruijns Supermarkten Tel: 31-76- 597 3457 Fax:: 31-76-597 6505 Email: info@JanBruijns.nl	**Jan Bruijns**	9	625	Zeeland and North Branbant
	Dino Discount	4	500	Amsterdam The Hague & Katwijk
	Slijterijen Dirk III (Wine & Liquor)	53		
	Drogisterijen Drix (Drug store)	35		
TSN / Schuitma				
Schuitema HQ : Amerfoort Tel: 31-33-453 3600 Fax: 31-33-451 9738 www.schuitema.nl www.c1000.nl Mother Co. Ahold holds 73%	**C1000**	475	791	National
	Maxis	3	7,830	Ede, Muiden, Venlo
Aldi				
Aldi Holding HQ : Culemborg Tel: 31-345-472 282 Fax: 31-345-521 692 Internet: www.aldi.nl Mother Co. Aldi-Gruppe	**Aldi**	377	450	National
	Per Districts			
	Best	85		
	Culemborg	54		
	Drachten	52		
	Ommen	72		
	Roosendaal	57		
	Zaandam	57		
Lidl				
Lidl Netherlands HQ : Huizen Tel: 31-35-524 2400 Fax: 31-35-526 4139 Mother Co. Lidl Stiftung & Co.KG	**Lidl**	120	700	

Van Tol				
Groothandel in Levensmiddelen Van Tol B.V. HQ : Bodegraven Tel: 31-172-619 311 Fax: 31-172-613 796 Email: info@tolfood.com www.tolfood.com	**Van Tol Formula**			National
	Mobile Shops	495		
	Own Brand	296	150	
	Fresh & Snack Store	5	200	
	Recreational Shops	39		
	Troefmarkt	102	200	
	Versunie	1,188	400	
	ZHM Formula			
	Springer & Partners	101	25	
	Melk en Meer	25	10	
	Pro!Markt	40	150	
	Mobile Shops	180	25	
	Others	100		

Source: Elsevier, Distrifood 2002