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HRI Food Service Sector

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Report Highlights:

The German foodservice sector is currently undergoing a period of major structural change, partly as a result of changing consumer behaviour, with increasing demand for ethnic foods, local specialities, variety, health foods, price and prestige. Over the next ten years, consumer expenditure on foodservice in Germany is expected to grow at 2.75% per annum (compared to only 1.25% for retail).

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THE FOODSERVICE SECTOR IN GERMANY

SECTION 1: MARKET SUMMARY

1.1 Introduction

The German foodservice sector is currently undergoing a period of major structural change, partly as a result of changing consumer behaviour, with increasing demand for ethnic foods, local specialities, variety, health foods, price and prestige. Albeit slowly, and at different rates across the country, Germany is heading towards the anytime, anywhere foodservice offer that prevails in the USA today. Over the next ten years, consumer expenditure on foodservice in Germany is expected to grow at 2.75% per annum (compared to only 1.25% for retail).

In terms of turnover, in 1998 the German foodservice market was valued at c. DM160 billion. The market is, however, highly fragmented in terms of offering and can be split into a number of sub-sectors, notably:

- *for profit*: hotels, full service restaurants, fast-food (QSR), in-store catering, business and industry in-house catering
- *not-for-profit*: education, healthcare, and other (including the armed forces, welfare and prisons)

Sub-sector market summary (1998)

	<i>Outlets</i>	<i>Approx. turnover (million DM)</i>	<i>Description</i>
<i>Hotels</i>	33,000 - of which 3,000 owned by 128 hotel groups	24,500	A wide variety of establishments ranging from full-board hotels to pensions
<i>Restaurants</i>	111,000 - within this total 22 companies operate 1,000 outlets each	35,000	A wide variety of outlets from up-market to budget, offering traditional German menus to niche ethical cuisine
<i>Fast food</i>	54,000	6,000	Outlets range from franchised (generally US) concepts to individually owned pizza delivery services and snack bars
<i>In-store catering</i>	12 large groups with 700 outlets	7,500	Restaurants normally situated in department stores found in most large German towns and cities
<i>Business/industry</i>	2,097,853 businesses in which 108,000 have more than 20 employees and 3,357 have more than 500 employees	18,500	Establishments range from medium to large businesses
<i>Healthcare</i>	13,551 hospitals, clinics and nursing homes	29,000	Catering makes provision for patients, staff and visitors
<i>Education</i>	43,118 - schools 9,300 - business schools 337- universities	3,000	Outlets range from kindergartens through primary and secondary schools to large canteens within the university system

Source: Dehoga, Statistisches Bundesamt

1.2 Domestic food supply and imports into foodservice

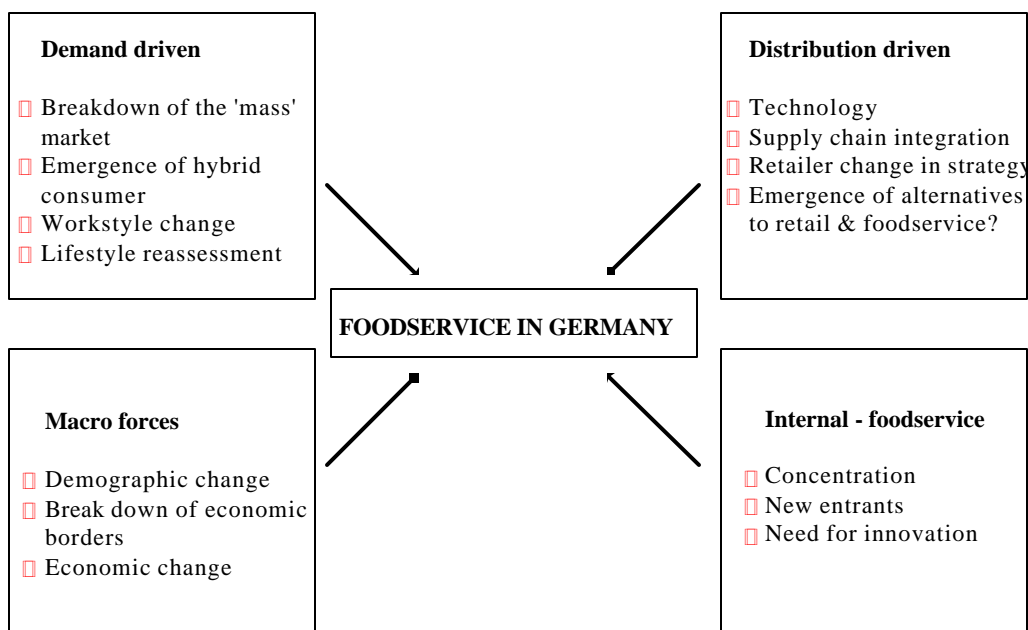
Food procurement (from domestic and imported sources alike) within the foodservice sector is centred on ingredients which form the basis for dishes prepared for sale within the foodservice industry. There is currently only limited evidence of highly processed meal solutions entering the German foodservice sector. The exception to the rule, however, is to be found within the so-called **organised** sector (restaurant and fast food chains, in particular) where operators are increasingly demanding a range of high spec. ready-prepared foods.

Imports (from the US and other sources) into the foodservice sector closely mirror those into the retail sector, although foodservice still tends to be treated as the poor relation (i.e. the Number 2 market) to retail by many importers (and much product found in foodservice tends to be there by default through Cash & Carry). Principal US imports into Germany are rice, fruit and vegetables (processed and fresh) and nuts. These are reflected to some extent in foodservice, where the main American products found are packaged rice, nuts and canned fruits. For a breakdown of German food production and imports of foodstuffs into Germany over the past five years, see appendices 1 and 2.

1.3 Forces for change

The key forces for change which will influence the shape and composition of the foodservice sector in Germany over the next five years are detailed below. Their combined effect will be to alter the make up of the market, the number of players involved, their relative professionalism and organisation, the foods on offer to the consumer and the format in which those foods are offered.

Key demand drivers in the German foodservice market



Demand driven - Changing consumer lifestyles (encompassing working habits, shopping habits and leisure time) will encourage format fragmentation and sector growth. Foodservice operators will increasingly target a wide variety of meal occasions and tastes, effectively allowing the consumer to eat “anytime, anyplace” if he or she so desires. In Germany today, 60% of women aged 15-65 work outside the home. There is a growing demand for meal solutions as a result, and foodservice in one form or another increasingly meets this need. Additionally, we will see growing numbers working from home, as well as greater incidences of job sharing and part-time working, as the German economy responds to the need for a more flexible workforce. Such developments will lead, in turn, to a need for greater flexibility in food shopping and preparation. Already, retailers such as Edeka are offering Internet and on-line shopping services, and home delivery is becoming more accepted by time-pressed consumers.

The foodservice sector, too, will respond to the consumer need for flexibility. A growing number of operators will look to creatively offer foodservice anywhere, anytime - establishing outlets in high traffic areas such as train stations, shopping centres, and leisure outlets such as cinemas or sports centres.

Retailers, furthermore, are entering the Home Meal Replacement market, and we can expect to see the foodservice operators also move to capitalise on the perceived opportunities within this embryonic sector.

Distribution driven - As foodservice operators and their suppliers are driven by a need to ensure cost efficiency, so we can expect to see greater supply chain integration. Increasingly, supplier/buyer partnerships will be taken up a level, such that the partnership becomes involved in new product and concept development and both parties are ultimately able to benefit from competitive advantage.

Vertical integration is a clear feature of the German food supply chain. The largest retailers are involved across retail, intermediary distribution and foodservice at the operator level. The demands that they make on their supplier base are exacting and low price is uppermost on their agenda, such is the all-pervading influence of the discount retail sector. Beyond this, the international contract caterers involved in Germany are starting to import their own tried and tested procurement systems. All are pushing towards central purchasing and spec. development and enforcement although, again, low price is incredibly important.

A key feature within the German food retail sector over the past twenty years has been the role of the discount retailer. With the growth of the discount sector, price has become the overriding point of competition between retail outlets. The German consumer remains intensely price conscious as a result. This price awareness has been fuelled in the last five years by a feeling of less prosperity, with recession very evident in the German economy. For the foodservice sector in Germany, the result has been a clear consumer demand for value-for-money when eating away from home, demonstrated by the current decline in fortunes of the high-end restaurant sector, to the benefit of fast food operators and in-store catering.

Macro forces - The growth of one person and single parent households, alongside a definite trend towards income polarisation (with both the more affluent and poor in society, at two ends of the spectrum, growing

significantly in number terms at the expense of the long-established middle income sector) is fuelling demand for more convenient meal solutions, which, at the same time, offer value for money and nutritious alternatives to home prepared meals. There are currently about 13 million single-person households in Germany, about one third of which are accounted for by consumers under the age of 40. On average, these households enjoy c. 25% more disposable income per head than their counterparts in multi-person households. Continued change in this area will result in increased demand for food on-the-go, with younger, single consumers tending to lead more hectic lifestyles. At the same time, higher levels of disposable income will allow those individuals involved to pay the premiums required to purchase pre-prepared meal solutions. For the single parent households, in contrast, low price will be key when making foodservice purchasing decisions.

Internal foodservice drivers - The number of large, chained players involved in the German foodservice industry is increasing (in slower growth sectors, the rate of consolidation is fastest). At the same time, many international operators are moving into what they consider to be a potentially lucrative market. These factors have led to greater availability of eating out opportunities (both numbers of outlets and variety of formats). Large players and international organisations certainly bring higher levels of organisation into the foodservice supply chain, the demands of which foodservice suppliers must be able to meet. Of the top 10 German system restaurants, the top three operators are US-based; non-German players are also evident in chain restaurants, and hotels, where the largest player is French (Accor).

