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Report Highlights:

With a population of some 15.9 million, The Netherlands is one of the most densely populated countries in the world, with an average of 971 inhabitants per square mile. The retail sector still dominates the Dutch food industry but foodservice is experiencing a period of continuous growth.

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Market Summary

The Netherlands Economy in General

Despite the Netherlands' small geographical size and population, it has a large and powerful economy. The gross domestic product (GDP) currently stands at US\$377.9 bn, the 14th highest in the world, and Holland is the world's sixth largest exporter for all products, and the third largest for food. At present, the population of the Netherlands totals 15.9 million, with an unemployment rate of 3.5%, which is sustained by relatively generous welfare benefits.

	1999	2000	2001
GDP US\$bn	352.7	377.9	459.9
GDP Growth Rate %	3.9	4.5	2.8
GDP per Capita US\$	22,326.0	23,766.0	28,742.0
Inflation %	2.2	2.6	4.5
Unemployment %	4.0	3.6	3.2
Average Exchange rate (1 US\$ - 1 Dfl)	2.069	2.391	2.461

Source: US & Foreign Commercial Service

The Netherlands Population and Households

With a population of some 15.9 million, the Netherlands is one of the most densely populated countries in the world, with an average of 971 inhabitants per square mile, compared with just 75 in the United States. Randstad, the western region, encompasses the major cities of Amsterdam, Rotterdam, Utrecht and The Hague, and is the most heavily populated area of the Netherlands. The Dutch population has been progressively rising in line with the rest of the world, in terms of both numbers and age. The population of youth (0-19) and older (65+) generations remain relatively constant, with the 40-64 segment the most variable. However, this age group has been increasing at an almost consistent level over the last few years, in direct relation to the decrease in the 20-39 population group.

Age of Population

	0 - 19		20 - 39		40 - 64		65 - 79		80 +		TOTAL
	Number	%	Number	%	Number	%	Number	%	Number	%	Number
1999	3,839,842	24.4	4,809,644	30.5	4,979,805	31.6	1,634,782	10.4	496,152	3.1	15,760,225
2000	3,873,008	24.4	4,761,504	30.0	5,076,996	32.0	1,652,103	10.4	500,339	3.2	15,863,950
2001	3,908,053	24.4	4,727,104	29.6	5,177,417	32.4	1,657,864	10.4	516,637	3.2	15,987,075

Source: Central Bureau of Statistics

Netherlands Households

	1998	1999	2000	2005	2010
Total Households (millions)	6.656	6.745	6.819	7.120	7.330
Average Number Persons per Household	2.32	2.30	2.29	2.27	2.24

Source: Central Bureau of Statistics

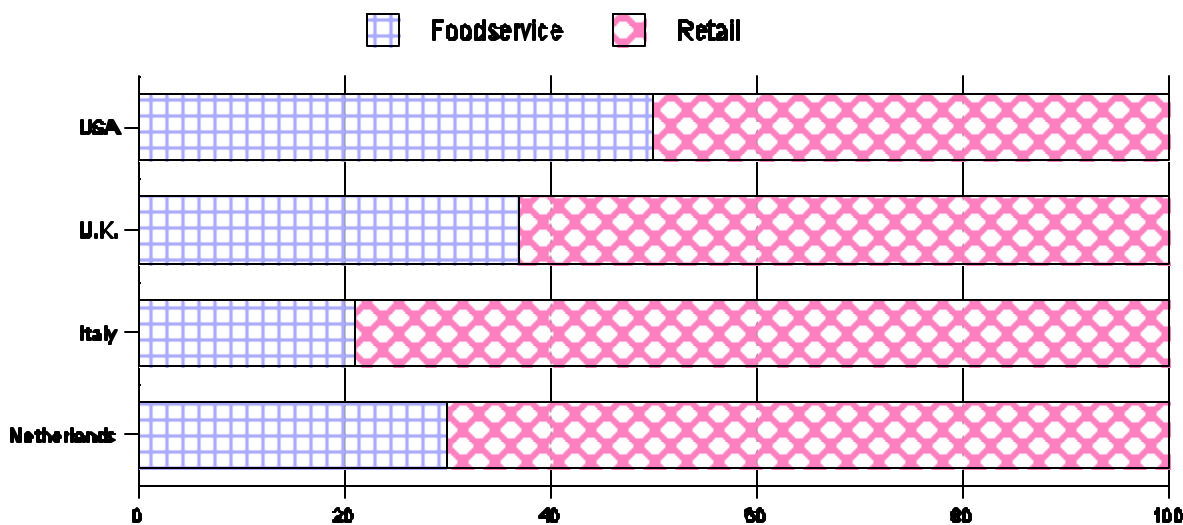
The number of households is increasing in response to the additional population and the falling average household size. As this is a common global trend, it may be one of many reasons to explain the worldwide growth in the food-service sector, as less cooking is done at home.

The Netherlands Food Market

Currently, the retail sector still dominates the Dutch food industry. However, as with the rest of western Europe, foodservice in the Netherlands is experiencing a period of continuous growth. Pan-European foodservice has an average annual growth rate of 2.75%, compared with approximately 0.5% in food retail, and the former is expected to be on equal terms with the latter by 2025, if not before.

At present in the Netherlands, foodservice holds approximately 30% of the total food market, in contrast with 50% in the United States. More details of the specific breakdown of the Netherlands foodservice sector are given in Section 2.2. Contact details of many of the main companies and organizations involved in the Netherlands foodservice sector are given in Section 5 of this report.

This means that nearly a third of all meals are eaten outside of the home; this is comparable with the UK, one of the more sophisticated foodservice markets in the European Union, with nearly a 40% food market share. The Netherlands foodservice market is therefore valued at approximately US\$12 billion per annum. In contrast, one of the least developed foodservice markets in the European Union is Italy, where approximately 25% of meals are eaten away from the home.



