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Retail Food Sector Report

1999

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Report Highlights: Despite strong competition from EU food processors/exporters, Belgium provides good opportunities for U.S. consumer oriented foods. Importers, agents, and distributors remain the key to developing the Belgian food market.

Includes PSD changes: No
Includes Trade Matrix: Nobbb
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I. Market Summary

” Belgium is a small country (roughly the size of Maryland) with a population of 10.2 million and a per capita income near $27,242. Belgium has population density of 333 persons per square kilometer. Most of the population live in, or near, urban centers. Less than 2 percent are engaged in farming. The port and inland transport systems are highly developed. The business community is internationally oriented and services that potential exporters might need are readily available.

” Regional differences are strongly reinforced by language. Three official languages are spoken: Flemish (Dutch) dominates in the northern half of the country; French is spoken mainly in the southern half, called Wallonia; and German is used in a small area on Belgium's eastern border. In the business community, English is understood by almost everyone. The regional linguistic variations are also cultural and are reflected in food distribution and consumption differences. In very general terms, the north is more densely populated with more food outlets and more specialized retailing.

” Total sales for the food market industry reached U.S. $17.0 billion in 1998.

1998	Number of stores	Share/Value of sales ($ mill)	
Hypermarkets	81	15.5%	2,635
Supermarkets	2024	72.3%	12,291
Superettes	2782	8.1%	1,377
Traditional Stores	6633	4.1%	697

” As a market for consumer-ready foods, Belgium presents excellent opportunities. Consumers are price and quality conscious, with a bias toward quality. People dine out often and desire foods that Americans would consider gourmet items. Although Belgians have traditional eating habits, they are willing to try new products that offer the quality they demand.

” The range of private labels in distribution has continued to increase in the case of all product categories, with a total value share of 28 percent. The frozen market has the highest proportion of private labels, with a market share rising to 47.2 percent in 1998, compared to 43.5 percent in 1997.

” The Belgian retail market is dominated by two major chains, GB Inno and Delhaize "Le Lion". Other prominent names in the food retailing sector are Colruyt, Aldi and Cora, which are large scale discounters. These chains also act as distributors for smaller retailers in areas not covered by their stores. Smaller regional chains rely on buying groups and individual importers/ distributors or wholesalers for their imported products. Also popular are Belgium’s numerous open-air markets where many products, mostly fresh, are sold directly to the consumers.

II. Road Map for Market Entry

***Entry Strategy*:**

‘ GET TO KNOW THE MARKET (Where to go for information)

The Office of Agricultural Affairs (OAA) in The Netherlands also covers Belgium. Agricultural and market information can be obtained through OAA’s webpage at www.usemb.nl or through the FAS website at www.fas.usda.gov. Both sites have links to State Departments of Agriculture, State Regional Trade Groups, U.S. Agricultural Market Development Organizations, and U.S. Food Industry Associations. Some of the information available include commodity and market research reports, import regulations and requirements

Lists of Importers and Key Players in the Belgian Market can be obtained through:

E-mail: us.agriculture.brussels@uunet.be

‘ KNOW YOUR PRODUCT

- Lab Analysis, Ingredient List, Pre-Certification and
- Anticipate Modifications in Packaging Ingredients
  --General information available in (1) the Belgian Food and Agricultural Import Regulations and Standards (FAIRS) report and (2) the European FAIRS report.
  Available on Internet: *see # V-Contact for further Information*

- Determine pricing for CIF, FOB, Volume Discounting
- Know what you can supply and when and by what means of transport

‘ TARGET POTENTIAL BUYERS

- Identify Promising Market Sectors
- Decide whether to target just Belgium, The Benelux or Europe
- Attend/participate at major food shows in Europe - Find out who the Key Players are and be sure to invite buyers in advance to visit you at your booth . *see # V-Contact for further Information*
- Determine whether you can export directly or need representation.