1.4 SWOT analysis

With a total turnover of approximately DM160 billion and estimated growth of 2.75% pa, the German foodservice sector potentially offers some significant opportunities for food processors. The sector is still, however, highly fragmented. As such, profitable opportunity realisation will not be without its problems:

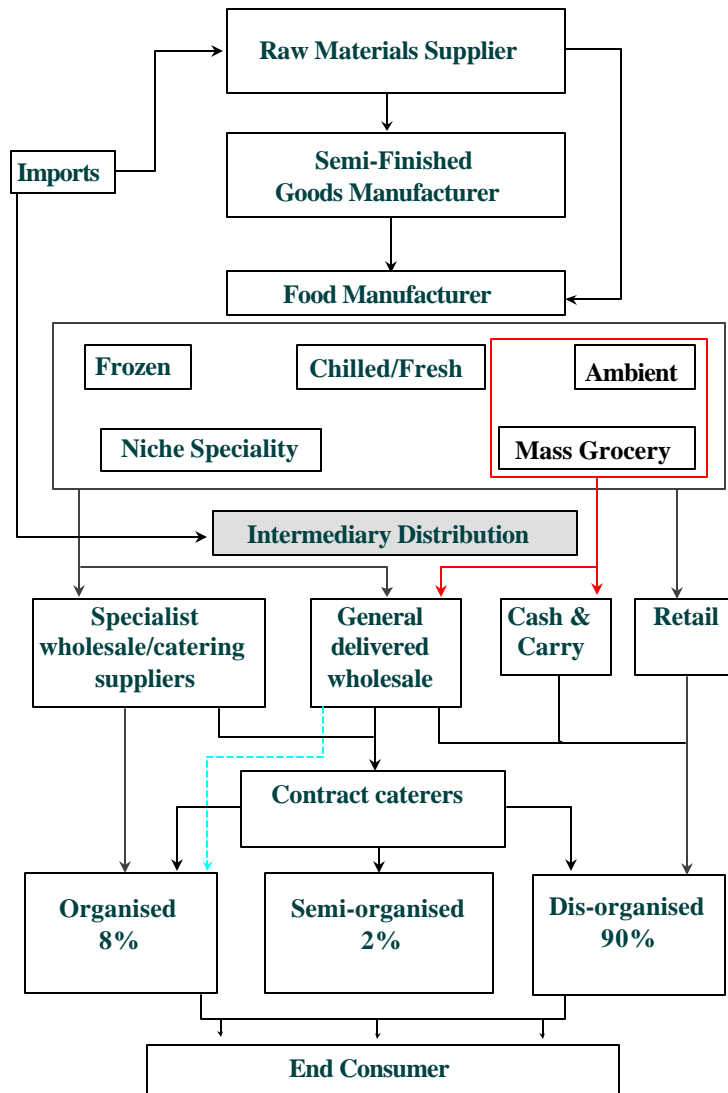
SWOT analysis

<i>STRENGTHS</i>	<i>WEAKNESSES</i>
<ul style="list-style-type: none"> • Dynamic market area, with some particularly strong growth evident, e.g. fast food, in-store catering • Consumer drive for growth evident • Increasing sector organisation at all levels (especially at intermediary supplier level) • Acceptance of US-style food concepts • Very large potential market (in terms of the potential number of end-consumers) • Entrance of international operators has brought with it more sophisticated product offerings and improved service level, and driven through supply-related improvements 	<ul style="list-style-type: none"> • Continued supply chain fragmentation • A continued focus on regional supply chains rather than national • Strong preference for German style dishes and traditional recipes • Economic constraints see further growth of value-for-money concepts, with the luxury sector suffering badly
<i>OPPORTUNITIES</i>	<i>THREATS</i>
<ul style="list-style-type: none"> • Growing German acceptance of exotic tastes • Recognition of US cuisine beyond the well established hamburgers, hot dogs and fried chicken, e.g. Cajun, Tex-Mex • Future growth on the back of increasingly pressured consumer lifestyles • Increased business travel and tourism (from both inside and outside Germany) encourages growth in budget and mid-priced hotels • Development of the service culture necessary to underpin successful foodservice operations • Government legislation to reduce health and welfare spending likely to grow demand for contract catering services within the not-for-profit sector 	<ul style="list-style-type: none"> • Continued dominance of German owned operators across the sector • Regional loyalties and small/medium sized companies prevail - results, in part, in failure to develop efficient, centralised industry/supply structure • Despite increasing role of the contract caterers, overall decline within the not-for-profit sector as overall cost reduction a priority • Emergence of non-traditional foodservice offerings (vending, for example), encourages confusion and likely short-term supply chain difficulties • Failure to develop an appropriate service mentality and culture, together with continued focus on price, may hinder overall sector development

SECTION 2: ROAD MAP FOR MARKET ENTRY

2.1 Market structure

The foodservice supply chain in Germany



Source: PROMAR analysis

research and

2.1.1 *Foodservice operators*

The foodservice industry at the operator level within the for-profit sector is divided (unequally) into three core groups, in terms of the level of organisation and professionalism of the operators in question, viz.:

The organised sector... includes contract caterers (serving business and industry, along with the healthcare and education sectors), full service restaurant and fast food chains, some of the larger hotel groups, together with those retailers offering in-store foodservice. For those involved:

- centralised purchasing and negotiating with suppliers is the norm;
- they are likely to use third party logistics/distribution suppliers;
- their business is often based on “non-German” concepts (as such there is only limited preference for local or regional products);
- and throughout the organised sector there is a trend towards “de-skilling” in kitchens. As such, the sector tends to demand processed and semi-processed solutions which are quick and easy to cook, as opposed to raw ingredients.

The semi-organised... where the sector includes small restaurant chains (where a single owner may have up to 10 outlets), smaller hospitals (300-600 beds), regional/local chains of restaurants (or nursing homes), as well as the Hotelkooperation organisations (hotel consortia). Those involved in the semi-organised sector:

- tend to comprise regional chains or local operators that have grown to have a number of outlets in one area, but that do not yet have national coverage;
- use a mix of centralised negotiating and local purchasing, but may also use Cash & Carry to “top up” their stocks or in an emergency;
- tend to have a preference towards local or regional products/tastes/recipes;
- and will source raw ingredients as opposed to processed or semi-processed solutions.

The disorganised sector... includes the vast majority of foodservice outlets in Germany, such as individually-owned hotels, restaurants, snack bars/fast food outlets and nursing homes. Key to note are the following:

- despite their small size such players make use of delivered wholesalers; smaller operators may buy solely through Cash & Carry and, albeit to a lesser extent, local retailers;
- the owner or chef of the operation in question (note that they may be one and the same) tends to be responsible for all purchasing decisions;
- being so diverse in nature and fragmented in ownership, a huge variety of quality and price needs are evident in this sector. Key to capturing demand here is to build relationships with the key intermediaries.

Sub-sector profiles

a) Hotels

Hotels in Germany: Sector profile 1998

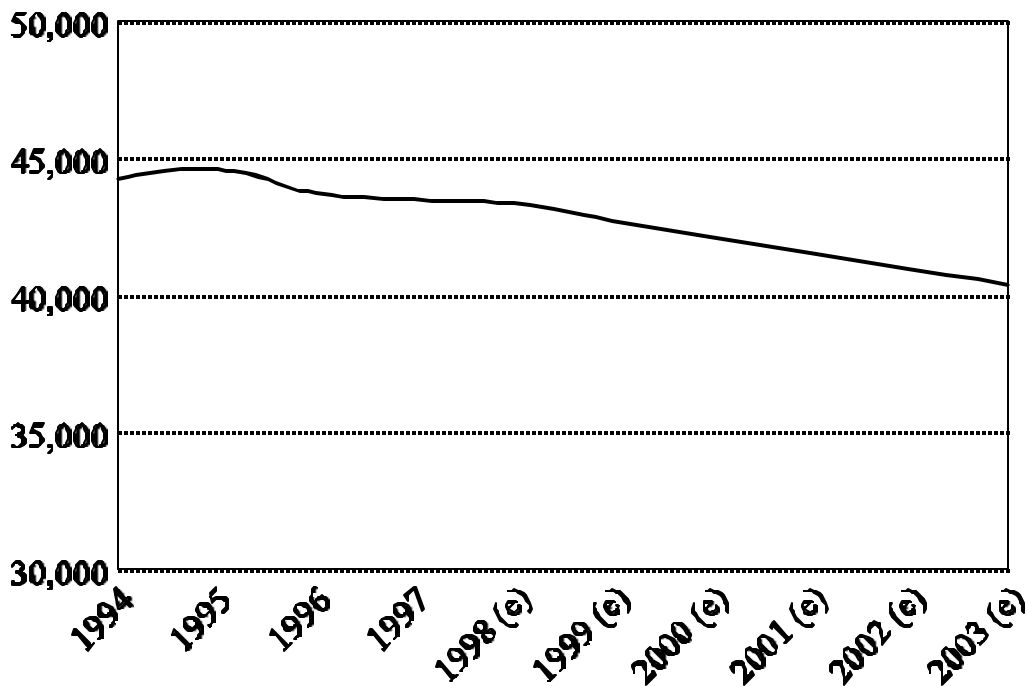
<i>Sector description</i>	<i>Key distribution characteristics</i>
<ul style="list-style-type: none"> - Hotels and restaurants combined represent the largest sub-sector of the for-profit sector - Targeted by foreign players who see significant growth potential through consolidation activity - Severe over-capacity, with a wide offering of varying quality - Up-market hotels suffering badly with the entrance of organised budget and mid-priced hotel operators 	<ul style="list-style-type: none"> - Highly fragmented sector, very few organised/semi-organised players (limited central buying activity) - Need for local delivery to individual outlets - Majority of dishes/meals are prepared on-site from basic ingredients - Quality of ingredients, alongside price, are the key buying criteria
<p><i>Future trends</i></p> <ul style="list-style-type: none"> - Continued growth of mid-range and budget hotels - Increasingly, focus placed on business travellers and short stays - Increasing levels of organisation in terms of food purchasing - central listing, if not buying - Entrance of new players and further industry consolidation likely to reduce current over-capacity 	
<p style="text-align: center;"><i>Market leaders</i></p> <p>The top five players (by number of outlets) are: Accor Hotellerie Deutschland, Ringhotels, Utell International, Best Western Hotels Deutschland and Akzent Hotelkooperation. Of the top five, only Accor owns all its outlets. The remaining companies listed here are either central reservation service suppliers or hotel consortia.</p>	

Germany - Hotel case study - Accor Hotellerie Deutschland

AccorHotellerie Deutschland is a subsidiary of the French hotel group Accor. Accor, itself, is a global player in the foodservice market, operating primarily within the hotel and contract catering sectors. It is by far the largest “organised” hotel operator in Germany with some 209 hotels, and it operates principally in the budget and mid-priced sectors with a range of pan-European brands, for example Formule 1, Etap, Ibis, Novotel, Mercure. Of the company’s 209 hotels, 82 specifically target the business and leisure travellers (its Mercure and Novotel brands), whilst 127 are focused on the budget sector. Accor’s growth in Germany is acquisition driven. It has, for example, recently acquired 8 mid-range luxury hotels from the UK group, Queen’s Moat House.

