USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

Required Report - public distribution

Date: 9/17/2019
GAIN Report Number: GM19036

Germany

Food Service - Hotel Restaurant Institutional

2019

Approved By:
Emily Scott
Prepared By:
Nora Faris, Jessica Loeser

Report Highlights:
With nearly 83 million of the world's wealthiest consumers, Germany is the largest market for food and agricultural products in the European Union. The German market offers good opportunities for U.S. exporters of consumer-oriented food and agriculture products, particularly nuts, fish and seafood products, dried fruits, sauces and condiments, bakery products, organic products, and sweet potatoes. In 2018, German food service sales increased by 3.1 percent to USD 99.01 billion, with all three major market segments—hotel, restaurant, and catering/institutional—enjoying increased sales. Restaurants led the food service market in 2018, with USD 53.3 billion in sales. Key trends include sustainability, regional produce, convenience, health and wellness, Asian and ethnic cuisines, and retail catering.

Post:
Berlin

Executive Summary

With nearly 83 million of the world's wealthiest consumers, Germany is by far the largest market for food and beverages in the European Union. In 2018, Germany's nominal GDP reached U.S. dollar (USD) 4 trillion, positioning the country as the fourth largest economy in the world. Germany is a major producer of food and agricultural products and a leading player in the global marketplace. Germany is also the third largest importer of agricultural products after the United States and China. In 2018, imports reached USD 108 billion, an increase of 2.9 percent compared to 2017. While 78 percent of these imports originated from other EU member states, the United States was the largest supplier outside the bloc. Imports of agricultural products from the United States totaled USD 2.5 billion in 2018. The macroeconomic situation and key data about the German economy can be found in the 2018 Exporter Guide.

Imports of Consumer-Oriented Products

In 2018, Germany imported consumer-oriented agricultural products worth USD 64 billion; the majority (85 percent) of these originated from other EU member states.

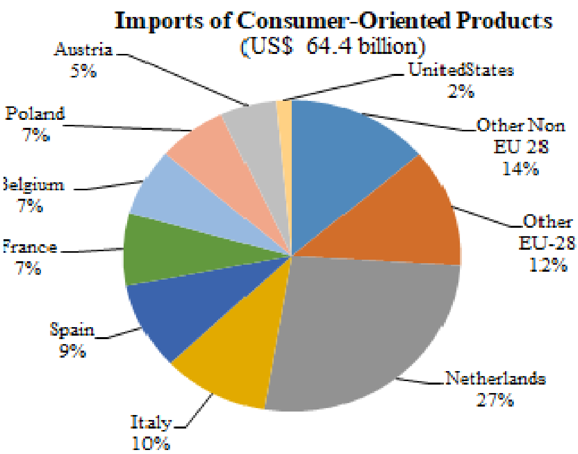

Figure 1: Imports of Consumer-Oriented Products

Food Processing Industry

The German food processing industry consists of 6,119 companies, which employ 608,553 people. The sector is dominated by small and medium-sized companies, 96 percent of which have less than 250 employees. In 2018, the sector generated a turnover of roughly USD 210 billion, accounting for around 5.25 percent of the German GDP. The largest subsectors by value were meat, dairy, bakery, confectionery and ice cream, and alcoholic beverages, accounting for 24, 15, 10, 8, and 8 percent, respectively.

Food Retail Industry

German food retail sales reached USD 273.5 billion in 2018. The sector is saturated and highly consolidated. The top five retail groups together account for more than 70 percent of sales. Online food sales show some growth, but it is still a niche market. While Germans are very price sensitive in general, many wealthy consumers are looking for premium quality products and are willing to pay a higher price.

Quick Facts CY 2018

Imports of Consumer-Oriented Products *(USD million)*
USD 64,463

List of Top 10 Growth Products in Host Country

1) Walnuts	2) Pistachios
3) Pecans	4) Dextrins and other starches
5) Vinegar and substitutes	6) Peanuts (shelled)
7) Cocoa preparations	8) Sweet potatoes
9) Fermented beverages	10) Waffles and wafers

Food Industry by Channels (USD billion) 2018

Food Industry Output	209.8
Food Exports	69.5
Food Imports	99.97
Retail	286.6
Food Service	104.7

Food Industry Gross Sales (USD Billion) 2018
Food Industry Revenues
- Food (Domestic market) USD 140.6

Top 10 Host Country Retailers

1) EDEKA/Netto	6) Lekkerland
2) REWE/Penny	7) dm
3) Schwarz (Lidl/ Kaufland)	8) Rossmann
4) Aldi North/South	9) Bartels-Langness
5) METRO C+C/Real	10) Globus

GDP/Population
Population *(millions)*: 82.8
GDP *(trillions USD)*: 4.0
GDP per capita *(USD)*: 48,500

Sources: GTA, BVE, Destatis,

Strengths/Weaknesses/Opportunities/Threats

Strengths	**Weaknesses**
Germany is the biggest market in Europe with one of the highest average income levels in the world.	U.S. exporters face competition from tariff-free products from other EU member states and FTA partners.
Opportunities	**Threats**
A large, well developed food processing industry requiring a wide range of ingredients, from low-value, unprocessed foods to high-value, highly-processed ingredients.	Non-tariff barriers such as phytosanitary restrictions and traceability requirements can make exporting to Germany complicated.