Note: An American food product with market potential is likely to have in-market sales and distribution handled by an importer. Importers are the essential link between off-shore producer and in-country retail distribution. They provide a full service including buying the product and taking title to it, importing it, storing it and selling and delivering the product. In addition, most importers also provide a marketing or merchandising service. Most importers/distributors want territorial protection and require exclusivity of the market/country they cover. Importers/supermarkets receive several products a week from hopeful firms and, if the products are liked it a buying committee will evaluate the product. Before the product gets to this stage, however, the seller typically has just 60 minutes to make a convincing pitch. So suppliers must be prepared. Belgian importers/distributors or supermarkets are not looking for hit and run operations.

‘ NOW GO AFTER SALES

- Visit Potential Buyers and Importers
- Send Quality Samples to Prospects

‘ BE PATIENT AND PERSISTENT

- Follow up, follow up, follow up

NOTE: Belgium has a highly developed and affluent food market. Fierce competition between supermarket operators encourage innovation to enlarge their market share. In Belgium, the Netherlands, Germany, France and the U.K. there are large food manufacturers distributing their products mainly to the EU market, operating with moderate transportation costs and no import duties.

Belgian importers/distributors handling "niche" or specialty products often initially import by the pallet. The quantity of one pallet allows importers/distributors to sell a new product in approximately 200 retail outlets, usually in a major urban area. According to importers, retail prices of niche/specialty products imported from overseas are approximately three times the FOB price. Major importers want exporters to invest in market promotion activities to support the product.

The ***retailing*** of food products in Europe will remain a major influencing factor. Large multiple groups have great purchasing power and can dictate to processors/ manufacturers how stores should be serviced and how products should be packaged and displayed. In a number of cases, multiple chains have established their own storage depots, to which the manufacturer is required to deliver.

Most Popular Products and Products with "Best Prospects" Are Those That Have::	
- innovation and therefore added value (Competitive *price and high quality are important)* -a higher than average retail margin -a professional and substantial support plan	-clearly identifiable image -relevant consumer-appeal -precisely targeted markets
To appeal to the target market, the approach will need to be based on trust, consistency, quality, and development of relationships with the importer or customer. As the market changes more quickly and becomes less predictable, those able to satisfy quickly and profitably these changing needs will benefit from growth at the expense of their slower-moving competitors. It will not necessarily be the largest organizations that achieve most success as there should be plenty of room for small, agile companies ready to respond to the expected shifts in consumer demands	

***Market Structure*:**

BELGIUM: Number of Stores by Type - 1998		
Description	**No.**	**Market Share %**
F1 Mass Distribution	511	51.2
Colruyt N.V. (Discount Colruyt), Delhaize "Le Lion" (Supermarkets), GB-Group: Super GB, Max GB, BIGG'S Louis Delhaize Group: Cora and Match, Group Mestdagh: Super M and Champion		
F2i Integrated Medium-Sized Distribution	700	14.6
Aldi, Delhaize "Le Lion": Delhaize 2, Lidl, Louis Delhaize Group: Profi, Laurus: Eda, Battard, Central Cash		
F2ni Non-Integrated Medium-Sized Distribution	1,131	24.4
Alvo, Delhaize "Le Lion", GB-Group, Intermarché, Samgo Laurus, Spar, Unidis Supermarkets, Distrigroup 21: Cash Fresh Other independent supermarkets with surface of 400 m^2 or more		
F3 stores with a surface < 400 m^2; self-service stores, traditional stores, includes gas marts and night stores	9,178	9.8
TOTAL NUMBER OF STORES	11,520	

Source: ACNielsen

***Company Profiles*:**

Belgium: Leading Players' Key Operating Ratios, 1997				
	Sales -BF billion-	Outlets -number-	Sales Area -1,000 m^2-	Sales per m^2 -BF 1,000-
Colruyt	71.8	143	180	509
Delhaize	117.0	515	457	267
GIB	183.9	647	1,040	180
Louis Delhaize	52.6	223	224	236

Source: Retail Intelligence, 1999/Grocery Retailing Europe

All Discounters in Belgium: Total number in 1998 **805**		
Type	**Chains**	**Characteristics**
Soft Discounters	**9** Colruyt **9** Profi **9** Central Cash **9** Intermarché	± Low Price ± Private Labels, exclusive and national brands ± Sales of almost all product groups
Hard Discounters	**9** Aldi **9** Eda **9** Lidl	± Low Price ± Mostly private labels and exclusive brands ± Limited product range

' **COLRUYT** Belgium's largest discounter and most profitable of the leading food retailers. The Colruyt stores have a basic discounter look with warehouse racking. They are remarkably consistent in size and the average has remained around 1,800 m^2 for some years. The average sales per m^2 reached BF 395,778 in 1998 . Sales density growth in the last five years was an impressive compound rate of 6%, well ahead of competition and inflation.