While Accor is relatively well organised in terms of non-food purchasing and branding, as with the great majority of hotels in Germany, actual food purchasing takes place at the individual hotel level. However, Accor, like many of its larger competitors, specifies centrally suppliers/brands that should be worked with.

Hotels: Sector value¹ - Germany 1994 to 2003(e) (US\$ millions)²



¹ Total turnover p. a.

²Source: PROMAR based on industry research

The hotel sector: US export implications

- X Foodservice as a whole within the hotel sector is in decline; identifying and working with the potential winners will be important
- X Currently there is an overwhelming need for local delivery to supply the hotel sector, working with those that can offer a good supply network
- U While currently fragmented, there are increasing levels of organisation within the hotel sector
- U Potential exists for US producers to supply food ingredients into this area (targeting the budget and mid-priced hotel areas specifically)

b) *Restaurants*

Restaurants in Germany: Sector profile 1998

<i>Sector description</i>	<i>Key distribution characteristics</i>
<ul style="list-style-type: none"> - Outlets remain generally family or individually-owned - The sector remains highly fragmented. Only 9% of restaurants in Germany today are chain restaurants, compared to 55% in the USA - The number of chain restaurants is growing as foreign players enter the market, buoyed by the prospect of further growth - Chains continue to take share from independent outlets as consumers put their trust in brands - Some outlets may offer take-out services, but few, if any, will be geared towards HMR 	<ul style="list-style-type: none"> - A disorganised sector - Need for local, individual outlet delivery - Broad spectrum of needs: specialised, premium products on the one hand, and lower priced, real value-for-money products on the other - Traditional German recipes continue to be the overriding focus of the sector - Restaurant chains placing increasing focus on the establishment of strict product specs, and have a requirement for pre-preparation in some form
<i>Future trends</i>	
<ul style="list-style-type: none"> - Continued decline of the luxury restaurant sector - Further niche developments targeting ethnic foods or new concepts - Increase of chain/system restaurants offering standard ranges and uniform quality, and demanding pre-prepared, or at least semi-prepared, meal solutions 	
<i>Market leaders</i>	
<p>The leading players in the German restaurant sector are Mövenpick, Whitbread, Block House and Roland Kuffler</p>	

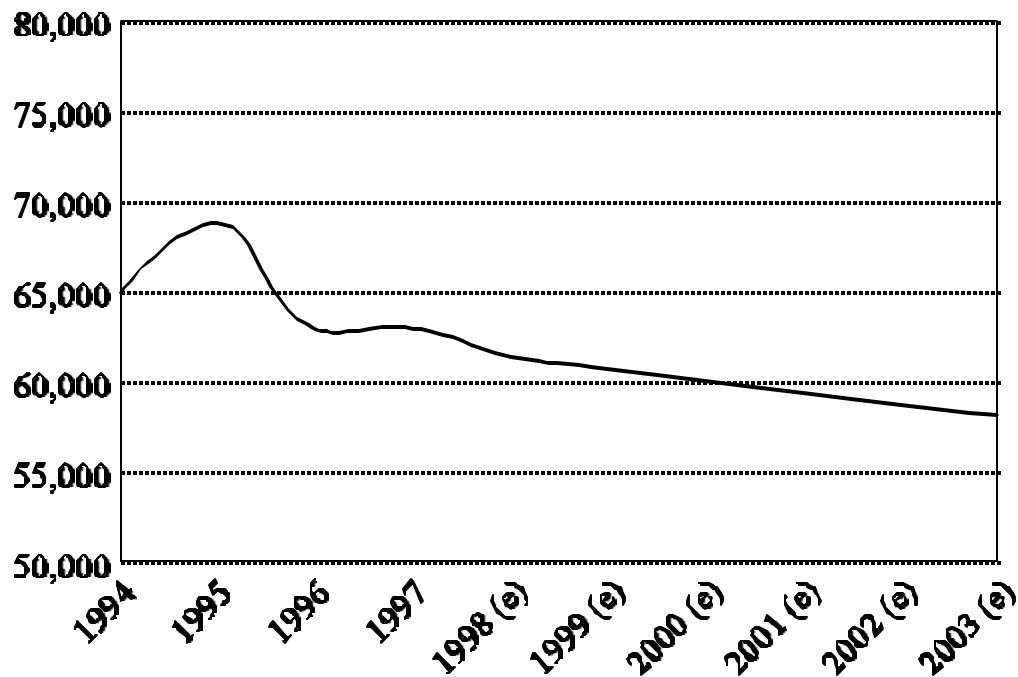
Restaurant sector case study - Churrasco and Maredo

Churrasco and Maredo are part of Whitbread Restaurants Deutschland, a subsidiary of the UK brewing and hospitality company, Whitbread. Churrasco and Maredo offer a mid-priced range of menus with a Latin American feel. With these two chains (some 64 restaurants in total), Whitbread claims to be the market leader in the steak restaurant sector in Germany.

Its restaurants are primarily located in major towns and cities in Germany, with a focus on the industrial area of the Ruhr, where there is a large cluster of outlets.

Churrasco and Maredo offer broadly similar menus. With slight differences in product tastes in each brand, both offer two menu options. Whitbread has plans to extend its offering in Germany and will, for example, open a Costa Coffee coffee bar in February 2000. Whitbread plans, eventually, to replicate its UK strategy in Germany, offering a wide range of foodservice and leisure outlets with the aim of capturing the consumer Deutschmark wherever it can.

Restaurants: Sector value³ - Germany 1994 to 2003(e) (US\$ millions)⁴



³Total turnover p. a.

⁴Source: PROMAR based on industry research

Restaurant sector: US export implications

- T A mixed performance sector: those offering ethnic cuisines and/or value-for-money are seeing increased demand; while the expensive, high-end operators are not doing well, with many consumers feeling increasingly strapped for cash
- T Potential exists for US producers to supply food ingredients into this area. There are also increasing opportunities for processed and semi-processed products as organisation within the sector grows
- T There is an overall acceptance of US-style food concepts, where concept development/relationships built on solution provision could prove winning strategies
- X The overall value, in terms of turnover, of the restaurant sector in Germany is in decline
- X Although Germans are eating out more, they are spending less in traditional restaurants, favouring other areas of the foodservice industry, most notably fast food and in-store catering
- X Continued fragmentation within the sector means there is strong reliance on local and individual outlet delivery; local loyalties remain strong
- X Traditional German recipes continue to be the overriding focus of the sector

c) *Fast food*

Fast food in Germany: Sector profile 1998

<i>Sector description</i>		<i>Key distribution characteristics</i>	
S	One of the leading foodservice formats in Germany in terms of the number of outlets	S	Growing levels of organisation
S	A dynamic, fast growing sector, benefiting from consumer demand for value-for-money concepts and convenience	S	Increasing standardization of product
S	Fast food is, by definition, quick, and therefore meets the consumer need for convenience	S	Larger chains set rigorous product specifications
S	Outlets are situated in all towns and cities across Germany	S	For larger chains, branding is a key requirement
		S	Value-for-money and convenience offered by the sector will stimulate further growth
			Security of supply and delivery to centralized distribution depots is the norm for the organised players
Future trends			
S	Value-for-money and convenience offered by the sector will stimulate further growth		
S	The market is buoyant. We can expect to see new concepts, e.g. sandwich bars and soup bars, targeting fragmenting consumer demand		
S	Key area of growth will be the provision of speedy meals/foods to travellers in high traffic areas (road, rail and air travel)		
Key players			
Burger King, McDonald's, KFC (Tricon), Nordsee			

Fast food case study - Burger King Deutschland

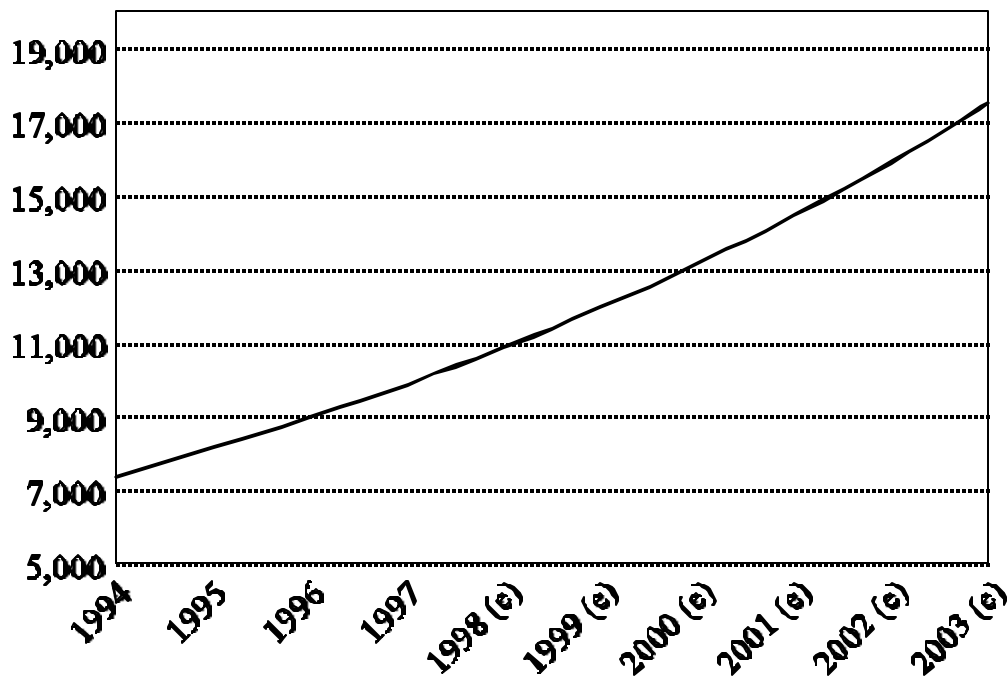
BurgerKingDeutschland is the No. 2 fast food operator in Germany to McDonald's with some 150 restaurants. It currently ranks at No. 7 out of the top 100 catering companies in Germany (sales-wise). Growing solidly at this point, continued expansion is planned in a growing market segment. Interestingly, however, nationwide the US-style fast food outlets have not seen their turnover grow as much as the travel-orientated fast food outlets run by gas station operators such as BP, Aral, and Esso.