Source:

Promar International, 2000/1

The Netherlands Consumer

The Netherlands consumer has the following characteristics:

- on average visit a "HORECA" establishment 66 times a year solely for drinks
- 91% eat out at least once within a year
- 66% spend at least one night in accommodation within three years
- tend to be knowledgeable, conservative and family oriented
- more than 70% are bilingual, the predominant second language being English
- dining out and lodging is still considered a special treat by Dutch consumers, so they demand a genial atmosphere and, where appropriate, a unique experience
- they are ecologically-aware, and hold strong opinions regarding environmental issues
- are increasingly interested in low-calorie / healthy meals
- combination meals and children's meals are becoming ever more popular
- in 1999, of every guilder spent on food and drinks 30 cents was spent outside of the home. This increased from 25 cents per guilder in 1990
- are price sensitive, but demand quality
- do not tend to be impulse buyers
- more receptive to informative, rather than creative, advertising.

Foodservice's increasing success can, in part, be attributed to the following societal factors:

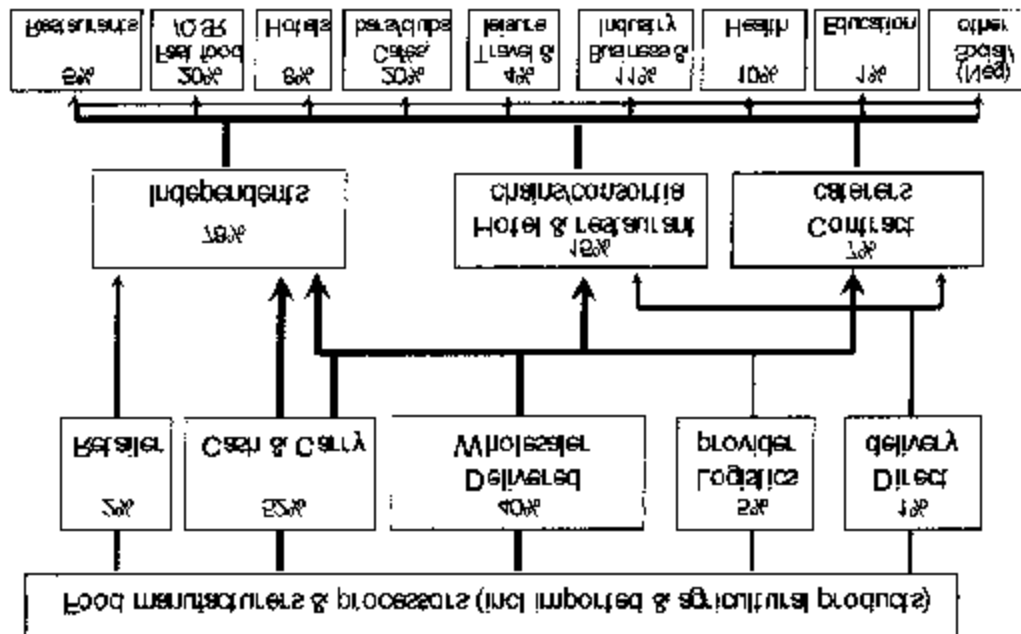
- less and less time is devoted to chores, including preparation of meals
- increase in number of women entering the workplace
- an increase in dual-salary families, creating greater disposable incomes
- increase in the number of eating occasions has resulted in an upturn in the snackfood and take-out markets
- falling average household size has evolved at the cost of the traditional family, creating
- an increasing amount of one and two person residences
- progressive decline in cooking skills
- growing demand for convenience
- greater emphasis on leisure, of which eating out is an integral part.

A more detailed "strengths and weaknesses" analysis of the Dutch foodservice sector is given in Section 2.5.

Road Map for Market Entry

Entry Strategy

The Netherlands Foodservice Supply Chain by Value



Source: Promar International, Sodexho, Albron, Gira, Bedrijfschap Horeca en Catering, trade estimates

Being at the hub of international business and trade within the EU has created a myriad of experienced importers, sales agents and distributors in the Netherlands. The method that US exporters should use to penetrate the market is dependent on a number of factors, not least product type, target market, branding and potential.

Due to the fragmented nature of the market, the big majority of contract caterers source imported supplies from wholesalers, who dominate in supplying smaller businesses (delivered wholesale and cash and carry have a combined market share of 92%). Even the larger organizations employ this method; for example, Albron uses the delivered wholesalers FGN and Deli XL.

When looking at entry strategy to the Netherlands market, the following choices should be considered:

Importers / Wholesalers

- account for the majority of products, due to wholesalers' dominance and the fragmented nature of the market
- are especially involved with frozen and fresh goods.

Because of the size, accessibility and competitive nature of the Netherlands market, importers will often insist on an exclusive contract of supply. With a highly experienced importer this is not necessarily a detrimental factor, as this method frequently generates the most lucrative results. Wholesalers are the principal exponents of exclusive contracts, and are the primary source of supplies for small to medium sized businesses.

Agents / Brokers

- used for products that are easy to transport and store, which have a strong brand
- and, products with little potential, and that are not offering anything new ("me too's").

A Dutch agent or broker can provide an excellent foundation from which to launch a product in the Netherlands. These firms have the advantage of possessing the necessary logistical and language skills, and have vast experience not only of the Netherlands market, but also of the European re-export market.

Direct Sales to the Foodservice Sector

- are used for products with very strong brands that are globally recognizable
- and, innovative and highly competitive products.

Direct sales often yield higher returns for manufacturer and importer alike, because they eliminate shipping and warehousing expenditure, but require a greater level of promotional activity by the manufacturer.

