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## **Germany**

### **ATO ACTIVITIES REPORTS**

## **Agricultural Export Opportunities Report, July 1999**

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#### **Report Highlights:**

Germany imported \$1.75 billion in U.S. agricultural products in 1998, down slightly from 1997. German retail food sales in 1998 registered DM 241 billion (about \$137 billion), up 1.3% from 1997, with ten companies accounting for about 84% of the total. Germany's top 100 companies in the restaurant and catering trade registered sales of DM 13.5 billion in 1998, up 5% from 1997. U.S. Pavilions (general and meat/poultry) are being organized for the ANUGA trade show to be held October 9-14, 1999 in Cologne. The ATO-Hamburg's American Foods in Europe directory is now on-line: <http://www.american-foods.org>

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Includes PSD changes: No  
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## Germany: Agricultural Export Opportunities Report, July 1999

### ATO-Hamburg

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#### I. KEY MARKET INFORMATION

##### Food/Beverage Market Developments:

**Note:** The DM per US\$ exchange rate ranged from 1.85-1.90 during June and early July.

##### **German Imports of U.S. Ag Products Little Changed in 1998**

According to the German trade figures, Germany imported U.S. agricultural products valued at \$1.75 billion in 1998, down slightly from the \$1.79 billion imported in 1997. In German mark terms, imports from the United States were actually up in 1998 as the U.S. dollar strengthened from an average of DM 1.73 per \$ in 1997 to DM 1.76 in 1998. Some of the leading products imported in 1998 (with 1997 figures in parentheses) were: tree nuts, \$234M (\$265M); wine and beer, \$37M (\$28M); pet foods, \$35M (\$38M); and fresh fruit, \$25M (\$23M).

##### **Euro Is Here.**

The Euro became a legal currency beginning on January 1, 1999 when the European Central Bank established irrevocable conversion rates between the Euro and the national currencies of the eleven participating countries — Austria, Belgium, Finland, France, **Germany**, Ireland, Italy, Luxembourg, the Netherlands, Spain and

Portugal. Since the first of the year, bank transfers and credit card and checking account transactions denominated in Euros are allowed. Euro currency will not be introduced until January 1, 2002, at which time the affected national currencies will be phased-out over a six-month period. In Germany, many retailers and restaurants are now posting prices in DM and Euros. Since its debut, the Euro has fallen nearly 15% against the U.S. dollar.

### Top German Retailers in 1998.

Germany's retail food outlets recorded 1998 sales of DM 241 billion (\$137 billion at DM 1.76 per US\$), up 1.3% from 1997. In real terms, 1998 sales were virtually unchanged from 1997. Despite continued slow, or no, growth in retail food sales, there have been major developments within the industry. The sector's leading companies continue capturing market share, mostly through acquisitions. The world's largest retailer, Wal-Mart, also entered the German retailing scene. In 1998, the top ten food retailers accounted for 83.5% of all German food sales, up from 81.3% in 1997 and 74.5% in 1993.

### Germany: Leading Food Retailers, 1997 & 1998 (sales in billion DM)

Company	1997 food sales	1998 food sales	'98/97 % chg.	% of total '98	% food sales '98
Edeka/AVA	37.42	38.18	2.0%	15.8%	78.6%
Rewe	37.04	37.75	1.9%	15.7%	85.4%
Aldi	29.33	29.96	2.2%	12.4%	85.0%
Metro	24.11	28.66	18.9%	11.9%	42.9%
Tengelmann	19.00	18.51	-2.6%	7.7%	70.3%
Lidl & Schwarz	15.85	17.05	7.5%	7.1%	81.2%
Spar	16.68	16.10	-3.5%	6.7%	85.6%
Schlecker	6.25	6.70	7.3%	2.8%	95.0%
Dohle	4.12	4.97	20.8%	2.1%	84.0%
Norma	3.42	3.51	2.6%	1.5%	96.0%
Top five	147.0	153.1	4.2%	63.5%	69.2%
Top ten	193.6	201.1	3.9%	83.6%	68.4%
Total	238.0	241.0	1.3%	100.0%	68.5%

Note: Allkauf, the 9<sup>th</sup> largest food retailer in 1997, was purchased by Metro.

