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Prepared By:

Approved By: Jennifer Clever

Report Highlights:

Spain continues to host record-breaking numbers of visiting tourists. In 2018, 82.6 million tourists arrived in Spain and spent more than $99 billion. The improved economic situation is leading to a solid consumption recovery in a country with a strong culture of dining-out. Hence, the Hotel, Restaurant and Institutional (HRI) sector in Spain continues to offer excellent opportunities for U.S. food-ingredient and food-product exporters.

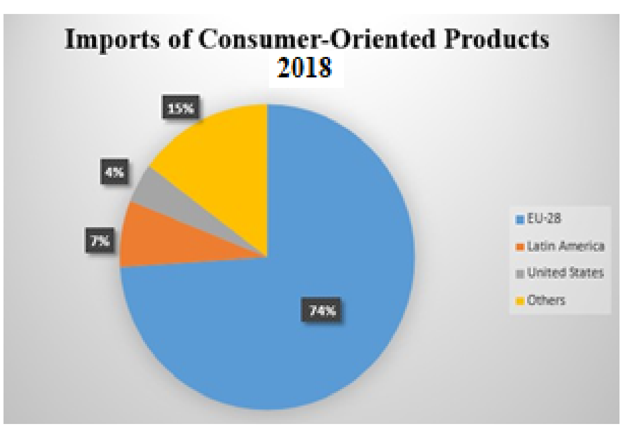
Market Fact Sheet: Spain

In 2018, Spain was the 15th largest economy in the world and the 5th in the European Union. After years of deep economic recession, the Spanish economy grew more modestly compared to last year at 2.6 percent but still above 2.5 percent for the fourth straight year. Spain is a major producer and exporter of food and agricultural products with other EU countries as its primary export destination. Spanish producers, processors, wholesalers, retailers, food service operators, and importers are all part of a well-developed agribusiness sector, contributing to a competitive and dynamic domestic scenario. In 2018, Spain's total imports of agricultural products reached $44.7 billion, up 7.09 percent compared to 2017.

SWOT Analysis	
Strengths	***Weaknesses***
Steady consumption Growing tourism	High public debt
Opportunities	***Threats***
Competition policy to reduce market rigidities	Political uncertainty (Brexit, Catalonia)

Imports of Consumer-Oriented Products

Goods imported into Spain must meet the EU sanitary and phytosanitary requirements to protect human and animal health and requirements under the customs union. Hence, U.S. exporters already exporting to other EU member states will likely meet most of the Spanish import requirements. In the case of animal products, the production plant must be approved for export to the EU.



Food Processing Industry

In 2018, the food-processing sector maintained its prominent position as the main industrial sector pushing the economic recovery. Spain enjoys a modern food-processing sector that pays special attention to the quality, safety, and traceability of the food products it produces. It has one of the most competitive food processing industries in Europe, which makes this sector an important target for U.S. exports of food ingredients. Food processing mainly focuses on supplying the domestic market, which accounts for 70 percent of sales.

Food Processing Industry Facts 2018

Food Processing Industry	$130.2 billion
Output Food Exports	$33.9 billion
Commercial Surplus	$8.9 billion
No. of Employees	426,300
No. of Food Processors	31,342
% of total GDP	3%
% of Industrial GDP	16%

Food Retail Industry

In 2018, Spanish food retail sales slowed slightly to $112.4 billion. Spain's improved economic environment has increased consumer confidence and expenditures and contributed to steady retail sales. Additionally, Spain continues to host record numbers of tourists, which also boosts food demand. In 2018, the largest store-based food retailers were Mercadona, Grupo Carrefour and Grupo Eroski. In the medium term, Post expects Internet retailing to see the fastest growth.

Top 10 Spain Country Retailers

Retail Organization	Ownership	Sales 2018 ($ Million)
MERCADONA	Spanish	24,782
GRUPO CARREFOUR	French	10,781
GRUPO EROSKI	Spanish	5,231
AUCHAN RETAIL ESPAÑA	French	5,122
DIA	French	4,663
LIDL SUPERMERCADOS	German	4,464
EL CORTE INGLES, S.A.	Spanish	3,092
CONSUM, S. COOP.	Spanish	2,839
AHORRAMAS	Spanish	1,893
MAKRO	German	1,371

Data and Information Sources: Euromonitor, Eurostat, FIAB

Contact: AgMadrid@fas.usda.gov

Robust Tourism and Steady Consumption Expand Prospects for U.S. Exporters

SECTION I. MARKET SUMMARY

Economic Trends

In 2018, Spain's economy grew more modestly compared to last year at 2.5 percent. However, this marks the fourth straight year of above 2.5 percent growth since the beginning of the economic recovery in late 2013. According to OECD reports, the Spanish economic growth has been strong but is projected to moderate in 2019 and 2020. In addition, compared to pre-crisis figures, Spain's economy today is more diversified, more competitive, and more export oriented.