Colruyt relies strong on branded goods and, generally as a much wider range of products than Aldi or the other German hard discounters. In all, Colruyt has up to 7,000 lines, around 10 times as many as Aldi. This clearly suits the Belgian market where customers are more attuned to the concept of value for money, as opposed to just price as seems to be the case in Germany.

Colruyt has their own chilled room, rather than dedicated chiller cabinets. Colruyt's major advantage is its own in-house expertise in fresh foods. Colruyt is clearly positioned as a value for money discount operation competing with the leading supermarkets.

- **DELHAIZE "LE LION"** The number two supermarket operator in Belgium. It has a quality image and a *strong reputation for* product innovation and *its own brands*, including wines. Delhaize (not to be confused with Louis Delhaize, with which it has no connection) is a diverse company and a successful franchise business. It is dominated by the U.S. business, Food Lion, in which it has a 45.5 % stake and effective management control. Delhaize has been one of the most innovative companies in European food retailing and, outside the UK, is one of the most active retailers in store brand and convenience food development.

An average Delhaize supermarket stocks around 18,000 lines. Store brands account for some 30 % of total sales and are a significant focus for development. The product choices are dominated by traditional groceries. Some 44% of sales come from fresh and chilled products, an exceptionally high compared to other supermarkets. The latest stores have impressive counters of ready prepared meals and salads. There are hot chicken counters and a large range of chilled ready meals which are given their own display island. Delhaize's loyalty cards are accepted by all its supermarkets, and Delhaize has a self scanning system in most stores.

- **GB** The food retailing division of GIB group, Belgium largest retailer. GB is the market leader in Belgium, but market share has declined in recent years. It operates supermarkets and hypermarkets aimed at the middle to lower end of the market and small store formats on a franchise basis. The food retailing division, GB, operates several formats such as Maxi and Super GB (hypermarkets and supermarkets, respectively). Biggs is a hypermarket format run with Promodes. The food retailing operations of GB combine both wholly-owned and franchised businesses. There are two main franchise businesses, Nopri and Unic. Store brands probably account for around 20% of sales. GB has a generic range "produit Blanc" (GB's low budget store brand) and a loyalty card program.

GB stores vary considerably but generally lack the range of products and higher standards of Delhaize. However, a recently refurbished Maxi GB in a residential area of Brussels has an impressive array of service counters that includes pizzas, salads and fruit salads, as well as the usual meat and fish.

- **LOUIS DELHAIZE** As the name suggests, Louis Delhaize shares the same beginnings as Delhaize "Le Lion". The two split in 1962. The company operates stores with the same image as Cora in France; Match supermarkets, Cora hypermarkets, 146 Profi discount stores and some Louis Delhaize convenience stores.

’ **Other:**

Major Food & Non Food Buying Organizations	
BLOC CVBA	-has 16 members of which 12 in Belgium -Sales Bloc: BF 2.1 billion
	-services discounters and -cash & carry (494) - supermarkets (7,768) - retailers, (1,673) -restaurants (10)
	-imports directly - develops new branded products - negotiates contracts for direct deliveries to members
VAC Cooperative	-forms a group of 220 independent retailers and small buying groups, -Total sales of all members estimated at BF 45 billion
	-Finalizes basic contracts with suppliers -VAC does not handle distribution

III. Competition

" Belgium is a major processor and net-exporter of food products. Major products are preparations of oils and fats, processed meats, dairy, processed fruits and vegetables, fish preparations, pastas, bakery products and pastries, chocolate and sugar confectionary, soft beverages, ciders and fruit wines, beer and other food/beverage products.

" The primary competitors of U.S. suppliers are the numerous EU food processors/exporters, that have expanded rapidly over the past decade.