Among the most significant recent developments in Germany's retailing industry was the entry of U.S. retailer Wal-Mart. Wal-Mart purchased the 21-store chain of hypermarkets owned by Germany's Wertkauf in 1997, and then in late 1998, bought 74 German Inter-Spar hypermarkets from Spar Handels AG. Inter-Spar was owned by Intermarche, the French retailer, which owns the majority of Spar Handels AG through its Intercontessa holding. Wal-Mart has quickly begun modifying stores to their design, including adding the Wal-

Mart name. Following these two acquisitions, Wal-Mart owns stores in Germany with annual sales of about DM 5.5-6.0 billion, of which about 80% is comprised of food. In 1999, Wal-Mart will likely join the list as one of the top ten food retailers in Germany.

Metro AG, Germany's largest retailer and the 4<sup>th</sup> largest food/beverage retailer (and reportedly the world's second largest retailer after Wal-Mart), significantly increased their share of the retail market in 1998, again mostly through buying-out the competition. In 1998, Metro acquired the operations of two large retailers, Allkauf and Kriegbaum. In 1997, Allkauf's sales (food and non-food) totaled DM 7.0 billion, while Kriegbaum's totaled about DM 3.0 billion. Combined, these two retailers had food sales of about DM 5.6 billion in 1997. Late in November 1998, Metro sold a number of their smaller German retail outlets, reportedly part of their strategy to focus more on the hypermarket segment of the market.

Lekkerland, another German company involved in food retailing, has also been in the news of late. Effective January 1, 1999, Lekkerland and Tobaccoland combined most of their German operations. Lekkerland was the leading wholesaler for Germany's fast-growing "convenience" retailing sector -- retail outlets located at gas stations, train stations, bakeries, etc. In 1998, Lekkerland Germany had sales of over DM 4.0 billion. Tobaccoland, a major supplier of tobacco products, serviced many of the same customers as Lekkerland.

### **German and French Food Retailers Dominate European Top 10.**

German and French food retailers make up nine of the top ten largest food retailers in Europe. In 1998, the German retailers Rewe, Edeka, Aldi and Metro occupied four of the top five spots. Reportedly, the top ten food retailers in Europe accounted for 36.2% of total European food sales in 1997, up from 27.8% in 1992. The top ten food retailers in Europe, with their European food/beverage sales in 1998 are presented below.

#### **Top Ten Food Retailers in Europe in 1998 (sales in billion DM)**

<b>Company</b>	<b>Ownership</b>	<b>Sales '98</b>
Rewe	German	51
Edeka	German	46
Intermarche	France	45
Aldi	German	43
Metro	German	41
Promodes	France	40
Tesco	Britain	40
Leclerc	France	30
Carrefour	France	29
Auchan	France	28

Source: Lebensmittel Praxis.

### **Top German Gastronomy in 1998.**

Germany's top 100 gastronomy concerns recorded 1998 sales of DM 13.5 billion (\$7.7B), up 5.1% from 1997. Despite this relatively high aggregate growth rate, only four of the top ten German gastronomy companies had positive sales growth in 1998. The highest rates were registered in the fast food segment, with aggregate 1998 sales up almost 11% year-over-year.

McDonald's Germany Inc. maintained its position as the largest gastronomy concern in Germany, with 1998 sales of almost DM 3.8 billion, about 12% higher than in 1997. McDonald's sales growth was mostly fueled by a 9.5% rise in the number of outlets -- from 850 in 1997 to 931 in 1998. Sales from McDonald's outlets in 1998 were equal to over one-quarter of total sales for the top 100 companies in this industry. Companies servicing the travel and trade show segment accounted for the next three spots in the top ten.