Distribution

Over 160 million consumers (half the population of the EU) reside within a 300 mile radius of Rotterdam, the world's largest port. The Netherlands has become a global nucleus for commerce, with over half of the Dutch GDP attributable to international trade, making the Netherlands a favorable place to export to, and from. This includes imports / re-exports of products destined for the foodservice sector.

Transportation and Infrastructure

There is a highly efficient and sophisticated transport infrastructure present in the Netherlands, which is focused on Schiphol airport (near Amsterdam) and the Rotterdam region. The majority of agricultural and food goods in Europe are transported by road, with one-in-three lorries on Dutch highways hauling these products. The US exporters will therefore find that their products are often being distributed into the EU market, sometimes without it being known, and this lack of transparency is a problem for nearly all third country suppliers to the Netherlands market.

Transport Mode	Total Length (km)	Weight of Goods Transported by Netherlands Enterprises					
		Domestic (Million Tons)			International (Million Tons)		
		1997	1998	1999	1997	1998	1999
Road	125,575	417	428	481	115	118	127
Rail	2,739	5	4	5	18	20	21
Water	5,046	97	98	99	142	139	135
Total	133,360	519	530	585	275	277	283

Source: Central Bureau for Statistics

Market Structure

The foodservice industry in the Netherlands can be broken down into two sectors commercial and non-commercial. The commercial sector is known by the abbreviation HORECA (hotel, restaurant and café), which commands a majority of the market and also includes nightclubs, fast food or quick service restaurants (QSR) and bars. The non-commercial sector is primarily concerned with healthcare, education, institutional and business catering.

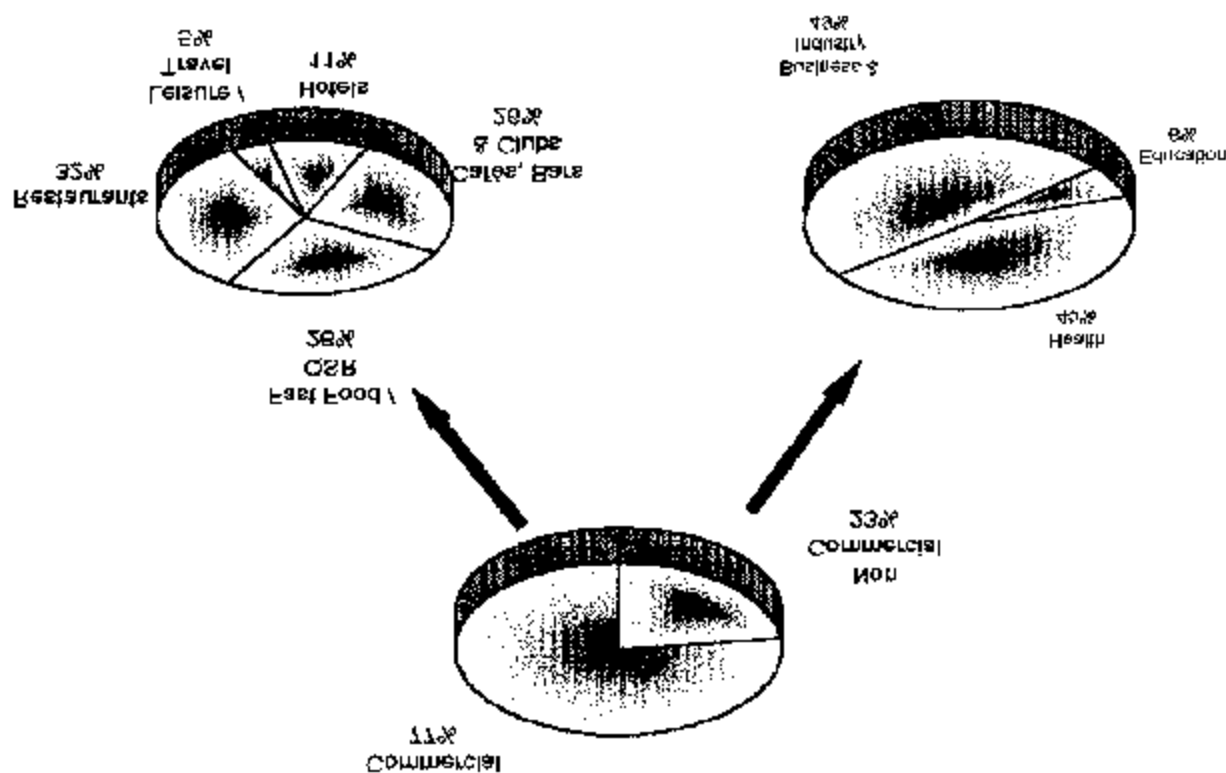
The Netherlands Food Service Industry			
Year	Turnover	Outlets	Employees
1996	8,750	43,133	214,000
1997	9,100	43,700	221,000
1998	9,750	44,300	247,700
1999	10,350	44,712	265,600
2000	12,000	45,620	363,200

Source: Central Bureau for Statistics

Netherlands Food-Service Industry Performance				
Food Service Category	2000		2005 Forecast	
	Value (US\$m)	Percent of Sector	Value (US\$m)	Percent of Sector
Commercial	8,005	77	10,891	80
Restaurants	2,638	25	3,535	26
Fast Food / QSR	2,092	20	3,140	23
Cafes, Bars & Clubs	2,047	20	2,444	18
Hotels	864	8	1,226	9
Leisure/Travel	364	4	546	4
Non Commercial	2,347	23	2,799	20
Business & Industry	1,155	11	1,183	9
Health	1,046	10	1,456	11
Education	146	1	160	1
Total	10,352	*100	13,689	*100

*Percentages may not total 100 due to rounding. Source: Promar International based on trade research, trade estimates and published data

The Netherlands Foodservice Market Broken down by Market Share (base US\$ 12 billion)



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The commercial sector dominates with over 75% of the market, which is set to increase in coming years as the foodservice industry flourishes. Traditional restaurants currently prevail in this segment. However, they face stiffening competition from the increasingly successful fast food and quick service restaurants, which are gaining in popularity as consumers search for greater convenience and a competitive price.