According to official Spanish data, in 2018, 82.6 million tourists arrived in Spain—a 0.9 percent increase from 2017—and spent more than 90 billion euros. Spain was the second tourist destination in the world in 2018, only after France. In the first quarter of 2019, the number of foreign tourists reached 14.2 million, up 3.7 percent compared to the same period in 2018.

ADVANTAGES AND CHALLENGES FACING U.S. PRODUCTS

Advantages	Challenges
Tourism is a strong and ever-growing sector that provides sales in the HRI sector, as well as demand for more international foods.	Food imported from third countries, including the U.S., must comply with EU food law, which varies considerably from U.S. regulation and practice.
Spain's food industry relies on imported ingredients, many from the U.S.	Lack of consumer awareness of U.S. brands, applicability, and varieties of U.S. products.
Good image and reputation of U.S. products.	Competition from neighboring EU countries, where tastes and traditional products may be better known.
Good network of agents and importers to help get product into the market.	U.S. exports face higher transportation costs and difficulties in shipping mixed or smaller container loads versus EU competitors.
Consumers are increasingly health conscious, demanding new products.	EU labeling, traceability, and packaging laws.
Distribution structure is modern and many companies cover both Spain and Portugal.	High import tariffs, new and potential retaliatory tariffs, and import regulations impose a price disadvantage on non-EU based companies.
Diversity of food products in the market is increasing. Consumers are more open to new and foreign products.	High marketing costs (advertising, discounts, etc.) are necessary.

SECTION II. ROAD MAP FOR MARKET ENTRY

A. Entry Strategy

Success in introducing products in the Spanish market requires local representation and personal contact. A local representative can provide up-to-date market intelligence, guidance on business practices and trade related laws, sales contact with existing and potential buyers, and market development expertise. The Office of Agricultural Affairs in Madrid maintains listings of potential importers and develops sector-specific information to help you introduce your product in Spain.

Customs are involved in the implementation and enforcement of European legislation relating to external trade, not only for customs duties and commercial policy measures, but also as regards security, environmental, anti-dumping, consumer protection, cultural and agricultural controls. Goods imported into the EU must meet the sanitary and phytosanitary requirements to protect human and animal health and as part of the custom union. Though Spain implements harmonized EU rules and regulations, there are subtleties that exporters should learn about if considering exporting to Spain. For more information, we invite potential U.S. exporters to contact our office for additional sector-specific information. U.S. exporters already exporting to other member states will likely be meeting most of the requirements for exporting to Spain.

Typically, HRI operators buy their food ingredients from importers or wholesalers. Some large companies buy directly from foreign suppliers. Spain exports around 20 percent of the Spanish food production, mainly to the EU. Some food-processing companies concentrate on the domestic or on export markets, but most of them will have mixed customers. Companies supplying mainly the domestic market frequently market their products directly and have their own logistic infrastructure. However, their customers will vary from wholesalers to buying groups and retailers. Companies producing for re-export may have their own marketing office overseas, local agents or may work with local importers.

U.S. exporters face great challenges with EU labeling and traceability regulations. Labeling is required for any product that contains genetically modified ingredients. Since consumers have relatively low acceptance of genetically modified foods, food processors, retailers and the HRI sector are reluctant to purchase these processed products or food ingredients for processing.

The following documents are required for ocean or air cargo shipments of foodstuffs to Spain:

- Bill of Lading and/or Airway Bill
- Commercial Invoice
- Phytosanitary Certificate and/or Health Certificate when applicable

If your product is or contains plant or animal products, it will require a phytosanitary or health certificate issued by the competent U.S. authority. If you are exporting animal products, your production plant must be approved to export to the EU. Most food products require an Import Certificate issued by the competent Spanish authority. However, the Spanish importer and/or agent is responsible for obtaining the appropriate Import Certificate. Also, please check the [U.S. Mission to the European Union](#) web page, which will guide you on exporting into the EU.