**Germany: Leading Gastronomy Companies, 1997-98 (sales in billion DM)**

Company	1997 sales	1998 sales	% chg	1997 outlets	1998 outlets	% chg	code
McDonald's Germany	3,384	3,784	11.8%	850	931	9.5%	ff
LSG Lufthansa Service	1,290	1,310	1.5%	34	37	8.8%	vg
Autobahn Tank & Rest	975	957	-1.8%	369	365	-1.1%	vg
Mitropa AG	604	579	-4.1%	618	603	2.4%	vg
Dinea Gastronomie	481	456	-5.2%	317	301	-5.0%	hg
Nordsee	404	429	6.1%	286	291	1.7%	ff
Burger King	320	410	28.1%	141	175	24.1%	ff
Moevenpick	318	305	-4.1%	52	52	0.0%	as
Karstadt	309	299	-3.4%	146	149	2.1%	hg
Tricon Restaurants Int'l	254	250	-1.4%	165	142	13.9%	ff
Top 100	12,837	13,485	5.1%	8,188	8,845	8.0%	

\* -- codes for major business type: ff, fast food; vg, travel trade; hg, cafeterias in retail outlets; as, full service.

**Internet Usage Increasing in the German Food Industry.**

Internet usage is lower in Germany than in other parts of Europe and in the United States. However, private and business usage is growing at a rapid pace. According to figures compiled in 1997, of Germany's small- and medium-sized German food companies, 34% have Internet access and 12% conduct Internet sales. Several German food retailers have also begun to offer on-line shopping. In 1997, Germany reportedly had about 6.2 million Internet users, of which about 10.5% purchased goods or services on-line. According to projections, about one-quarter of all Germans using the Internet will be shopping on-line by the year 2000.

**Reports of Interest:**

**FAS German Market/Product Briefs and other Reports.**

FAS/Germany (the ATO-Hamburg and the FAS office in Bonn) have produced a number of Market/Product Briefs and other reports on various topics concerning the German market for agricultural and food products. The following is a list of some of these reports that may be of interest to U.S. exporters:

- Almond Market (5/98, GM8029)
- Asparagus Annual Report (5/98, GM8031)
- Beef Market (9/98, GM8063)— Seafood Annual Report (11/98, GM8066)
- Beer Market (4/98, GM8028)
- Canned Sweet Corn Report (10/98, GM8077)
- Floricultural Products Market (4/98, GM8022)
- Fruit Juice Market (9/98, GM8316)
- Honey Annual Report (8/98, GM8056)
- Organic Market (4/98, GM8020)
- Pet Supplies Market (2/98, GM8007)
- Retail Food Market (4/98, GM8019 and GM8024)
- Walnut Market (9/98, GM8319)
- Wine Annual Report (12/98, GM8087)
- Wine Market (3/99, GM9003)
- Food and Veterinary Agencies (4/99, GM9027)
- Food and Agricultural Import Regulations (7/98, GM8048)
- Food, Beverage and Agricultural Trade Fairs (4/98, GM8021)
- Food and Beverage Trade Publications (4/98, GM8025)
- Market Information Report for Germany (8/98, GM8314)
- Prior, monthly copies of this report (Agricultural Export Opportunities Report)

Copies of these reports can be obtained from the FAS homepage at: <http://www.fas.usda.gov>

#### **FAS Market Study on Germany's Retail Food Sector.**

Germany is the largest market in Europe for food and beverages. German consumers purchase over \$200 billion in food and beverages annually, of which two-thirds is spent in the country's retail outlets. Demographic trends and changes in consumer preferences continue to impact product demand and greatly influence how products are marketed. Relatively slow growth in food and beverage sales and fierce competition among retailers has encouraged buyouts and consolidation in the sector. As a result, a handful of giant retailing companies now dominate food and beverage sales. Supplies of domestically produced and imported products compete heavily for access to the country's supermarket shelves.

Interested in finding out more about this sector? FAS/Germany has produced a market study entitled:

-- "Accessing Germany's Retail Food Sector: A Guide for U.S. Food and Beverage Suppliers."

The study, completed in June 1998, can be obtained from the U.S. Trade Assistance and Promotion Office (TAPO) at FAS in Washington, DC; phone (202) 720-7420; FAX (202) 690-4374.