In the non-commercial sector, the two primary segments are business & industry, and healthcare catering, which, in terms of turnover, dwarf the education sub-sector. Of these, the sector with the highest growth potential is business & industry. The rigidity in the number of establishments requiring the services of the education and healthcare sectors limits their opportunities for growth, but has a stabilizing influence on their sales.

Supply Chain Structure and Trends

Structure and Trends: Wholesale Distribution

- g The Dutch foodservice market is strongly dependent upon both cash and carry and delivered wholesale.
- g Cash & carry mostly supplies to smaller independent, commercial outlets (an estimated 60-70% source through cash and carry). Makro and Sligro dominate the top level, followed by many larger independents (Ven, Hanos, Kweker, and the upscale ISBC). Further consolidation of these is considered unlikely due to their “patriarchy”.
- g There is a growing trend towards delivered wholesale, where 2 national distributors head the market: Deli XL (12% market share) and Sligro (9%), who offer a broad product range. Some of the larger foodservice customers are using these companies as logistics services. Around 80% of the institutional market is supplied by delivered wholesale.
- g At regional level there are hundreds of smaller operators, each with less than 1% market share.

Structure and Trends: Food-Service Operators

- g The hotel sector is by far the most organized: the top 5 chains control just over one quarter, of which Golden Tulip operates the largest number of establishments.
- g Elsewhere, the food-service sector has a low, but increasing, level of concentration and organization. This is most notable in fast food, where a few big chains exist (the top five take a 15% value share).
- g In fast food, McDonald’s is the market leader. Growth in this sector is mostly focused at transport venues, which is causing the sector to show very promising signs of growth. A growing proportion of the sector is semi-organized through alliances and franchises.
- g The restaurant sector is enjoying steady growth, but is consolidating at a slightly slower pace. A number of chains operate, including Van der Valk and AC Restaurants, but each with a relatively low number of outlets. Chains account for less than 10% of sales.
- g Café/bars remain highly fragmented with little sign of consolidation. There are no strong brands in this sector: “*Cafés are a cowboy business*”. Brewers have virtually no presence in the food sector. “*In cafés, there is more profit to be made in drinks so no incentive for operators to serve food*”.

Structure and Trends: Contract Catering

- g Overall, 32% of the sector is contracted out.
- g The contract catering sector is well organized, and dominated by a small number of major players – the top 14 caterers account for some 95% of the total institutional contract catering market. Sodexho, Compass and Albron are the clear leaders.
- g Some of the highest levels of contracting out are in the Business and Industry sector (61%), heavily skewed towards larger businesses (80+ employees). There is a very high level of concentration within the sector (the top five caterers take a 56% share of the B&I market).
- g Education and health, by contrast, have a far lower level of contracting out (17% and 7% respectively). Larger educational institutions are increasingly outsourcing catering facilities (logistically, this is less likely in primary and lower secondary education).
- g Contracting out in health units, which show high levels of self operation, is expected to rise sharply to around 20-30% over the next decade.

Sub-Sector Profiles

The foodservice market as a whole is still incredibly fragmented despite a predicted period of concentration. The only larger organizations and chains, with the exception of McDonald's, Burger King, Pizza Hut and KFC in the fast food market, are to be found in the hotel sector.

More details are given later in this report.

Commercial Sector

HORECA Enterprises per Netherlands Province												
Province	Cafe-Bar	Disco & Club	Coffeeshop	Snackbar	Fastfood Restaurant	Lunch room	Bistro	Restaurant	Road Restaurant	Hotel- B&B	Hotel - Cafe	Hotel-Café Restaurant
Groningen	465	36	40	188	7	64	57	174	5	17	5	44
Friesland	432	28	54	194	6	47	71	183	3	67	18	99
Drenthe	240	33	32	128	5	45	40	132	2	28	3	73
Overijssel	571	70	80	347	15	108	69	281	6	14	6	86
Flevoland	72	5	13	64	4	24	16	56	2	2	0	9
Gelderland	1,086	147	121	682	21	202	134	558	22	42	15	122
Utrecht	473	72	73	320	25	94	90	366	8	20	3	43
North Holland	2,062	83	544	871	58	340	355	1,169	10	307	60	206
South Holland	1,926	158	460	1,056	72	369	333	1,054	13	105	33	139
Zeeland	363	12	35	146	2	49	54	170	5	51	20	80
North Brabant	1,902	150	156	929	37	242	171	736	18	29	29	127
Limburg	1,490	52	83	615	21	148	105	427	14	59	70	176
Total	11,082	846	1,691	5,540	273	1,732	1,495	5,306	108	741	262	1,203
Functions of Each Establishment Type												
Alcohol Free Drinks	+	+	P	+	+	+	+	+	+	-	+	+
Alcohol Drinks	P	+	+	+	-	+	+	P	+	-	P	+
Food	+	+	+	P	P	P	P	P	P	+	+	P
Lodging	-	-	-	-	-	-	-	-	-	P	P	P

= Primary function + = Additional function = Function not present Source: Bedrijfschap Horeca, 2000

The Restaurant Sector

The Netherlands restaurant and café sub-sector is broken down as follows:

- **Snack Bars**, serving French fries and a variety of fried and breaded meats, are the traditional form of fast food restaurant found in the Netherlands. Prior to the emergence of other quick service restaurants (QSR), their biggest competition came from Chinese and Italian take-outs.
- **Cafeterias** can best be described as sandwich shops, although they offer a wide variety of lunchtime dishes, such as salads and soups.
- **Grillrooms** typically serve inexpensive middle-eastern cuisine, and are usually situated in residential or urban shopping areas.
- **Café-Restaurants** are extremely popular with the Dutch, as they are an economical alternative to traditional restaurants. Café-restaurants offer full meals in a café or bar setting, and are comparable to American 'casual dining'.
- **Roadside Restaurant** numbers (of restaurants at both petrol / service stations) are increasing despite strict government controls over both urban and rural planning. These can be compared to American truck stops, offering a variety of meals.
- **Ethnic Restaurants** across the EU markets the popularity of so called ethnic food is increasing, and the Netherlands market is no exception, partly driven by its cosmopolitan population (i.e. large populations of Surinamese and Indonesians, especially in major towns and cities).