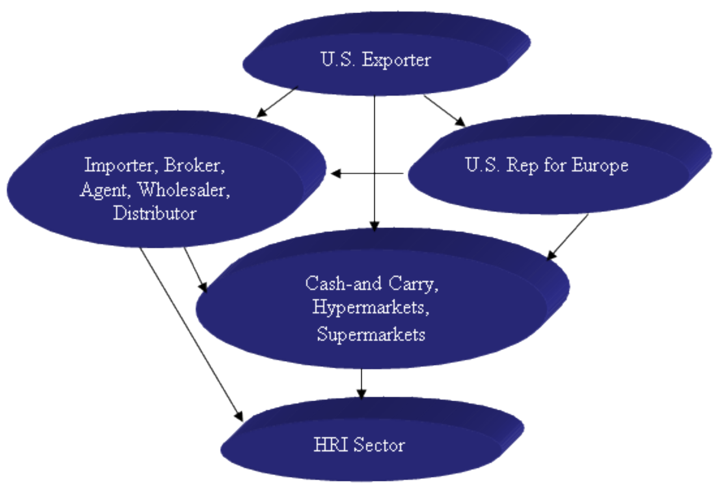
Trade Shows

Trade shows offer excellent opportunities for U.S. exporters to make contact with potential clients or business partners from Spain, other EU countries and other continents. The most important trade shows related to the HRI sector are:

HIP – Hospitality Innovation Planet HRI Professional Expo
Dates: February 24-26, 2020

Hostelco
Dates: April 20-23, 2020

B. Market Structure



The HRI supply channels are diverse and serve small and large customers with different needs. Beverage suppliers are very specialized since most beverage consumption takes place in bars, cafeterias and restaurants. The most important HRI sector suppliers are:

- Importers, Wholesalers, Specialists--More specialized by product segment, importers and wholesalers also supply directly the HRI sector, particularly the restaurant and hotel chains.
- Commercial distributors--play an important role in the supply of the food and beverages needs of many small and diverse food service providers.
- Wholesale Markets--Buyers purchase most perishable products at the wholesale market. The HRI sector is, by tradition, a net consumer of fresh produce.
- Cash & Carry--Open only to businesses and offering very competitive prices, they supply a wide variety of food products, from perishable to non-perishable, domestic and imported. Some cash-and-carry chains have developed outlets that only service the HRI sector.

- Super and Hypermarkets--Very important to the HRI sector when considering “last minute” purchases. Supermarkets are increasing the number of smaller stores and convenient locations in the city centers.
- Local Producers--Some players in the HRI sector buy directly from local producers, particularly if they are located close to major markets. The food service sector has a tradition of using fresh produce in their daily menus. Many restaurants and hotels, particularly along the coasts, buy directly from local producers and fishermen.

C. Sub-Sectors Profiles

Hotels

Tourism accounts for about 5 percent of Spain’s GDP and is a key sector to the economy. The tourism infrastructure is well developed throughout the country. In the first quarter of 2019, the number of foreign tourists reached 14.2 million, up 3.7 percent compared to the same period in 2018. In the medium term, political uncertainty in Catalonia, the unknown outcome of the Brexit negotiations, and overcrowded tourist areas may negatively affect tourism.

Spain – Main Hotel Chains – 2018

Company	Total Sales ($ Million)*
Melia Hotels International, S.A.	$2,999
RIU Hotels & Resorts-RIUSA II, S.A.	$2,420
NH Hotel Group, S.A.	$2,244
Barcelo Gestión Hotelera, S.L.	$1,907
Iberostar Management, S.A.	$1,599
Marriot (España)	$954
Eurostars Hotel Company	$898
Grupo Piñero – División Hostelera	$691
Palladium Hotel Group	$651
Corporación H10 Hotels, S.L.	$578

*Estimated

Restaurants

The record numbers in the tourism industry in recent years is one of the key drivers supporting the recovery of Spain’s consumer foodservice sector. Additionally, with the improvement in domestic economy, consumers are dining-out more frequently and more restaurants are opening. Independent restaurants still dominate the market, though restaurant chains continue to gain ground. In 2018, the number of full-service restaurants grew 3 percent compared to last year to 78,463 outlets. One of the main advantages of restaurant chains versus traditional restaurants is their ability to adapt to new trends due to their international exposure.

Spain – Leading Food Chains – 2018

Company	Total Sales ($ Million)*
McDonald's España	$1,133
Restaurant Brands Iberia, S.L.	$736
Telepizza Group, S.A.	$630
Grupo Zena – Alsea - Food Service Project, S.L.	$606
Areas, S.A.	$505
Grupo VIPS-Sigla, S.A.	$432
Restauravia Grupo Empresarial , S.L. - Grupo Amrest	$359
Restalia Grupo de Eurorestauracion, S.L.	$348
Casual Beer & Food, S.A.	$314
Grupo Ibersol – Inveroeninsular, S.L.	$241

* Estimated

Institutional

Larger companies dominate the institutional food service in Spain with the top five companies accounting for more than 40 percent of total sales. In addition, there are hundreds of local small companies providing catering and events services. Large institutional food service companies are price sensitive, importing directly, and/or buying products, particularly fresh produce, from local suppliers.