#### **Promar International.**

Promar International, a marketing and business consultancy, has prepared a number of studies on the European food and beverage market. Details on these studies can be obtained by contacting Produce Studies in the UK at:

tel: (44) 1635 43363, fax: (44) 1635 43945, by e-mail: [promar@produce-studies.com](mailto:promar@produce-studies.com), or their Internet site: <http://www.produce-studies.com>

**Agra Europe.**

Agra Europe in London offers two food-related publications: "EuroFood, The Business Report for the Food Industry in Europe", issued every two weeks, and "European and Packaging and Waste Law", published every month. These are in addition to other publications by Agra Europe, including "Agra Europe" a weekly publication on European and international policy and trade developments for major agricultural commodities. Information on Agra Europe's publication can be obtained from Agra Europe in their London office at: tel: (44) 1892 533813; fax: (44) 1892 544895; e-mail: [100637.3460@compuserve.com](mailto:100637.3460@compuserve.com)

**II. UPCOMING PROMOTIONAL ACTIVITIES/EVENTS**

The following section presents trade shows and other promotional activities and events for food, beverages and other agricultural and related industries taking place in Germany. The Agricultural Trade Office (ATO) in Hamburg will update the details concerning these activities/events, and add new ones, as information becomes available. The ATO-Hamburg would appreciate receiving details on other promotional opportunities for U.S. food and beverage products that will be taking place in Germany.

**Note:** The promotional events listed are provided for informational purposes only. No endorsement should be implied unless specifically stated. Terms and conditions of participation are the responsibility of the activity organizer. Please contact the organizer directly for further information.

**German Trade Shows (major food and agriculture):**

Participating or simply attending a trade show can be a very cost-effective way to test the German market, introduce a product or to expand sales. Germany offers a wide variety of trade show venues for food and beverage products. The following list provides details on major trade shows for food, beverages and other agricultural and related industries taking place in Germany.

**1999 Trade Shows****ANUGA 1999**

Cologne, Germany, October 9-14 (Interval: 2 years)

U.S. Pavilion Organizer: B\*FOR International, Tel: (540) 373-9935; Fax: (540) 372-1414. Information on ANUGA can be viewed at <http://www.koelnmesse.de/anuga>

Target Market: Europe/International

One of the leading international trade shows for food and beverages and the premier show of its kind held in Germany. There is traditionally a large U.S. Pavilion at this show; about 150-200 U.S. companies and associations exhibit in the U.S. Pavilion. This is a USDA-endorsed show.

**2000 Trade Shows****Fruit Logistica 2000**

Berlin, Germany, January 13-15 (Interval: yearly)

U.S. Pavilion Organizer: Berlin fairground's U.S. office, Tel: (540) 372-3777;



Fax: (540) 372-1414.

Target Market: Germany/Central & Eastern Europe

Good venue for exhibiting fresh and dried fruit, nuts and related products. The trade-only show is held in conjunction with the International Green Week (see below). The show contains a U.S. Pavilion.

**ISM 2000 (International Sweets and Biscuit Show)**

Cologne, Germany, January 30 - February 3 (Interval: yearly)

U.S. Pavilion Organizer: National Confectioners Association (NCA), Tel: (703) 790-5750;

Fax: (703) 790-5752.

Target Market: Europe/International

World's largest show for snacks and confectionery products. NCA organizes a U.S. Pavilion at this "world-class" show. This is a USDA-endorsed show.

**IPM 2000 (International Plant Show)**

Essen, Germany, February 4-6 (Interval: yearly)

U.S. Pavilion Organizer: Essen fairground's U.S. office, Tel: (212) 356-0406;

Fax: (212) 356-0404.

Target Market: Germany/Europe

European trade fair for the horticultural and nursery industry. The Southern Nurserymen and SUSTA participate jointly in the U.S. Pavilion at the show. This is a USDA-endorsed show.