Between them, Burger King and McDonald's account for over 75% of the fast food/burger market in terms of turnover. With a turnover of DM320 million in 1997, Burger King stands some way behind McDonald's with DM3384.3 million.

Burger King's growth to date has come on the back of its "made-to-order" burgers and meal offerings. Future expansion in terms of new store openings is expected.

As a, so-called, system restaurant, Burger King requires products which fit into its simplified food preparation processes. A global organisation, Burger King buys pan-Europe where possible and, at least as it expands, will seek to use existing supply relationships across borders. Product specs are high, with Burger King demanding very exacting requirements from its suppliers.

Fast food: Sector value⁵ - Germany 1994 to 2003(e) (US\$ millions)⁶



⁵Total turnover p. a.

⁶Source: PROMAR based on industry research

Fast food in Germany: US export implications

- T A dynamic, fast growing sector
- T Potential exists for US producers to supply processed and semi-processed food products into this area
- T Potential to develop strong working relationships with large organised chains
- T The fast food sector is very open to US-style food concepts
- X Organised operators will increasingly display very high supply specifications; and are driving to develop cross-border supply relationships

d) In-store catering

In-store catering in Germany: Sector profile 1998

<i>Sector description</i>	<i>Key distribution characteristics</i>
<ul style="list-style-type: none"> S Outlets operated either by retailers directly, or by retailer-owned catering divisions S Outlets offer mixed menus, mainly comprising traditional German recipes, with a minority of foreign dishes S A dynamic sector of the foodservice industry (+16% growth in value over the past five years) S Key strengths are convenience, traditional menus (a potential weakness?), and supply chain integration S Growth of in-store catering has adversely affected the restaurant sector S Sector may suffer if legislation related to store opening hours is not liberalised; fast food represents a significant threat for the future 	<ul style="list-style-type: none"> S Owned by the large retail operators (Metro, Edeka), these players are well served by their own specialist and general distribution operations S Strong brands are important, as is the supply of traditional/German-style products S More exotic products may be accepted, but will need good promotional support S Demanding, highly skilled supply chain operators, they will require professional, exemplary service S Long term, as the deeper culture of the retail sector moves from price to service, such operators will be increasingly open to those products and services which will support and enhance their new needs/offering
Future trends	
<ul style="list-style-type: none"> S Operators will move to offer foodservice in larger supermarkets and hypermarkets S New menus (incorporating ethnic cuisines, for example) and new concepts are likely and will provide a further challenge to the restaurant sector 	
Market leaders	
Metro, Edeka, Ikea, Rewe and Tengelmann	

In-store catering: case study - Dinea Gastronomie

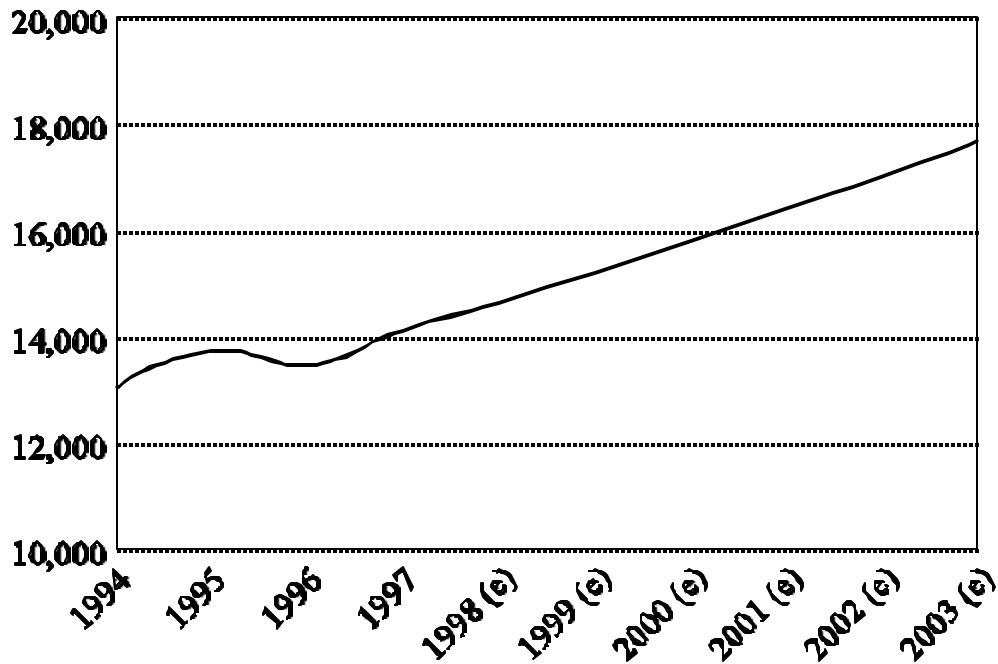
Dinea Gastronomie is part of the German retail group, Metro, and is Germany's leading player within the in-store restaurant and catering sector. The group's primary activity revolves around the restaurants that it operates within its Metro retail outlets (primarily department stores, located in the largest cities and towns in Germany). Within these restaurants, consumers are offered a range of both hot and cold meal options, mainly based on traditional German tastes/recipes. Dinea has some 263 outlets in Germany, with a small number of franchised outlets (39). In effect, it works with three brand concepts:

- C Dinea - in department stores and shopping centres,
- C Grillpfanne - in hypermarkets and speciality stores,
- C Axxe in motorway service areas.

Turnover in 1998 stood at DM409.6 million. Turnover fell some 5.2% from the previous year's DM432.3 million, mainly due to the disposal of unprofitable establishments. Dinea is, however, generally benefiting from 1% growth per annum in the in-store catering market, as well as the liberalisation of store opening times which took place in Germany last year.

Dinea Group restaurants upgrade their selection of food and beverages regularly (and at no particular time through the year) to match local market conditions. Food procurement is undertaken centrally by the group buying operation within Metro. The group buyers negotiate, purchase, sample and list goods, alongside undertaking a continual assessment of new potential suppliers and products. Product reaches the final foodservice outlet via Metro's central logistics and distribution functions.

In-store catering: Sector value⁷ - Germany 1994 to 2003(e) (US\$ millions)⁸



In-store catering: US export implications

- T The in-store foodservice sector is forecast to continue to grow in the future. Its success has successfully challenged (and partly caused the decline in) the restaurant sector
- T German retailers have a tradition of importing products from the US and some good relationships exist which can be built on
- T Opportunities exist for both basic ingredients, where the US has a strong presence in the conventional retail market, but also increasingly for processed and semi-processed products
- X The in-store catering sector remains very price and service orientated
- X There remains a strong preference for German-style dishes and traditional recipes

⁷Total turnover p. a.

⁸Source: PROMAR based on industry research

e) *Contract caterers - business and industry sector*

Business and industry catering: Sector profile 1998

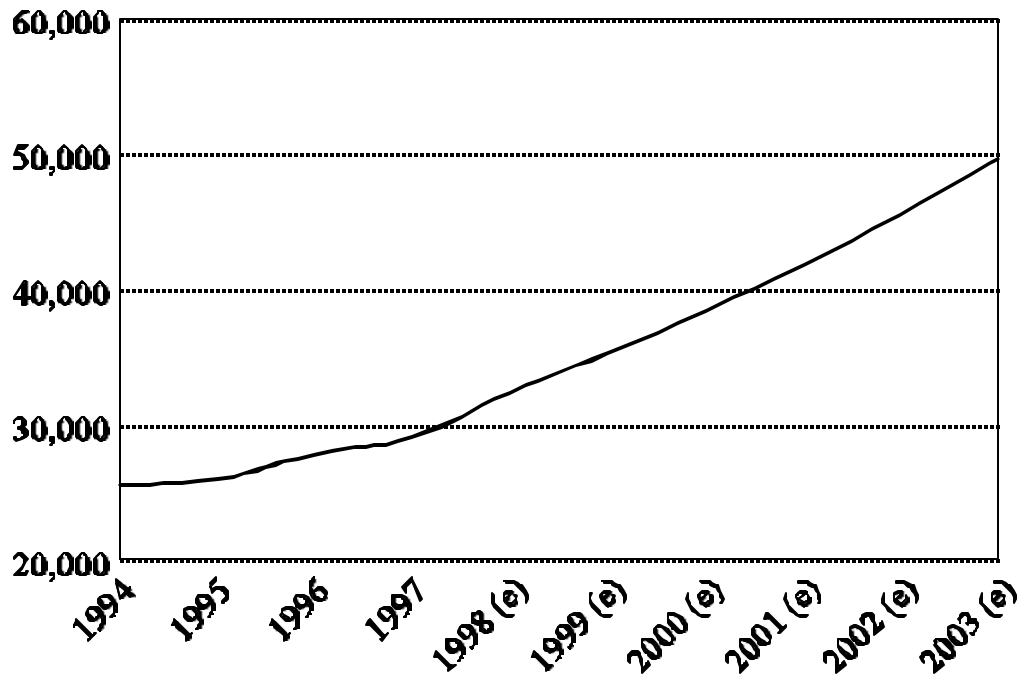
<i>Sector description</i>	<i>Key distribution characteristics</i>
<p>S A long established, large area within the German foodservice sector, as all major employers such as banks, automotive companies and the utilities still provide subsidised catering facilities to their employees</p> <p>S Widening choice of offering, although the need to run profitable catering businesses has led to some contraction of outlets</p> <p>S Attractive from the supply side given the increasing involvement of larger international caterers, although contract catering still heavily biased towards smaller, local and regional operators</p> <p>S increasing focus on service and new product development</p>	<p>S Served principally by professional contract caterers that display, in turn, increasingly sophisticated needs</p> <p>S Slow movement towards central food procurement, where there is an increasing need for just in time supply and high quality pre-prepared products - although price remains a key buying criterion</p> <p>S Increasingly open to new ideas and concepts (perhaps more so than other players within the foodservice industry), but providing high proportion of traditional German meals (reflected in product demands)</p> <p>S Branded and non-branded products acceptable</p> <p>S Delivery into regional distribution centres or direct to centralised preparation units</p>
<i>Future trends</i>	
<p>S Continued growth is forecast, with contract caterers widening their areas of responsibility</p>	
<i>Market leaders</i>	
<p>The contract caterers: Compass Eurest, Gardner Merchant Deutschland (Sodexo Eiring), Pedus Service, Apetit, K+S.</p>	

Business & industry catering: case study - Compass Eurest

Compass Eurest is the leading contract caterer in Germany with a turnover of DM717 million in 1997. Ninety nine percent of sales are derived from business catering, i.e. the supply of foodservice operations into major companies, although it also has very small interests in healthcare catering and educational catering. The company has experienced good growth over the past four years, and expects further growth in 1999. Like many other companies in the German contract catering sector, Eurest continues to win new contracts, reflecting the overall buoyancy within the market.