Data and Information Sources:
Global Trade Atlas (GTA), German Office of Statistics (Destatis), German Food Industry Association (BVE), German Food Retail Association (BVLH)

Contact:
FAS Berlin, Germany
AgBerlin@fas.usda.gov

I. MARKET SUMMARY

The German food service sector is large and highly fragmented but can be divided into the commercial and institutional food service markets. The German commercial food service market includes hotels, restaurants, fast food and take-away outlets, bars, cafeterias, coffee shops, and similar channels. The institutional food service market consists of hospitals, universities, nursing homes, and cafeterias. German food service sales increased by 3.1 percent to USD 99.01 billion in 2018, continuing the upward trend of past years. The primary reasons for this growth are Germans' desire to consume more outside of their homes and Germany's status as a popular tourist destination. In general, people are willing to pay more, but the price-performance ratio is one of the most important factors, as Germans are very price-sensitive. Some key trends include sustainability, regional produce, convenience, health and wellness, Asian and ethnic cuisines, and retail catering.

Annual Turnover in the German Hotel/Restaurant/Institutional Sector

Sales (in USD Billions)	2015	2016	2017	2018	% Growth (2015 to 2018)
Hotels	32.0	33.2	34.2	35.4	10.7
Restaurants, Fast Food Outlets	48.8	49.8	51.9	53.3	9.3
Canteens and Caterers	9.5	9.7	9.9	10.3	8.1
Total	**90.3**	**92.7**	**96.0**	**99.0**	9.7

Source: DEHOGA, 2019.

Full-service restaurants continue to lead in consumer food service sales, but all sectors grew in the last year. This is driven by the trends towards young single households, a further decline in the unemployment rate, and an aging population, which all fuel the demand for healthy and sustainable food. However, as there is also an increasing risk of poverty with old age as well as the price-sensitivity of that generation, low-cost food service models are likely to prevail.

Advantages and Challenges of the German Food Service Market

Sector Strengths & Market Opportunities	Sector Weaknesses & Competitive Threats
Germany is the biggest market in Europe with one of the highest income levels in the world.	Strong price sensitivity; German consumers demand quality but expect low prices.
Many German consumers are uninformed about the details of sustainability, and there is still room to define a U.S. sustainability message.	No unified U.S. sustainability message in the German market, looming misconceptions about U.S. agriculture.
Germany is among the largest food-importing nations in the world.	EU import regulations and tariffs; EU gives preferential access to products from EU countries.

U.S. style is popular, especially among the younger generation; good reputation for U.S. foods like dried fruits, seafood, wine.	HRI companies rarely import products into Germany on their own, but rather utilize specialized wholesalers.
Germany is the largest EU market for U.S. beef under the EU import quota for high quality beef, which should expand in Jan 2020.	The quota only applies to beef from animals not treated with growth-promoting hormones.
Large non-German population and Germans' inclination to travel abroad help fuel demand for foreign products	

II. ROAD MAP FOR MARKET ENTRY

a) Market Structure

Purchasing by hotels, restaurants, and institutions is fragmented and competitive. Few of these businesses import products directly from other countries, except for items that they purchase in large quantities. Most HRI companies would rather purchase from central buyers/distributors importing food and beverages. In general, these wholesalers have specialized in products or product groups. Some are even experts in food products from a specific country of origin. Specialized importers have an in-depth knowledge of importing requirements, such as product certification, labeling, and packaging. They also typically handle shipping, customs clearance, warehousing, and distribution of products within the country. The two major distribution channels for the German food service trade are "cash and carry" wholesalers and specialized distributors/wholesalers.

Cash and carry wholesalers operate large stores with food and non-food products. They sell to retailers, restaurants, and other food service operators. Cash and carry stores offer a variety of products at competitive prices. They are not open to the average consumer.

Specialized distributors to the food service sector have dry and cold storage facilities with refrigerated/frozen trucks for deliveries. They buy from processing companies, importers, and occasionally, foreign exporters. To cover the entire German food service market, regional distributors have organized in groups, such as Intergast and Service Bund. Some of those distributors organize in-house food shows once or twice a year, during which their suppliers can showcase their products to potential customers. This is an excellent opportunity for U.S. suppliers of products to enter the German food service market.

b) Entry Strategy

The German market offers good opportunities for U.S. exporters of consumer-oriented agricultural products. However, there are several challenges U.S. exporters must overcome before exporting to the German market. Success in introducing food products depends largely on knowledge of the market and personal contact with key decision makers. The U.S. supplier should analyze German/EU food law, packaging and labeling requirements, business practices, trade-related laws and tariffs, potential importers, and the distribution system. The FAS Office of Agricultural Affairs (OAA) in Berlin offers guidelines on business practices and import regulations. The FAS Foreign Buyers List gives important information on German buyers of food, fish, and seafood products.