**Bio Fach 2000**

Nuremberg, Germany, February 17-20 (Interval: yearly)

U.S. Pavilion Organizer: Nuremberg fairground's U.S. representative, Tel: (978) 371-2203; Fax: (978) 371-7121.

Target Market: Germany/Europe

The leading European trade show for organic food and non-food products. The Organic Trade Association participates in the U.S. Pavilion at this show.

**Internorga 2000**

Hamburg, Germany, March 17-22 (Interval: yearly)

Show Organizer: (49-40) 35 69 0; Fax: (49-40) 36 69 21 80.

Target Market: Germany

Show for the hotel, restaurant, catering, baking and confectionery trades.

**ProWein 2000**

Dusseldorf, Germany, March 19-21 (Interval: yearly)

U.S. Pavilion Organizer: Wine Institute's office in the Netherlands, Tel: (31-172) 47 15 71; Fax: (31-172) 475545

Target Market: Germany/Europe

Leading German trade show for wine and other alcoholic beverages.

**FISCH International & Seafood Europe 2000**

Bremen, Germany, March 24-27 (Interval: 2 years)

Show Organizer: Bremen fair authorities, Tel: (49-421) 363 0540; Fax: (49-421) 363 05 41

Target Market: Germany and Eastern Europe

Largest German trade show for fish and seafood.

**Interzoo 2000**

Nuernberg, Germany, May 4-7 (Interval: 2 years)

U.S. Pavilion Organizer: Nuremberg fairground's U.S. representative, Tel: (978) 371-2203; Fax: (978) 371-7121.

Target Market: Germany/Europe

Large trade show for pet food and supplies.

**InterCool 2000**

Dusseldorf, Germany, September 21-24 (Interval: 2 years)

Show Organizer: Tel: (49-211) 45 60 01; Fax: (49-211) 45 60 668

Target Market: Germany/Europe

Trade show for frozen foods, ice cream, and refrigeration technology. Held in conjunction with InterMeat and InterMopro.

**IBA 2000 (International Bakers Show)**

Munich, Germany, September 29 - October 5 (Interval: 3 years)

Show Organizer: Tel: (49-2224) 770 40; Fax: (49-2224) 77 04 40

Target Market: Germany/Europe

International show for bakery and confectionery trade.

**Health Ingredients-Europe 2000**

Frankfurt, Germany, November 20-22 (Interval: 2 years)

U.S. Pavilion Organizer: T&G Food Ingredient Services Inc. (Miller Freeman's N. American Agent), Tel: (847) 635-9960; Fax: (847) 635-6801.

Target Market: Europe/International

This is a new trade show, which will alternate with the current Food Ingredients-Europe. In the two shows will alternate yearly, with Health Ingredients taking place in the even years and Food Ingredients in the odd. Health Ingredients-Europe will feature ingredients for the development of health, functional and organic foods.

**Note:** More information about these and other German exhibitions and trade shows can be found under the following Internet address: [www.auma.de](http://www.auma.de)

**Other Promotion/Activities:**

**Directory of American Foods in Europe 1998/99.**

The ATO-Hamburg, together with other FAS offices in Europe, has produced a new version of the American Foods in Europe Directory (AFE), a Guide to European Importers of U.S. Food and Beverage Products. This 1998/99 edition of the AFE contains listings of 300 European companies that import/distribute over 600 different U.S. food and beverage products in Europe. The new, hardcopy version of the Directory is supplemented by an Internet version and a soon to be released CD-rom version. Take a look at the on-line version under <http://www.american-foods.org>

If you would like more details about the directory, or would like to receive a copy, please contact the ATO-Hamburg.

**U.S. Organic/Natural Food Seminars/Showcases (September 1999).**

An organic and natural food trade mission is being planned for Munich September 13-14 and for Hamburg September 15-17. This event will include a seminar for buyers and a product showcase. This is a follow-up activity to events held in February 1999 in the UK, the Netherlands and Germany (at the Bio Fach 1999 trade show). The State Regional Trade Groups are organizing the event; contact Tim Larsen at the Colorado Department of Agriculture for further information: (303) 239-4114.