Nationality of Top Ten Restaurants in the Netherlands by the Number of Outlets

Ranking	Nationality	Number of Outlets
1	Dutch - French	5,867
2	Chinese - Indonesian	2,243
3	Italian	1,109
4	International (various)	507
5	Greek	362
6	Turkish	173
7	Mexican	113
8	Indian	111
9	American	109
10	Japanese	104

Source: US & Foreign Commercial Service, 2001

The restaurant sector however is extremely fragmented, with the only large organizations being the multi-national conglomerates in the fast food sub-sector. Small, and frequently family, businesses are the norm in the Netherlands market.

Company	Sales (US\$m)	Type	Outlets
KFC	4,600 (outside US)	Fast Food	5,595 (group)
McDonald's	4,753.9 (Europe)	Fast Food	207

Source: Company Reports, 2001

The Hotel and Leisure Sector

Accommodation facilities in the Netherlands are categorized as:

Hotels account for 47% of the hotel & leisure sector. In many large Dutch cities there are shortages of hotel rooms; so much so, that the City of Amsterdam concluded that 5,000 extra rooms would be needed by 2003. Across the Netherlands, there is a large variety of hotels offering differing standards of accommodation and facilities.

Hotel Rating	Number of Rooms	Number of Beds
* One Star	4,985	10,202
** Two Star	10,997	22,435
*** Three Star	25,482	50,573
**** Four Star	26,068	51,670
***** Five Star	6,755	15,853
Total	74,287	147,733

Source: US & Foreign Commercial Service, 2001

Key Players in the Hotel Sector

Company	Sales (US\$M)	Brand Name, Type	Outlets
Accor	Total: 4,227 (group)	Sofitel Novotel Mercure Ibis Formule 1.	48 Netherlands
	Food: 483 (group)		
Queen's Moat Houses plc (U.K.)	Total: 107.26	Bilderberg, 4 & 5 Star	24 Netherlands
	F & B: 46.34		
NH Hotels (Spain)	1999 : 225.85	Golden Tulip Hotels, 5 Star	22 Netherlands
		Tulip Inns, 3 Start	

Source: Company Reports, 2001

Bungalows account for a 41% market share of the hotel and leisure sector. With a higher disposable income, the Dutch are increasingly enjoying short vacations within their own country. Bungalow parks are amongst the group of accommodation providers cashing in on this trend, with 76% of their trade coming from domestic clients. These parks are holiday villages with on-site amenities for food and drink (alcoholic and non-alcoholic), and examples include Randall Greenparks and Centerparcs.

Camping grounds account for an 8% market share of the hotel and leisure sector. As with bungalows, camping grounds are profiting from the increase in the number of short breaks being taken. They are also similar to bungalows in that the majority of visitors are Dutch, and the principal foreign tourists are German.

Group Accommodation accounts for a 4% market share of the hotel and leisure sector again, group accommodation is used primarily by domestic visitors, with only 16% being overseas travelers. This sub-sector includes private short-lease rented houses and apartments. Even though group accommodation is self-catering it should not be ignored, as many of the meals taken are from foodservice establishments.

Non-Commercial Sector

Business & industry (B&I) catering dominates, taking nearly half of the non-commercial market by value. In its wake, however, is healthcare catering with a 46% share, with educational claiming the remaining 5%. Also included in the non-commercial foodservice category are catering services for the armed forces, government agencies and penal institutes.

Business & Industry	Healthcare	Education
Company Cafeteria	Nursing Homes	Schools
Government Agencies	Hospitals	Universities

The non-commercial sector is relatively fragmented, with a large number of small businesses operating on a localized basis accounting for a large proportion of the market. However, the entrance of multi-national conglomerates into the Netherlands market has reduced the degree of fragmentation, and has encouraged the continuous growth of the sector.

Key Players in the Non-commercial Sector

Although some larger domestic organizations are in attendance, three foreign multi-nationals (as in the EU markets) dominate the non-commercial foodservice sector in the Netherlands.

Sodexho

Sales US\$278 million (Netherlands)

Based in France, Sodexho is the market leader in the business & industry market in all of the Benelux countries (Belgium, the Netherlands and Luxembourg) and in the UK. Sodexho is also the world's leading foodservice provider to businesses, government agencies, education, healthcare and senior communities. A centralized purchasing system, where the majority of sourcing is done through a department at the Sodexho head office, has been in place for some time, and as Sodexho grows this process is becoming increasingly streamlined. While companies such as Sodexho are looking for dedicated suppliers into their foodservice businesses, they are also looking actively to leverage the benefits of their increasingly global business by reducing procurement costs, and putting in place effective quality control systems.

Source: Promar International & Company Reports, 2001

Compass Group

Sales US\$13.7 billion (group)

Netherlands US\$0.411 billion

The Netherlands contributes 3% to the total turnover of the group. 45% of the Compass Group's sales are to business & industry, although it also operates in the hotels, education, healthcare, vending and roadside ventures. Compass has a centralized buying procedure, which sources primarily from wholesalers. Again, it is believed that Compass is looking for increasingly dedicated and specialized suppliers to work with on the development of new products and services, rather than ad hoc relationships.