The recent acquisition of shares to give it full ownership of Clinic Catering Service gives Compass Eurest a solid position in the healthcare sector and an excellent base on which to build therein.

Business & industry catering: Sector value⁹ - Germany 1994 to 2003(e) (US\$ millions)¹⁰



⁹Total turnover p. a.

¹⁰Source: PROMAR based on industry research

Business & industry catering: US export implications

- T Business and industry catering is one of the fastest growing foodservice sectors in Germany and the contract catering sector is well established therein
- T Leading international contract caterers are involved in the sector. They are highly demanding and increasingly relationship focused
- T In addition to opportunities for basic raw materials, there is also a growing requirement for pre-prepared meal components within this sector
- T The sector increasingly demands product innovation and variety in terms of menus
- T There is a growing focus on service and new product development
- X Despite all of the above, the business and industry sector remains very price and service focused

f) Education

Education catering in Germany: Sector profile 1998

<i>Sector description</i>	<i>Key distribution characteristics</i>
S The third largest sector within the German not-for-profit catering sector	S Some involvement by the organised contract caterers (an area of growth for such operators)
S With their subsidised canteens, universities represent the most significant sub-sector	S Increasing openness to new tastes and recipes, given the increasingly cosmopolitan outlook of those eating in the canteens in the education sector (especially in the university sector)
S Catering within the education sector remains largely in the hands of individual schools and local authorities	S Suppliers under pressure to offer nutritionally-sound meal solutions/ components
S Only 8% of catering within the education sector is currently contracted out	S Fragmented distribution structure, given continued in-house approach to catering
<i>Future trends</i>	
S Continued growth in contracts offered to external caterers (particularly in the university sector); some contracting out within the school sector as budgets squeezed	
S Growing need for range of tempting, healthy food offerings	

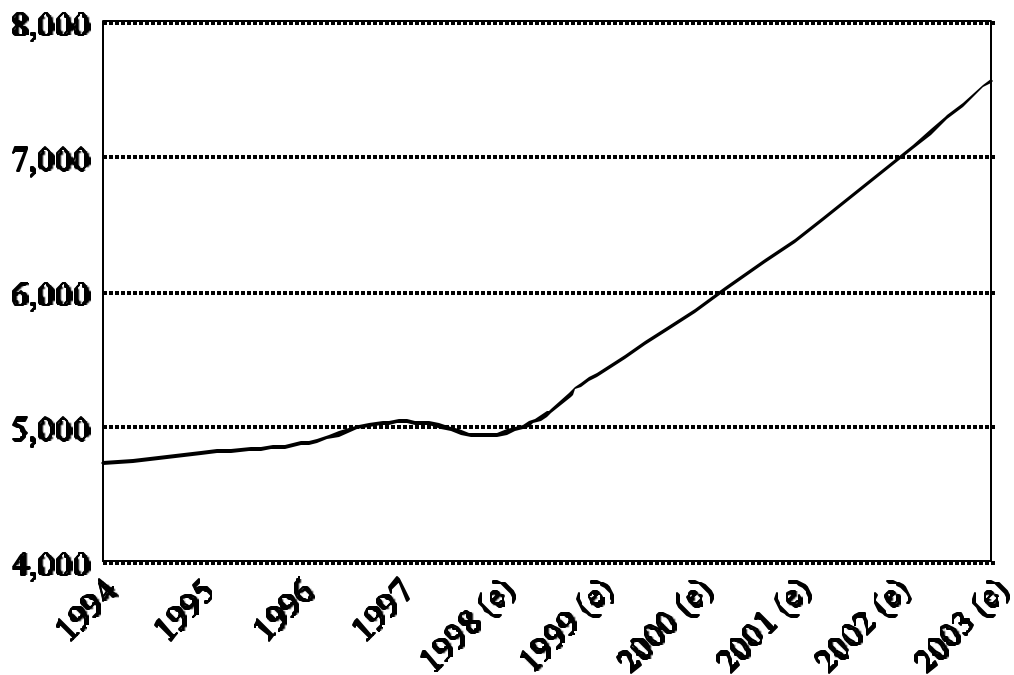
Education catering case study - Sodexo

Educational catering is not a significant sector for Germany's leading contract caterers (many of the services required are still provided at the local level), however some companies have focused on the sector. Sodexo is one such operator and, indeed, is Germany's No. 1 contract catering operator. It has some 24 contracts, which are together worth an estimated DM53 million. Sodexo Deutschland will undoubtedly benefit from increased local authority sub-contracting as budgets come under further pressure.

Highlighting Sodexo's ability to draw in the big contracts and so improve profitability, it is notable that the No. 2 in this market, Hansa, generates a turnover of DM16.9 million from 128 contracts.

Sodexo Deutschland is a subsidiary of Sodexo Alliance (France/UK). The company has a decentralised structure, with each subsidiary responsible for procurement, marketing and other functions (with variations, depending on local market structure). In Germany, Sodexo deals with both national and local suppliers but, in line with overall company strategy, the preference is to develop long-term relationships with national suppliers. These suppliers will become preferred suppliers to all Sodexo outlets.

Education catering: Sector value¹¹ - Germany 1994 to 2003(e) (US\$ millions)¹²



¹¹Total turnover p. a.

¹²Source: PROMAR based on industry research

<i>Education catering: US export implications</i>	
T	The education catering sector is experiencing year-on-year growth, with increased numbers entering further and higher education
T	Opportunities do exist for US producers to supply food ingredients into the sector
X	Value-for-money in the form of low price is key to buyers in this sector
X	There has been a general lack of contracting out in the sector to date, hence the sector remains highly fragmented in terms of delivery need

g) **Healthcare**

Healthcare catering in Germany: Sector profile 1998

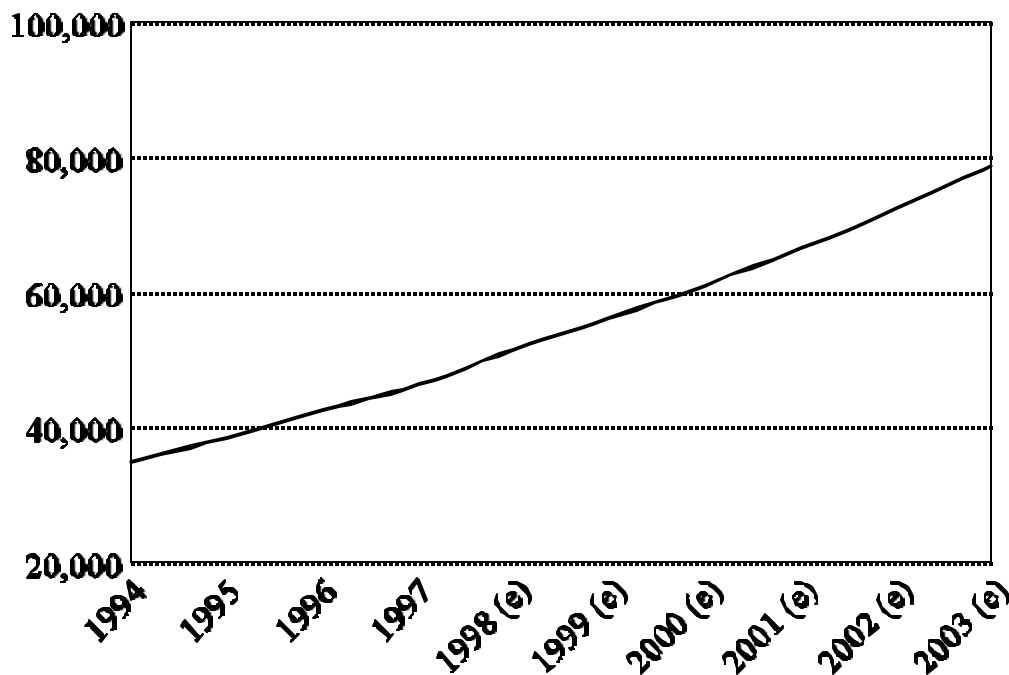
<i>Sector description</i>	<i>Key distribution characteristics</i>
S Germany has the largest and longest established national health service in Europe	S Higher levels of fragmentation than found in other not-for-profit sectors; the impact of legislation, however, is likely to see levels of organisation grow
S Contract caterers consider the German healthcare market to hold tremendous potential, due firstly to the very low penetration of contract catering within the sector today, and also given the fact that the German healthcare sector is the largest in Europe	S The biggest hospitals require direct delivery
S In 1997, healthcare catering grew by some 8% in value (this was the first time in 10 years that it had dropped below 10% pa)	S Products are usually required to be pre-prepared and ready-to-heat only (mobile heating units may be used on the wards, dispensing with the need for a central kitchen)
	S Need for well-balanced, nutritional meal solutions, suited to the needs of ill and recuperating individuals
	S High levels of control, security of supply and extreme attention to food safety are givens
<i>Future trends</i>	
S Continued growth in contract catering within the sector	
S Move to total facilities management to give value-for-money to contractors	
<i>Market leaders</i>	
The public sector is the most significant player in the provision of healthcare catering in Germany; Dussmann is the largest operator within the private retirement and nursing home sector	

Healthcare catering: case study - Pedus Service

Pedus Service is a subsidiary of PDussmann, a Berlin-based service provider which originally focused its activities on the provision of cleaning services. Over the years, Dussmann has pushed into new business sectors through acquisition. Turnover in 1997 stood at DM467.8 million and today, Pedus Service is Germany's No. 2 contract caterer, specialising in healthcare catering (principally hospitals and nursing homes). It is notable that it has diversified into facilities management and aviation services and, indeed, is able to take advantage of synergies within Dussmann, providing catering services to Kursana Residenzen, Dussmann's nursing home provider.