Spain – Leading Institutional Food Sector Companies – 2018

Company	Total Sales ($ Million)*
Serunión, S.A.	$526
Eurest Colectividades, S.L.	$445
Sodexo España, S.A.	$241
Auzo Lagun, S.C.	$232
Aramark Servicios de Catering, S.L.	$209
Mediterránea de Catering, S.L.	$165
Serhs Food – Division de Restauracion	$60
Catering Arcasa, S.L.	$54
Albie, S.A.	$50
Newrest Group Holding, S.A.	$49

* Estimated

SECTION III. COMPETITION

Product Category (thousand metric tons; million USD)	Major Supply Sources in 2018 (in value)	Strengths of Key Supply Countries	Advantages and Disadvantages of Local Suppliers
Frozen Fish *Imports:331* *Value: $882*	1. Portugal - 10% 2. France – 6% 3. Seychelles – 6% 25. USA - 2%	Other major suppliers offer high quality fish products at competitive prices.	Large competition from local suppliers and producers. Spanish domestic consumption and exports largely surpass local supply.
Almonds *Imports:101* *Value: $553*	1. USA - 90% 2. Australia - 4% 3. Germany - 2%	Competition from other supplying countries is limited, as Spanish demand for almonds is very high and production in other EU countries is not enough to satisfy demand.	Spain produces almonds, mostly used roasted as a snack, due to its organoleptic properties. U.S. almonds are processed, both to be used by the domestic industry or re-exported.
Walnuts *Imports:28* *Value: $169*	1. USA - 63% 2. Chile - 14% 3. France - 9%	France is a traditional supplier of walnuts. Chile is increasing its presence in the Spanish market.	Spain has a significant production of high quality walnuts.
Pistachios *Imports:11* *Value:$110*	1. USA - 35% 2. Iran - 26% 3. Germany - 20%	Germany is the main entry point for U.S. and Iranian pistachios to the EU. Pistachios are then re-exported to other member states.	Pistachio production in Spain is very limited and demand keeps growing.
Distilled Spirts *Value: $1,008*	1. U.K. - 27% 2. Netherlands -22% 3. USA - 12%	Difference in legal format of alcohol containers; exporters need to adapt to EU size. (70 cl in the EU as opposed to 75 cl in the USA).	Increasing interest in U.S. distilled drinks, mainly bourbon.
Pulses Imports:778 Value: $316	1. Russia – 21% 2. USA - 16% 3. Ukraine –15%	Strong competition from Argentina, who largely increased their presence in recent years, and Canada, a traditional supplier to Spain.	Spain is a traditional consumer of pulses and its local production is not sufficient to fulfill internal demand.

SECTION VI. BEST PRODUCT PROSPECTS

Products Present in the Market That Have Good Sales Potential

- Tree nuts, particularly almonds, walnuts and pistachios, and peanuts
- Pulses; Rice
- Sunflower seeds
- Fish and seafood, fresh and frozen
- Beverages (wine and beer) and distilled spirits

Products Not Present in Significant Quantities Which Have Good Sales Potential

- Functional and innovative health food; Free-from products (lactose-free, gluten-free)
- Food ingredients
- High value beef meat (only non-hormone treated cattle)
- Specialty foods, snack foods and sauces
- Sweet potatoes

Products Not Present Because They Face Significant Barriers

- Red meat and meat preparations (hormone ban)
- Poultry (sanitary procedures - chlorine wash)
- Processed food (with GMO ingredients)

SECTION VI. KEY CONTACTS AND FURTHER INFORMATION

If you have any questions or comments regarding this report or need assistance exporting to Spain, please contact the Office of Agricultural Affairs in Madrid at the following address:

Foreign Agricultural Service American Embassy Madrid
C/Serrano, 75 - 28006 Madrid (Spain)

The FAS website offers recent reports of interest to U.S. exporters interested in the Spanish market. Additionally, please find below a list of trade associations and useful government agencies:

Trade Associations

FIAB - Spanish Federation of Food and Beverage Industries
FEHR - Spanish Federation for HRI Sector
ASEDAS -Spanish Association for Distributors and Supermarkets
ANGED - National Association of Midsize and Large Distributors
Marcas de Restauracion - Spanish Restaurant Chain Association

Government Agencies

MSCBS (Ministry of Health, Consumption and Social Welfare)
AECOSAN – Spanish Consumption, Food Safety and Nutrition Agency
MAPA (Ministry of Agriculture, Fisheries and Food)

For more information on exporting U.S. agricultural products to other countries, please visit the Foreign Agricultural Service home page.

Attachments: No Attachments