Source: Promar International & Company Reports, 2001

Elior

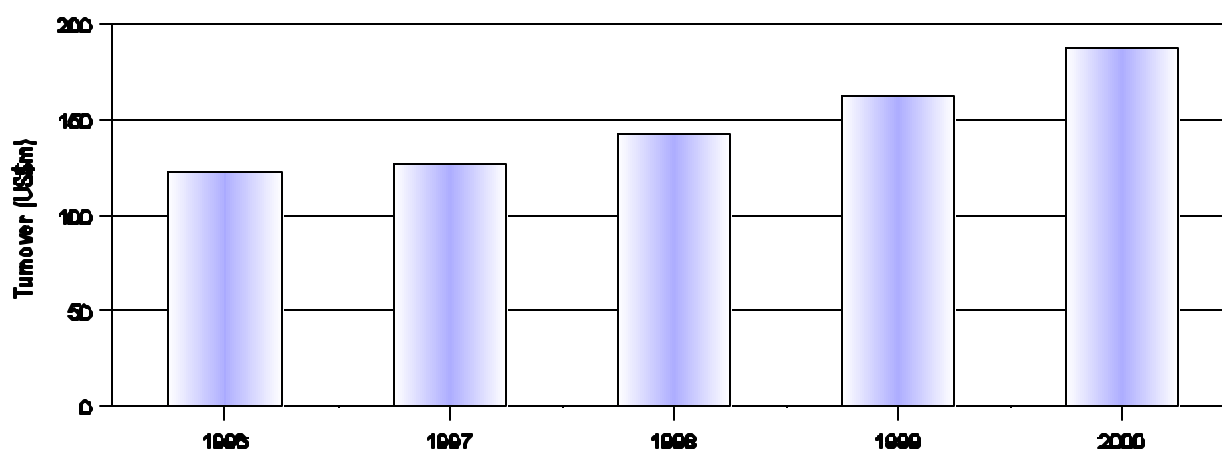
Sales US\$1.68 billion (group)

Sales growth 20%

Being French based, France accounts for some 73% of Elior's total sales, despite a strong presence in the Netherlands, Britain, Italy and Spain, which was achieved through a combination of organic internal growth and acquisitions. Elior's purchasing procedure is moderately centralized, with each division allocated to a group who supervise the supply and traceability of their own provisions. In line with the major foodservice companies, Elior is looking to develop more tailored relationships through the supply chain to ensure consistency and quality of supply, while at the same time looking to reduce unit costs.

Source: Promar International & Company Reports, 2001

Of the main domestic players, Albron is the most successful. Their five-year sales record and details of their operations are provided below. In 2000/2001, sales reached around US\$190 million, and the success of the company has been based around its strong growth and the diversified nature of its foodservice sector (see below).



Brand	Sector	No. Establishments	No. Employees	Customers per day
Albron Catering	General	950	2,700	200,000
Albron Campus Catering	Education	75	290	85,000
Albron Party Productions	Leisure	1	130	3,300
Albron Carewell	Health Care	60	150	3,500
Albron Travel Catering	Travel	6	275	50,000
Albron Food Service	General	50	500	100,000
TOTAL		1,142	4,045	441,800

Source: Company Reports, 2001

Strengths and Weaknesses of Foodservice in the Netherlands

Strengths	Weaknesses
<ul style="list-style-type: none"> • Open attitude towards international trade, at all levels of the supply chain • First-class infrastructure • The Netherlands is a gateway into Europe for international trade, and can be exploited as a stepping-stone into the rest of Europe • Foodservice is experiencing strong growth, more rapid than food retail, which is predicted to continue for many years to come • Dutch consumers are increasingly becoming accustomed to, and fond of, eating out • Plethora of wholesalers, importers, agents and brokers experienced in dealing with international companies • Few language barriers as the large majority of the population speak fluent English • Wide acceptance of American products at all levels in the supply chain, from importer/wholesaler to end-consumer • Logistically, the Netherlands has one of the most sophisticated systems in the world. There are numerous logistics companies offering various services, including cold chains for fresh and frozen goods • Although the market is currently fragmented, increased consolidation is expected, indicating high development potential 	<ul style="list-style-type: none"> • Highly fragmented market in both commercial and non-commercial sectors • Foodservice still second to food retail, although the former is catching up • Supply chain is strongly dependent on delivered wholesale and cash and carry, which limits the routes available to reach the consumer • Foodservice organizations demanding increasing flexibility with regards to ordering and supplies • Complex and disorganized supply chain • Margins under increasing pressure from growing competition and a more demanding customer base • Limited understanding of the market and its complexities

Competitive Environment

In terms of overall trade in goods and services, and despite a combination of both non-tariff and tariff barriers, the US is second only to Germany in total trade and exports to the Netherlands. The US therefore has a strong commercial relationship with the Netherlands economy per se. As might be expected, the other main trading partners for the Netherlands economy are other EU based countries such as Belgium, the UK and France. The table below illustrates the trade in overall goods and services.

Within the food and drink sector a similar pattern of trade has evolved; the majority of Netherlands imports in this sector are from other EU based suppliers, and it will be these countries that US exporters will be competing against. EU based suppliers account for around 65% of all Netherlands agri food and drink imports followed by North America (12%) and then Asia (10%). Other imports come from a mix of the Middle East, Australasia and Latin America. In terms of products within the agri food sector, these are dominated by the likes of high volume products such as meat, dairy, fish, cereals and then fruit and vegetables.