Some 67% of Pedus' turnover is still, however, derived from catering in hospitals, clinics and nursing homes. Its business is increasingly focused on the provision of solutions and, as such, it offers analysis of likely demand, location of outlets and supply concepts. It supplies a range of meal solutions (ready-to-eat or ready-to-heat) daily to its clients, from distribution centres located throughout Germany. In turn, these distribution centres will require supply direct to them of finished product or meal components.

Healthcare catering: Sector value¹³ - Germany 1994 to 2003(e) (US\$ millions)¹⁴



¹³Total turnover p. a.

¹⁴Source: PROMAR based on industry research

Healthcare catering: US export implications

- T Although growth in the contract catering sector within healthcare is slowing, it is still high compared to that evident in the for-profit sector
- T The healthcare sector is considered to hold tremendous potential for the large contract catering companies
- X The sector remains under-developed (in terms of organisation and the contracting out of foodservice facilities), and so supply is highly fragmented
- X The need to reduce health and welfare spending will see this sector squeezed increasingly, offering both threats, in the form of reduced spending, and opportunities - a greater number of contracts offered to the contract caterers

2.2 Bases of competition

We detail below the bases upon which the foodservice operator is required to compete. As shown, the emphasis changes slightly dependent upon the sub-sector in question.

The German foodservice industry - bases of competition

Sector	Bases of competition						
	Scale	Price	Service ¹⁵	Flexibility	Innovation ⁶	Control ⁷	Access to finance ¹⁸
Hotels							
Restaurants							
Fast food							
In-store catering							
Business & industry							
Healthcare							
Education							

Source: PROMAR reseach and analysis

¹⁵ *Service...* includes the quality of the product offered, the adherence to specifications, exactness of delivery times and security of supply.

¹⁶ *Innovation...* is closely linked to service as players aim to anticipate and satisfy emerging consumer needs

¹⁷ *Control...* With increased consumer concern, all players involved in the supply of food must be in a position to guarantee product integrity

¹⁸ *Access to finance...* Essential in enabling foodservice operators to expand on the one hand and to develop new product offerings on the other

<i>The implications for US exporters</i>	
T	Need to develop closeness to market in order to perfectly understand the needs of the various sub-sectors and operators within them
T	Need to build, and maintain, a reputation for the provision of high quality food products (yet attractive pricing policy essential)
T	Increasing requirement for basic new product development and innovation beyond that; potential to translate (not transfer) US experience/understanding into the German market
X	US exporter distance from market potentially hinders an individual importer's ability to empathise with the sector

2.3 *Intermediary players*

There are a number of possible routes through which the US importer can gain access to the foodservice operator base. The route taken largely depends on (a) the type of foodservice operator targeted (sub-sector focus and level of organisation), and (b) the nature of the product in question, i.e. frozen, chilled or ambient.

The key characteristics of intermediary players are outlined below:

<i>Player type</i>	<i>Key characteristics</i>
Catering supply companies/specialist wholesalers	<p>S organised on a regional basis (given that Germany is such a large geographical market), many have national coverage, but not national supply capabilities</p> <p>S deliver to individual outlets</p> <p>S used by both regional chains and independent operators</p> <p><i>Key bases of competition:</i></p> <p>S specialist knowledge of the foodservice sector or product groups</p> <p>S national supply network</p> <p>S quality focus</p> <p>S range of products</p> <p><i>Key strategies:</i></p> <p>S continual refreshment of menus/food concepts offered</p> <p>S move to supply greater volume of meal solutions (ready-to-eat, -heat and -cook), and customised solutions</p> <p>S increase penetration at the national supply level</p> <p><i>Market leaders:</i></p> <p>S Rungis Express, Grillmaster, Block Menu, Hoffmann Menu, Nordsee, Atlanta/Scipio, Norddeutsche Zucker, Deutscher -See.</p>

<i>Player type</i>	<i>Key characteristics</i>
General delivered wholesale	<p>S many of the general delivered wholesalers are owned by the large retail players, increasing the likelihood of centralised purchasing</p> <p>S there are, however, also a fair number of local players involved; they are, in turn, supplied by the larger retailer-owned wholesalers</p> <p>S focus remains on large independent players</p> <p><i>Key bases of competition:</i></p> <p>S price</p> <p>S breadth of offering and cross-sector supply</p> <p>S supply network to cater to independent operators</p> <p><i>Key strategies:</i></p> <p>S continued move to widen supply capabilities (both product and service and geographic delivery area)</p> <p>S growth through consolidation</p> <p><i>Market leaders:</i></p> <p>S Edeka, Metro, Spar, Rewe, Tengelmann</p>
Cash & Carry	<p>S despite the presence of the large national retailers, relatively disorganised sector with individual operators working at local and regional levels</p> <p>S supply to disorganised foodservice and retail customer base</p> <p><i>Key bases of competition:</i></p> <p>S price</p> <p>S local market knowledge and relationships (often long established)</p> <p>S range of quality economy and mid-range brands</p> <p><i>Key strategies:</i></p> <p>S growth through consolidation</p> <p>S development of greater specialisation and focus</p> <p>S development of national supply capabilities through the formation of strategic partnerships and joint venture</p> <p><i>Market leaders:</i></p> <p>S Metro, Edeka, Rewe, Tengelmann</p>

2.4 Implications of product source on market structure

Domestically produced and imported products destined for the foodservice market in Germany, fundamentally follow the same route to market. US imports are, however, generally considered to be at a disadvantage due, in part, to their distance from a market that is still highly fragmented and where established local contacts are important (and difficult to break).

We detail below the key issues associated with imported and domestically produced food products when targeting the German foodservice market.

Key issues by product source (imports vs domestically produced)

<i>Imported foodstuffs: key issues</i>	<i>Domestic produced foodstuffs: key issues</i>
<ul style="list-style-type: none"> • Often unable to meet traditional German tastes • Need to build personal relationships with key buyers (at intermediary and operator levels) • Need to establish systems to ensure security of supply and the maintenance of product integrity • Size of German market intensifies competition amongst importers near to market • The further the distance, the more difficult it becomes to empathise with the market • Brand building a difficult, and potentially costly, exercise 	<ul style="list-style-type: none"> • Wide range of products available • Physical closeness to customer • Often long-established personal relationships between buyers and suppliers • Continued regionality of market, requires regionality of approach; small/medium sized German operators increasingly well set up for this • Small, medium and large processors all able to display empathy in terms of market requirements (particularly given inherent conservatism of the market) • Well established brands, with strong barriers to entry surrounding them

2.5 Best product prospects

2.5.1 Key opportunities

Opportunities for supply into the foodservice sector exist across both the organised and disorganised sectors of the market. The key areas of opportunity are outlined below:

<i>Organised</i>		<i>Disorganised</i>	
☒	part-prepared products (meal components)	☒	meal components
☒	meal solutions (ready-to-heat, ready-to-eat, ready-to-cook)	☒	basic commodity ingredients
☒	concept development	☒	mass/volume

Drilling down a level, specific product opportunities that run cross-sector, are detailed below.

Hot prospects	Ethnic foods, such as Italian tomato sauces Healthy/lite variants of traditional foods - chicken-based, salad-based, for example
Continual simmerers	Traditional German taste-based foods - meats (particularly German recipe-based sausages and hams), smoked cheese, noodles

2.5.2 Organised vs disorganised foodservice - the pros and cons

The positives and negatives associated with targeting the organised and disorganised sectors of the market, at the macro level, have to be understood.

a) Organised foodservice

Although representing only, at best, a 10% share of the total foodservice sector in Germany, the food manufacturer may be tempted into the organised sector by the growing professionalism evident therein and the requirement for apparently added-value (although not necessarily added-margin) foods in the ready-to-eat, ready-to-cook and ready-to-heat category. Supply to this sector is not, however, without its challenges, viz.:

- the nature of the production and distribution required generally demands processing (relatively) close to market;

- at the same time, the insular nature of many of the operators and overriding influence of German culture, leads to a need for suppliers to develop a real closeness to market in order to provide appropriate products and services;
- supply into the sector is, as one might imagine, fiercely competitive; Europe-based suppliers have built strong relationships with the established operators and, as a barrier to entry, this is difficult to overcome.

That said, certain processors may have product that is appropriate for sale into the organised sector. Gaining entry to the sector requires patience and persistence. Suppliers will have to prove their competence in the supply of quality product (to specification), the maintenance of security of supply, and, increasingly, the development of a partnership approach to product innovation.

The supplier of food products to the organised sector will have to develop the internal and external systems and structures, alongside the culture, that ensures flexibility and rapidity of response. Organised foodservice operators may be looking at a matter of days between concept development and product launch, such is the increasing competitiveness of the sector.

Although the organised players differ in their approach, in the first instance typically the supplier would have to approach the senior buyer responsible for the product group in question at head office level. Prior to an initial meeting, the potential supplier would typically need to supply information related to company history, financial standing, major customers and a full product listing. Products will be evaluated against potential user needs. The supplier will, furthermore, be judged on its potential ability to supply, support and develop the product and the account. And, beyond this, and by no means least, gaining supplier status depends on the ability to negotiate satisfactory terms and conditions of supply.

The broad success factors thus revolve around:

- customer understanding;
- relationship building within clearly defined parameters/boundaries;
- speed of response (be clever, i.e. anticipate, but not too clever);
- the ability to ensure that an appropriate support network is in place to allow customer requirements in terms of products and distribution, in particular, to be met (and expectations exceeded).

b) Disorganised foodservice

The disorganised foodservice sector, on the other hand, although perhaps less attractive to some on the back of its requirement for more basic food products, does hold opportunity for a wide variety of products given the fragmentation of operator offerings. The US supplier that can provide for these needs (offering

both a range of pack sizes, and a range of solutions - from basic bouillon to ready-to-heat in the case of soup, for example) will be well-placed. However, the supplier that simply repackages retail product for use in the foodservice sector may find itself outsmarted by local competitors. Food manufacturers in Europe have wised up to the opportunities within foodservice, and significant focused, foodservice-specific product and service development activity is undertaken by many.