Total and U.S. Market Share Imports for Selected Products: 1988
(in $ 1000)

Product	**Total Imports**	**U.S. Imports**	**U.S. Market Share %**
Fruits & Vegetables	528,853	19,283	3.7
Snack Foods	1,115,021	24,483	2.2
Breakfast Foods (Processed)	99,365	1,451	1.5
Nuts	140,193	22,724	16.2
Spices	41,779	116	0.3
Pasta Products	91,564	374	0.5
Bakery/Pastry Products	458,310	18,961	4.1
Sauces and Preparations thereof	122,101	9,289	7.6
Other Consumer Oriented Products	506,532	21,492	4.3
Petfood	392,294	18,919	4.8
Wine	533,658	6,148	1.2
Fruit Juices	520,214	61,161	11.8

Source: Belgian Office of Foreign Trade

IV. Best Product Prospects

A. Products in the market, which have good sales potential, include:

- X Nuts
- X Niche market food preparations (convenience and ethnic foods)
- X Upscale dog and cat food
- X Wine
- X Fruit Juice (citrus juice), concentrate and regular juices

B. Products not currently present in significant quantities, but which have good sales potential, include:

- X Off season cherries, grapes
- X Niche market specialty food preparations
- X Microwave able specialty products
- X Health/functional Foods
- X Organic Foods

C. Products not present because they face significant barriers

- X Red meat and meat preparations (hormone ban)
- X Canned fruits (high tariffs)
- X Frozen whole turkey and parts (high tariffs)
- X Poultry (phytosanitary)

V. Contacts for Further Information

" U.S. Mailing Address

Office of Agricultural Affairs
U.S. Embassy, FAS/EMB
PSC 82 Box 002
APO AE 09710
Tel: 32(2) 508 2437, Fax: 32(2) 280 1801
E-mail: AgBrussels@fas.usda.gov

- U.S. Agricultural Trade Information available at WWW.FAS.USDA.GOV

- **Belgafood**

Belgian Professional Union for the Import of Foods
Rue St. Bernard 60
B-1060 Brussels
Tel: 32 2 537 30 60, Fax: 32 2 539 40 26
Contact for member list: E-mail: belgafood@fedis.be

- **Major Food Importers/Distributors**

DELHAIZE FRERES & CIE "LE LION" S.A.
Contact: Mr. Van Der Vliet, Director of Purchases
Broekooi 5
B - 1730 Zellik
Tel: 32 (2) 412-2501, Fax: 32 (2) 412-2504

GB-UNIC
Contact: Mr. Rudi Schautteet, Director of Purchases
Avenue des Olympiades 20
B-1140 Evere
Tel: 32 (2) 729-2386, Fax: 32 (2) 705-0739

COLRUYT N.V
Contact: Mr. Julien Van Roy, Chief Buyer
Steenweg naar Edingen 196
B- 1500 Halle
Tel: 32 (2) 360-1040, Fax: 32 (2) 360-0207

N.V. BISSCHOPS-VERACHTER
Contact: Mr. Daniel Bisschops, Director
Oudestraat 5
B-2630 Aartselaar
Tel: 32 (3) 877.22.60, Fax: 32 (3) 877.2367

BLEUZE N.V.
Contact: Mr. J.B.R. de Zwart, Manager
Rue Golden Hope 35
B-1620 Drogenbos
Tel: 32 (2) 331-1500, Fax: 32 (2) 331-0033

BLOC S.C.
Contact: Mr. Jean-Paul Lecart, Director
Rue d'Artois, 4
B-1000 Brussels
Tel: 32 (2) 512-1640, Fax: 32(2) 511-2289

Ets. CHARLIER - BRABO GROUP N.V.
Contact: Mr. R. Charlier, Managing Director
Kronenburgstraat 55
B-2000 Antwerpen
Tel: 32 (3) 238-9970, Fax: 32 (3) 237-2591

HOTTLET INTERNATIONAL AGENCIES N.V.
Contact: Messrs. C. Hottlet & J. Ploegaert, Directors
Mechelsesteenweg 57
B-2540 Hove
Tel: 32 (3) 455-1861, Fax: 32 (3) 455-0272