EU suppliers pay no import duty on exports to the Netherlands market, whereas US based processors and exporters will invariably be paying towards the full rate. EU based suppliers also enjoy the benefits of dealing in the same currency as the Dutch (i.e. the Euro), and of course transport rates are also lower. Total US agricultural and food exports to the Netherlands are in the region of US\$1.4 billion, of which around US\$500 million can be described as "consumer ready".

The table below illustrates the fact that although the US faces strong competition from other suppliers, it retains a strong position in the overall import market per se (but it also underlines the strength of the competition).

Leading Exporters of Goods and Services to the Netherlands, by value January - September 2001		
Rank	Country/Continent	Export Value (US\$m)*
1	Germany	30,247.58
2	United States	16,000.09
3	Belgium	15,080.05
4	United Kingdom	14,433.86
5	France	9,274.52
6	Japan	6,871.66
7	China	6,412.25
1	Europe	102,045.36
2	Asia	35,231.13
3	America	21,609.08
4	Africa	4,297.48
5	Others	742.63

*Based on average exchange rate for specified period of 1 Guilder to US\$0.40692

Source: Central Bureau for Statistics

Consumer ready and relatively high value products, such as snacks, speciality products, organics, fruits and

vegetables (fresh and processed), are the types of food exports most commonly sourced by the foodservice industry, especially from a long distance supplier such as the US. More commodity-oriented products (such as meat, dairy, etc) are typically sourced from countries close to the Netherlands, due to their lower value. It has often been the case that where a company/country has been able to succeed in penetrating the conventional food market, success in the foodservice sector can follow.

Details of the key US agri food exports are provided below. It can be seen that greatest success has been found in the areas of fresh and processed fruits and vegetables, juices, wine, nuts and also, to some extent, fish products.

U.S. Agri Food Exports to the Netherlands, 2001 (1,000 x US\$)	
Product	Value
Consumer-Oriented Agricultural Total	435,840
Snack Foods (Excluding Nuts)	6,481
Breakfast Cereal & Pancakes	507
Red Meats, Fresh/Chilled/Frozen	6,052
Red Meats, Prepared/Preserved	773
Poultry	1,308
Dairy Products	7,481
Egg & Products	2,702
Fresh Fruit	19,491
Fresh Vegetables	1,489
Processed Fruit & Vegetables	38,248
Fruit & Vegetable Juices	87,299
Tree Nuts	68,974
Wine & Beer	70,520
Nursery Products & Cut Flowers	45,090
Pet Foods (Cat & Dog Food)	20,526
Other Consumer-Oriented Products	58,901
Fish & Seafood Products, Edible	28,926
Salmon, Whole or Eviscerated	1,882
Salmon Canned	6,672
Crab & Crabmeat	88
Surimi (Fish Paste)	2,650
Roe & Urchin (Fish Eggs)	378
Other Edible Fish & Seafood	17,255
Total Agricultural Fish & Forestry Exports	1,431,396

Source: Bico 2001

Best Product Prospects

Products Currently Present in the Market with Good Sales Potential

Citrus Juices - The large majority of citrus juices entering the Netherlands are imported, processed and re-exported. However, as a result of the Dutch population on the whole leading healthier lifestyles and becoming less interested in the consumption of alcoholic drinks (the exception being the youth market, where alcoholic pre-mixes are showing strong growth), combined with a fall in prices, citrus juices are gaining in popularity.

The variety with the greatest potential is high quality not-from-concentrate orange juice, which has been experiencing continued growth across Europe. In the Netherlands, per capita consumption of fruit juices and drinks has reached 26.5 liters. The Dutch are large-scale orange consumers, and have a per capita intake of 20 kilos (about 44 lbs.), of which between six to eight kilos is fresh orange juice.

Organic Foods - Currently only account for 1-2% of overall food sales in the Netherlands, however, this is expected to increase dramatically in coming years, thanks, in part, to a government pledge to spend US\$33 million to stimulate production, distribution and consumption of organic foods. The greatest opportunity for US exporters lies in the added value markets of ready meals and frozen foods categories, especially as this is the organics sector considered to have the most potential. However, some wholesalers are reluctant to stock US finished goods because of concern over GMOs.

Organic products with high growth potential include:

- Fruit and vegetables
- Condiments (including honey, maple syrup and jam)
- Bread, wheat, flour and pasta
- Breakfast cereals
- Coffee
- Vegetable oils
- Spices
- Ready prepared meals / convenience foods and frozen foods
- Snackfoods.

Seafood - Fish consumption, particularly farmed salmon, has been subject to a continued upward trend in the Netherlands. Specifically, easy-to-prepare fish goods are gaining in popularity in line with the growing demand for convenience. However, competition from other countries, particularly member states of the EU, is high, and this is intensified with tariff concessions. Exporters should not be deterred, though, as there is a market for US sourced seafood, including lobster. Per capita consumption of seafood totals over 36 lbs.

Wine - Wine consumption continues to grow in the Netherlands, and 'New World' wines are one of the fastest growing sub-sectors. Here the US will face strong competition from countries such as Chile, New Zealand, Australia, Canada and Argentina. Wine is becoming increasingly popular amongst the over-35 sub-sector, but faces increasing competition from pre-mixes for the youth market. Wine per capita consumption across the entire Dutch population has reached nearly five gallons.

Nuts - there is a growing demand for a range of nuts from the US, especially in the grazing and leisure sectors

of the market, although competition from a range of other third country suppliers is strong. Fruits and vegetables the US has traditionally been a high quality supplier of fresh and canned fruits and vegetables to the EU market per se. Although this position has come under some pressure from other third country suppliers in Latin and Central America and the Mediterranean regions, the growth of the foodservice sector should present new opportunity areas away from the more conventional retail sector. Key products would include (but are not limited to) citrus, berries, pre-prepared vegetables and organics.