Clearly there is still a need, however, to understand local tastes such that appropriate ingredients are promoted to the trade. Research has shown, furthermore, that as far as basic ingredients are concerned, the US has a good reputation upon which suppliers can, and should, build.

Our recommendation is that the US supplier focuses its efforts on the disorganised sector of the market. But not on the individual operators - rather on the large scale, regional and national intermediaries that are the main conduit into the sector.

In general terms, however, it would seem that US suppliers are particularly hindered from developing a strong presence within the organised sector of the market by their sheer distance from market. Unless appropriate measures are put in place, too, the US supplier could be hindered by an inherent lack of understanding of, and empathy with, the German market per se. Success will depend, furthermore, on the supplier's ability to adapt (a) existing products and concepts to German tastes and (b) their US service approach to the German business culture. There is no doubting that many US suppliers know foodservice in the US inside out. The German market is not the US market. **Translation** of approach, rather than **transference** will underpin any success therein.

Again, although individual operators vary in their approach, typically a supplier would need to approach the senior buyer in question and prior to the first meeting would be required to provide details related to company history, current customers, financial standing and possibly (but not always) samples. Samples will likely be required for the first meeting, along with the different packaging formats offered. The ability to satisfy Due Diligence requirements is a given and suppliers will increasingly be considered on the basis of their ability to provide innovative solutions to end-user needs both in terms of product/recipe and packaging creativity, as well as the manufacturing capability of the factories in question.

Growing share (even maintaining share) once established as a supplier to the intermediary organisations in question, relies very simply on paying attention to three of the classic 4Ps (remembering, furthermore, that the customer's customer is very important). The intermediaries in question stock 5,000+ lines, and creating trade pull is important. Thus, the supplier should consider the following:

	<i>Key issues</i>
--	-------------------

Price	Understand the competition and price appropriately; do not resort to overt price competition (you will lose; there will always be a local competitor that can undercut); enhance the offering so as to get the emphasis away from price; always price on the basis of portion price not pack price
Product	Know the market and ensure appropriateness of product (packaging and product taste/recipe, for example) to the local market (taking local, regional and national tastes into account if possible)
Promotion	Build trade pull through appropriate, targeted promotion to specific operator groups; create dialogue with target operators where possible; create clubs, make the operators feel special

2.6 Entry strategy

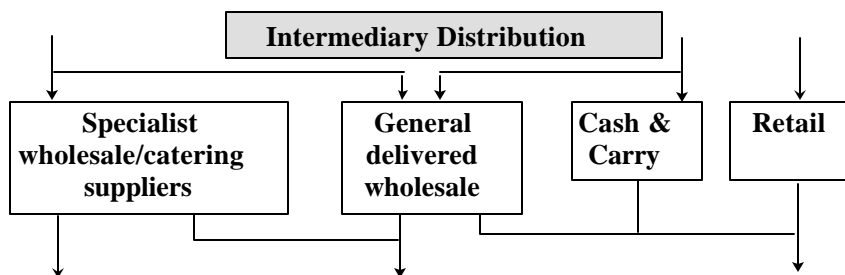
We recommend (a) a primary focus on the disorganised sector of the market; with (b) an overwhelming emphasis placed on cultivating business with a selected number of large scale intermediaries through a key account programme. Here, the focus needs to be on those multiple retailers that operate large scale Cash & Carry businesses, alongside the larger and most dynamic (the two not necessarily being one and the same) specialist foodservice wholesalers.

The emphasis must be on creating trade push; creating any form of operator pull will be an expensive and uphill task.

Across all sectors, the importance of developing partnerships based on personal German-based relationships must not be underestimated. Although not without its difficulties, it will be necessary to create a certain degree of trade pull (again, at the intermediary level), through personal relationships complemented by focused trade promotional activity.

The nature of the approach taken will differ dependent on the intermediary player type in question, viz.:

The intermediary distribution sector in Germany



Source: PROMAR research and analysis

a) Cash & Carry (via their Multiple Retailer owner/operators)

The largest of the German retail groups dominate the supply chain with activities in food retailing, wholesaling, distribution and foodservice itself. It is important to note that some of the largest players (Metro, for example), have centralised purchasing across all areas of their business. Others are less coordinated, and work with separate purchasing organisations for their retail and wholesaler operations.

Selection of the most appropriate retailer to work with is vitally important. Those large scale companies that operate with highly centralised systems are exacting and far reaching (financially) in the supply and

support demanded from their suppliers. Mid-sized operators, such as Markant, by contrast, are far more willing (and culturally more able) to work together with their suppliers in a true partnership situation to push product through the chain.

Not surprisingly, however, the German market being what it is, the key purchasing criterion within the larger retailers (Cash & Carry operators by default) is price. Margins are low, right across the food supply chain in Germany, and the relative conservatism of the German consumer base is reflected in a relatively narrow offering within both retail and intermediary distribution. While newness is recognised as an important way of stimulating new demand, dramatic variance from established German tastes is unlikely to meet with widespread acceptance.

The German retailers, being closest to the consumer, display perhaps the best knowledge of German consumer tastes, attitudes and demands. As such, the US supplier that is able to develop an information-sharing relationship with such operators will be well-placed. The retailer will certainly not, however, accept a one-sided relationship. Partnerships must be established with clear goals in mind, with clear boundaries and defined points of contact maintained.

b) Specialist wholesalers

Developing good relationships within the specialist foodservice wholesale sector will underpin the success of any US entry strategy into the German foodservice sector. Such operators have an in-depth understanding of the dynamics and needs of the foodservice operators that they, in turn, serve. They comprise a mix of relatively professional players, operating on a national, regional and local level. Most are pretty well established in the industry and have the necessary network of relationships that will allow them to push products through to the operator level.

Not surprisingly, however, price is important. That said, the specialist foodservice wholesalers place significant emphasis on the range of products supplied and their appropriateness for the operators that they service. They are unprepared, however, to work alone, and look to be supported by promotional activity on behalf of the supplier within the context of a good working relationship between themselves and their supplier(s). Given appropriate relationship building, there will be much that the US supplier can learn from the specialist foodservice wholesaler.

c) The need for an importer or agent?

Few US importers will be able (or indeed, willing) to develop a presence within the German foodservice sector on their own account. As such they need to work through an agent or importer. This becomes even more important when one considers the level of relationship building (and sometimes missionary selling) that is necessary if a sustainable business is to be built.

That said, ease of product handling and low price (given the poor margin situation in Germany) are still important. As is the choice of partner. Many potential importers are simply traders. They are not interested in building relationships, let alone partnerships. They are simply concerned with shifting product (and volume of product at that). Although the ability to tap into established supply systems is potentially important, the US supplier may find that it is better placed to identify a small entrepreneurial operation that is able to missionary sell its products into the sector. Such operators must passionately believe in the future of foodservice and the positive role of US-sourced product within that.

Appendix 1

Germany: food production (US\$ millions), 1995-1998

<i>Food product</i>	1995	1996	1997	1998
Sausage and similar products	14,023	14,846	18,182*	18,088
Frozen fish fillets	312	311	355	366
Salmon, herring & smoked fish	512	495	487	531
Potato chips and sticks	635	743	834	825
Fruit and vegetable juices	3,488	3,881	4,679	4,730
Jams, fruit jellies, marmalades, fruit compotes and pastes	2,071	2,173	2,671	2,685
Margarine	2,591	2,721	3,671	3,932
Butter	4,547	4,703	5,098	5,263
Cheese (excl fresh cheese and quark)	9,090	10,033	11,908	12,347
Yogurt	3,877	4,671	5,740	6,027
Ice cream	3,432	3,297	2,965	3,095
Flour (from corn)	2,382	2,573	3,045	2,934
Fresh bread (without honey, eggs, cheese or fruit)	9,835	10,958	16,337	17,279
Bakery products (sweetened)	5,353	6,021	8,672	9,222
Sweet biscuits and waffles	4,784	5,009	6,097	6,889
White sugar	6,532	7,364	8,266	8,606
Chocolate confectionery	11,108	12,312	13,727	13,138
Sugar confectionery	4,137	4,419	4,979	5,031
Pasta	1,495	1,554	1,807	1,722
Roast coffee	8,123	7,255	9,192	10,161
Spirits	3,611	3,709	4,148	3,654
Sparkling wine	2,256	2,284	2,688	2,708
Beer (excl NAB)	20,582	21,439	24,933	24,519
Mineral water, unsweetened	5,284	5,396	6,198	6,389
Water (sweetened or flavoured)	7,287	7,801	9,257	9,505
Fruit nectars	1,578	1,657	1,930	1,947
Other non-alcoholic drinks, without milk fat	1,687	1,995	2,667	2,660

*The high increase in the value of sausage and similar product production is due largely to price increases and, to a lesser extent, to exchange rate fluctuations

Source: Statistisches Bundesamt

Statistics pre-1995 are not available from the Bundes Statistischesamt as they are not comparable with the figures given above. In 1995, the Statistisches Bundesamt (German federal statistics office) changed its methods of both gathering and calculating statistics, as well as the range of products surveyed.