BVBA R. VAN HOVE - GOURMET FOODS
Contact: Mr. Rudy Van Hove, Director
Industriestraat 14
B-2500 Lier
Tel: 32 (3) 480-6825, Fax.: 32 (3) 480-6905

DITS N.V.
Contact: Mr. Rudy Dits, Director
Meiboomstraat 7
B-2820 Rijmenam
Tel: 32 (15) 51-2827, Fax: 32 (15) 51-5490

SOCALUX
Contact: Mrs. Lozinguez - Huybrechts Martine, Delegated Administrator
Boulevard du Midi 21
B-1000 Brussels
Tel: 32 (2) 511-6668, Fax: 32 (2) 514-0769

Ets. ROB
Contact: Mr. Lannoo**,** Director of Purchases
Boulevard de la Woluwe 28
B-1200 Brussels
Tel: 32 (2) 77l-2060, Fax: 32 (2) 77l-5l32

DELBY'S N.V.
Contact: Mr. Philippe Lambert, Commercial Manager
Kontichsesteenweg 38
B-2630 Aartselaar
Tel: 32 (3) 870-9740, Fax: 32 (3) 870-9741

ALPHOM DISTRIBUTION
Contact: Mr. Claude Troch, Director
Zone Industrielle, Ave de l'Esperance
B-6220 Fleurus
Tel: 32 (71) 81-6414, Fax: 32 (71) 81-5390

QUALITY FOOD PRODUCTS - BISCOMAR
Contact: Mr. Ghislain ZANNA
Vitseroelstraat 74
B-1740 Ternat
Tel: 32 (2) 583.8250, Fax: 32 (2) 582.5632

Q.M. BVBA
Contact: Mr. Frank Vaerewijck, Director
Scousele 30
B-9140 Steendorp
Tel: 32 (2) 711-0895, Fax: 32 (2) 711-0879

ZENOBIA
Contact: Mr. Cosse, Director
Rue du Grand Cortil 17
B-1300 Wavre
Tel: 32 (10) 22-2394, Fax: 32 (10) 22-2799

KD TRADING BVBA *"Flavors of the World"*
Contact: Karin Dhadamus, Managing Director
Passage du Nord-Noorddoorgang
B-1000 Brussels
Tel: 32 (2) 217.71.00, Fax: 32 (2) 217.71.00

GRARE - AMERICAN & MEXICAN FOOD STORE
Contact: Mr. Alain Roggen, Director
Prins Boudewijnlaan 175
B-2610 Wilrijk
Tel: 32 (3) 449-4118, fax: 32 (3) 449-4118

SOPRALEX S.A. & VOSQUEMARQUES
Contact: Mr. Van Hauwermeiren, Delegated Admin
Rue de Termonde 206-210
B-1080 Brussels
Tel: 32 (2) 465-3050 , Fax: 32 (2) 465-3539

ARMOUR FOODS BENELUX
Contact: Mr. Hubert Cools, Managing Director
Korte Klarenstraat 9A
B-2000 Antwerpen

Tel: 32 (3) 232-3885, Fax: 32 (3) 234-1118

LEBBE INTERNATIONAL AGENCIES N.V.
Contact: Mr. François Lebbe, Manager
Sint-Annaplein 3
B- 8000 Brugge
Tel: 32 (50) 44-4310, Fax: 32 (50) 33-7440

PIERRE HOTTLET AND CO., N.V.
Contact: Mr. Olivier Hottlet, Managing Director
Heiveldekens 4
B- 2550 Kontich
Tel: 32 (3) 451-3131, Fax: 32 (3) 451-3130

HIRSCH & CO - GOURMET HOUSE - WILD RICE
Contact: Mr. MIKE Kerremans, Director
A. Frankenstraat 8 Box 2
B- 2530 Boechout
Tel: 32 (3)454.0682, Fax: 32 (3)454.0879

- **For Lists of Importers by Specific Product Contact:**

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PSC 82 Box 002
APO AE 09710
Tel: 32(2) 508 2437, Fax: 32(2) 280 1801
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