Products Not Currently Present in the Market but with Good Sales Potential

Ethnic Cuisine - Consumers are increasingly demanding a greater variety of foods. This report has already mentioned the ethnic diversity of the Netherlands restaurant sector. In fact, it has been suggested that the easiest way to succeed in the restaurant market is to find a niche by offering ethnic fare. Opportunities exist in the market for herbs and spices, and other specialist ingredients.

Health Foods - Health foods are becoming more popular as Dutch consumers look to lead healthier lifestyles, and are receiving increasing attention and interest from the foodservice industry.

Meat Alternatives - Following food scares such as BSE and foot and mouth disease, consumers are actively scrutinizing what they eat. This, combined with wider acceptance of these products, has raised the potential for meat alternatives. However, the Dutch consumer is concerned that US soy- and corn-based products may contain GM ingredients.

Products Not Currently Present Because They Face Significant Barriers

GMO Products - Concern at consumer and governmental level has in effect nullified any potential market for US products containing genetically modified ingredients.

Short Shelf Life Products - The distance between the two capitals (Washington and Amsterdam) is over 4,800 miles. Therefore, products with a very short shelf life currently face unassailable barriers.

American Beef - The hormones used in the production of U.S. beef are banned in the EU. A quota exist for beef produced conform EU requirements. In the Non-Hormone Treated Cattle Program (NHTC) only six producers are participating.

American Pork - U.S. production of pork for the EU market is mainly obstructed by compulsory residue testing programs and costly facility requirements.

American Poultry - The sanitation method used in U.S. slaughterhouses is prohibited in the EU. There are no U.S. factories approved for the export of poultry meat to the EU.

Summary

The Netherlands foodservice market is currently valued at around US\$12 billion per annum. No precise statistics exist on the exact share of the US of this figure, but we believe that this is likely to be in line with general US exports to the Netherlands market, and are likely to be in the area of consumer ready products rather than bulk commodities.

In terms of potential competitors, companies from the US will find themselves in fierce competition from other food and drink suppliers mainly from other EU countries such as France, Belgium, Germany and Italy but then also from exporters further afield such as countries based in the Southern Hemisphere, Latin America and Asia. EU based suppliers account for at least 65% of the foodservice market.

The import of agri food and drink products into the Netherlands market (regardless of whether they are ultimately destined for the processing, retail and/or foodservice sector) are controlled by a variety of regulatory requirements and institutions, including:

- The regulations as set out by the Netherlands Food Authority covering food safety procedures
- The Dutch Commodities Act which sets out the general requirements for the food and drink sector and is mainly related to primary products
- The need for better labeling on food ingredients especially in the area of GM contents
- A voluntary code for functional health products
- Adherence to codes of conduct being implemented across the EU in areas such as the fresh produce sector and which includes the likes of EUREP GAP
- The use of management schemes such as ISO 9000 and HACCP in the food production sector are now seen as basically a minimum requirement for supplying the food market in the EU, not just the Netherlands

For more information on import standards and regulations see report NL2037

www.fas.usda.gov/scripts/attacherep/default.asp

Key Trade Contacts

Institutional Organizations

Office of Agricultural Affairs

American Embassy
Lange Voorhout 102
2514 EJ The Hague
The Netherlands

Tel: +31 (0)70 31 09 305

Fax: +31 (0)70 36 57 681

Email: agthehague@fas.usda.gov

For statistics regarding the Netherlands hotel, restaurant and café ("HORECA") industry

Bedrijfschap Horeca En Catering

Baron de Coubertinlaan 6
2719 EL Zoetermeer
The Netherlands

Mailing address:

PO Box 121
2700 AC Zoetermeer

Tel: +31 (0)79 368 0707

Fax: +31 (0)79 361 7312

Branch Association representing HORECA enterprises

Koninklijk Horeca Nederland

Permolenlaan 10
3447 GW Woerden
The Netherlands

Mailing Address:

PO Box 566
3440 AN Woerden

Tel: +31 (0)34 8489 489

Fax: +31 (0)34 8489 400

Events

European Fine Food Fair

January every year

International Trade Fair for Culinary Professionals

Maastricht Exposition & Congress Center

PO Box 1630
6201 BP Maastricht
The Netherlands

Tel: +31 (0)43 38 38 383

Fax: +31 (0)43 38 38 300

Email: exhibition@mecc.nl

AGF Totaal

Date: September 15 - 17, 2003 held every two years

International Trade Fair for Potato, Vegetable and Fruit Importers/exporters and Producers

Ahoy Rotterdam
PO Box 5106
3008 AC Rotterdam
The Netherlands

Tel: +31 10 2933 300

Fax: +31 10 2933 399

Email: info@ahoy.nl

Internet: www.ahoy.nl

HORECAVA

Date: January of every year

Provides a Complete Overview of All Product Groups for the Hospitality and Catering Trade

Project Team Horecava

Amsterdam RAI

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1078 GZ Amsterdam

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Postbus 77777

1070 MS Amsterdam

Tel: +31 20 5491 212

Fax: +31 20 5491 843

Email: horecava@rai.nl
www.horecava.nl

National Food Week

Date: March 23 - 26, 2003 held every two years

The National food week is the platform that provides a complete overview of the food sector in The Netherlands

Jaarbeurs Exhibitions & Media

P.O. Box 8800

3503 RV Utrecht

Tel: +31-30-2952799

Fax: +31-30-2952814

Email: info@nationalefoodweek.nl
www.nationalefoodweek.nl

ANUGA (based in Germany) and SIAL (based in France) are major international trade fairs for the agricultural, food and drink sector, and although not specifically focused on the foodservice sector, but are important "landmark" events for any US exporter seriously targeting the EU market. In fact these fairs attract visitors from all around the world, and so should not be seen specifically as just "European" events.