Appendix 2

Food imports (US\$ millions), 1993-1998

Food product	Imports				
	1994	1995	1996	1997	1998
Meat and meat products	5289.1	5876.2	5909.1	5053.5	4805.0
Milk	463.1	504.7	494.5	459.3	571.1
Butter	422.9	720.9	543.2	577.1	552.0
Cheese	2085.5	2588.8	2463.8	2206.2	2065.3
Vegetable oils and fat	688.9	840.4	823.7	824.5	948.6
Margarine and similar edible fats	123.3	166.3	183.3	167.8	196.9
Fresh fruit					
fresh citrus	728.9	840.5	922.7	747.1	736.2
fresh apples and pears					
fresh table grapes	606.4	686.0	787.3	606.7	631.1
	380.5	381.9	423.4	397.0	405.5
Fresh vegetables	2771.7	3095	3208.4	2724.8	3041.3
Potatoes	231.9	455.7	235.7	155.5	201.3
Other root vegetables	1.0	0.4	1.3	0.4	0.6
Other vegetables	3032.9	3552.2	3683.7	3146.7	3330.6
Fruit (excl citrus and tropical fruit)	2703.7	2969.4	2961.4	2824.0	2898.5
Citrus and tropical fruit	2327.1	2867.9	2966.8	2504.3	2253.9
Preserved vegetables and fruit, fruit juices, etc	2396.2	2806.9	2876.4	2435.8	2436.8
Dried fruit					
prunes	38.4	39.0	35.2	35.7	34.7
raisins	91.8	93.0	105.2	93.6	91.5
Dried vegetables	106.2	101.6	117.4	107.2	116.3
Frozen fruit and nuts	291.5	253.9	296.8	324.2	387.3
Frozen vegetables	352.2	342.6	372.6	330.3	354.6
Fruit juices	686.0	828.9	969.0	838.5	811.3
Tree Nuts					
almonds	271.2	234	367.9	317.4	246.4
walnuts	49.5	52.3	58.6	52.6	61.2
pecans	2.3	2.14	3.39	2.29	2.02
hazelnuts	319.4	263.9	258.8	360.0	292.9
pistachios	129.9	127.0	161.6	175.3	80.7
Beer	158.0	202.0	175.0	176.6	168.4
Wine	1460	1739.7	1951.2	1887.1	2112.3
Spices	143.7	167.2	159.5	196.8	204.9
Honey	94.3	124.4	145.4	139.9	149.3
Rice	168	193.1	209.9	165.1	165.6
Sugar	416.9	507.9	484.3	378.3	403.5

<i>Food product</i>	<i>Imports</i>				
Chocolate products	894.4	879.6	912.9	973.1	993.7
Sunflower seed	165.4	172.5	194.7	158.8	147.7
Peanuts	0	4.3	9.7	15.6	17.7
Pulses	31.0	34.6	36.0	33.4	34.9
Fish and fish products	2195.3	2366.9	2455.2	2230.8	2551.6
Coffee	2034.9	2854.5	2141.4	2708.0	2465.4
Tea	188.3	152.7	168.3	134.6	145.8
Distilled spirits	801.8	793.4	817.5	742.6	729.7

Source: Bundes Statistischesamt (broad categories), Eurostat (breakdown for micro food groups)

*Appendix 3: Germany: foodservice contacts by sector**a) Hotels*

<i>Company</i>	<i>Address</i>	<i>Telephone</i>	<i>Fax</i>	<i>Contact</i>
Accor Hotellerie Deutschland	Contact European head office: 2, rue de la Mare-Neuve F-91021 Evry France	+33 1 69 36 80 80	+ 33 1 69 36 79 00	Mr J Vatan, Head of Purchasing
Maritim Hotels	D- 32105 Bad Salzuflen	+49 5222 953 0	+49 5222 953 277	Mrs Brigitt Konig Apply for preferred supplier status
Treff Hotels	FFF Vermögensverwaltungs GmbH Braunser Weg 12 D-34454 Bad Arolsen	+49 5691 890404	+49 5691 890430	No centralised food purchasing
Bass Hotels & Resorts	Contact European head office: Woluwe Office Park Neerveldstraat 101-103 B-1200 Brussels Belgium	+32 2 777 55 11	+32 2 772 0272	Apply to the purchasing department for preferred supplier status
Dorint AG	Kaldenkirchenerstraße 2 D-41063 Mönchengladbach	+49 2161 8930	+49 2161 87231	No centralised food purchasing

b) Hotel consortia

<i>Company</i>	<i>Address</i>	<i>Telephone</i>	<i>Fax</i>	<i>Contact</i>
Best Western Hotels GmbH	Contact European regional office: Best Western Purchasing Vine House 143 London Road Kingston upon Thames Surrey KT2 6NA	+44 904 695405	+44 904 695406	Apply to the purchasing department in the first instance for consideration as a nominated supplier
Minotel Deutschland GmbH	St-Paul-Straße 9 D-80336 München	+49 89 532 9590		No centralised food purchasing currently - it is under consideration
Akzent Hotelkooperation GmbH	Yorckstraße 3 D-30161 Hannover	+49 511 3770637	+49 511 3770638	No centralised food purchasing currently

c) Restaurant chains

<i>Company</i>	<i>Address</i>	<i>Telephone</i>	<i>Fax</i>	<i>Contact</i>
Burger King	Peschlanger 3 D-81735 München	+49 89 6380 40	+49 89 6380 4229	Bertha Prünster 6380 4275
Churrasco Steak Restaurant GmbH	Whitbread Restaurants Holding GmbH Elisabethstraße 22 D-40217 Düsseldorf	+49 211 386280	+49 211 3838628120	Frau Rita Hans 3862 8140
Kochlöffel GmbH	Herzforderstraße 9 D-49808 Lingen	+49 591 916003	+49 591 1200	Herr M Hannefeld 591 916265
McDonald's Deutschland Inc	Drygalskiallee 51 D-81477 München	+49 89 78594 0	+49 89 78594 303	Eva Leissner 89 78594 341
Nordsee Deutsche Hochseefischerei GmbH	Klussmannstraße 3 D-27512 Bremerhaven	+49 471 130	+49 471 131 200	Frau Lindemann
Duetschsee (used to be part of Nordsee Deutsche)		+49 471 3645		Mr L Fangmann (Ag & fish sourcing)

<i>Company</i>	<i>Address</i>	<i>Telephone</i>	<i>Fax</i>	<i>Contact</i>
Tricon Restaurants International Ltd & Co KG	Friedrich-Ebert- Straße 120 D-45473 Mülheim am Rhur	+49 211 42220	+49 208 476258	Mr Mark Little +49 211 422 2157
Wienerwald GmbH Head Office Vienna	Elsenheimerstraße 61 D-80687 München + 43 179 740 3431	+49 89 5796 0	+49 89 5796 290	Frau Winkelbauer (at head office)

d) Contract caterers

<i>Company</i>	<i>Address</i>	<i>Telephone</i>	<i>Fax</i>	<i>Contact</i>
apetito catering GmbH	Postfach 1151 D-48401 Rheine	+49 59 71 799 0	+49 59 71 799 350	Mr Nospickel +49 5971 799317
Pedus Service	P Dussmann GmbH Friedrichstraße 90 D-10117 Berlin	+49 30 20 25 0	+49 30 20 25 11 69	Gillian Carr +49 3020 251066
Sodexo Deutschland GmbH	Siemenstraße 8/9 D-65205 Wiesbaden	+49 61 227 00 30	+49 61 221 54 63	Frau Edwards +49 61 227 003 161

e) In-store caterers

<i>Company</i>	<i>Address</i>	<i>Telephone</i>	<i>Fax</i>	<i>Contact</i>
Le Buffet System-Gastronomie & Dienstleistungs	Hertie Waren- und Kaufhaus GmbH Im Gefrierth 12 Volta Park Sprendlingen D-63303 Dreieich	+49 6103 3805 0	+49 6103 3805 56	Buying done in Essen +49 201 7270
Dinea Gastronomie GmbH	Hansestraße 67-71 D-51149 Köln	+49 2203 3090		Rolf Schelkmann +49 2203 3097516

f) *Wholesalers*

<i>Company</i>	<i>Address</i>	<i>Telephone</i>	<i>Fax</i>	<i>Contact</i>
Distributa Warenhandel GmbH	Industriestraße 22 Postfach 1380 D-66740 Saarlouis	+49 6831 1770	+49 6831 177214	Send introductory fax to the Head Buyer
Edeka Zentral	Abteilung C+C/GV D-22291 Hamburg	+49 40 6377 2621	+49 40 6377 2324	Ulrich Seeliger +49 40 6377 2093
Lidl & Schwarz Gruppe	Rötzelstraße 35 D-74172 Neckarsulm	+49 7132 9400	+49 7132 940200	K H Holland +49 7132 942034
Rewe Zentral AG Großhandelsbetriebe	Domstraße 20 D-50668 Köln	+49 221 1490	+49 221 1499000	W. Fassbender (Meat purchasing) +49 221 1493430
Metro AG Großhandelsbetriebe	Leonard-Tietz-Straße 1 D-50676 Köln	+49 221 2250	+49 221 22 3569	Herr H Reutters

g) *Importers*

<i>Company</i>	<i>Address</i>	<i>Telephone</i>	<i>Fax</i>	<i>Contact</i>
Arona GmbH	Bitzwiesen 2 D-74915 Waibstadt	+49 7263 914 20	+44 7263 91 42 91	Mr Sven Awa +49 7263 914 210
Emil Rolff KG	Am Birkengrund Süd D-14974 Ludwigsfelde	+49 3378 814 40	+49 3378 81 44 17	Frau Robes +49 3378 814 40
He-Schu Konditorei- Erzeugnisse Schulz (GmbH & Co)	Hasselbinnen 13 D-22869 Schenefeld	+49 40 830 10 20	+49 40 830 54 25	Herr Jurgen Schulz +49 40 830 10 20
Heinz Biegler & Co	Beusselstrasse 44 N-Q D-10553 Berlin	+49 30 397 39 80	+49 30 397 39 831	L. Bolleinger +49 30 397 39 80 Fx: 39831
Kanzow (GmbH & Co) KG	Trettaustrasse 22 D-21107 Hamburg	+49 40 751 98 00	+49 40 751 563	Herr D Grau +49 40 751 98035

<i>Company</i>	<i>Address</i>	<i>Telephone</i>	<i>Fax</i>	<i>Contact</i>
Marmara Import-Export GmbH	Ulmenstrasse 275 D-40468 Düsseldorf	+49 211 47 13 60	+49 211 41 98 93	Frau A Wahba Fx: +49 211 41 98 93
Miller & Co Gesellschaft für Im- und Export	Klosterwall 4 D-20095 Hamburg	+49 40 329 09 40	+49 40 33 53 95	Herr D Buley +49 40 329 09421
Nadia Lebensmittel und Spirituosen Import und Export GmbH	Schanzenstrasse 3a D-51063 Köln	+49 221 62 40 66	+49 221 62 61 19	Monica Rosso +49 221 62 40 66
Otto Franck Import KG	Stätzlingerstrasse 63 D-86165 Augsburg	+49 821 79 40 20	+49 821 794 02 23	Miss F Evin +49 821 79 40228
WLS GmbH	Hochstrasse 179 D-47228 Duisburg	+49 2065 69 50	+49 2065 51 40	Frau Erica Seedorfer +49 2065 695196