Participating in German food trade shows is a proven and cost-effective way to find the right distributor and facilitate direct contact with German food brokers, importers, and wholesalers. Germany offers a wide variety of trade show venues for food and beverage products. Trade shows like ANUGA, Internorga, or BioFach enjoy an exceptional reputation and have a wide reach within the global food industry. U.S. exporters who are looking to sell to the German market should consider participating in or visiting the following trade shows.

Upcoming International Trade Shows in the HRI Sector in Germany

Trade Show	Date	Description
Chefs Culinar www.chefsculinar.com	**September 15-16, 2019** Düsseldorf	Trade fair for wholesale food trade for restaurant, hotel, and community catering.
ANUGA (every two years) www.anuga.com	**October 5-9, 2019** Cologne	One of the leading food fairs for the retail trade and the food service and catering markets.
Bar Convent Berlin www.barconvent.com/en/	**October 7-9, 2019** Berlin	International trade show for bars and beverages.
Nord Gastro & Hotel www.nordgastro-hotel.de	**February 10-11, 2020** Husum	Trade fair for hotels and catering.
Internorga www.internorga.com	**March 13-17, 2020** Hamburg	International tradeshow for hotel, restaurant, catering, baking, and confectionery trades.
Gastro Tage West www.gastrotage-west.de	**October 11-13, 2020** Essen	Trade fair for hotels and catering.

See our Trade Show Overview Report for a full list of food-related trade shows in Germany.

c.) Distribution and Sub-Sector Profiles

Consumer food service sales are increasing across all sectors. Hotels were the second-biggest sector in food service in 2018, with sales totaling USD 35.4 billion. The top international hotel chains in Germany in 2018 (by size) were AccorHotels, Best Western, Marriott International, IHG, and B&B Hotels (European Chains & Hotels Report 2019, Horwath HTL.)
Restaurants led the food service market in 2018, with USD 53.3 billion in sales. International chains have a very strong position in fast food; the biggest players in the German food service market in 2018 were McDonald's, Burger King, LSG Lufthansa (LSG Sky Chefs), Autobahn (T&R Raststätten/Autohöfe), and Yum! (KFC, Pizza Hut).
Institutions were the smallest sector in food service in 2018, with sales of USD 10.3 billion. Like last year, in-house company restaurants made up over half of the total sales volume, followed by hospitals, retirement homes, new markets, and schools/universities. All institutions reflect the general growth trend of 2018. The majority of the institutional food service market is covered by caterers, of which the top five largest are Compass, Aramark, Sodexo, Klüh, and apetito.

IIII. COMPETITION

Trade within the EU28 bloc is significantly easier for Germany than trading outside the bloc, so it comes as no surprise that the top three exporters of most products to Germany are typically other European competitors to the United States. The USA ranked twelfth of all countries in exports of customer-oriented agricultural products to Germany in 2018, but when accounting for the single market EU28, the United States is a much larger source for imported customer-oriented products. Therefore, the biggest competition for German market share is with Switzerland and Turkey, which exported slightly more to Germany last year, and China, Brazil, and Thailand, which exported slightly less than the USA.

Overall Competitive Situation for Consumer-Oriented Products (2018)

Product Category/ Total German Import	Main suppliers in percentage	Strengths of Key supply countries	Advantages and Disadvantages of Local Suppliers
Tree Nuts (HS 0801 + 0802 + 200819) **MT: 441,306** **USD 3.2 billion**	1. **USA – 23%** 2. Turkey – 17% 3. Netherlands - 12%	USA is the leading supplier of almonds, walnuts, and pistachios. Turkey has the lead in hazelnuts. Netherlands is a large re-exporter of cashew nuts.	Domestic production is minimal. Germany is a leading producer of marzipan.
Fish & Seafood (HS 03 + HS 16) **MT: 951,775** **USD 5.6 billion**	1. Poland – 19% 2. Netherlands – 15% 3. Denmark - 11% **7. USA – 3%**	Proximity and availability; USA is the second largest supplier of Alaskan Pollock fillets.	Tradition of seafood trading and processing, fish is popular.
Wine & Beer (HS 2203 & 2204) **Liters 2.2 billion** **USD 3.7 billion**	1. Italy – 30% 2. France – 24% 3. Spain – 13% **7. U.S. – 1%**	1-3) Proximity, reputation, climatic conditions for wine growing.	Wine only grows in southern part of country; insufficient domestic supply.
Food Preparations (HS 210690) **MT: 406,779** **USD: 1.7 billion**	1. Netherlands – 20% 2. France – 11% 3. Poland - 10% **13. USA –2%**	1-3) Proximity and availability.	Strong domestic food industry.
Peanuts (HS 1202) **MT: 136,445** **USD 207 million**	1. Netherlands – 58% **2. USA – 11%** 3. Argentina – 9%	1+3) Volumes consist of re-exported peanuts from Argentina, USA, Brazil.	No local availability; high demand from well-established snack food industry.
Dried Prunes (HS 0813 20) **MT: 10,765** **USD 41 million**	**1. USA – 42%** 2. Chile - 30% 3. Netherlands – 10%	1) Good reputation for quality, California origin adds value, 2) Product pricing, zero duty access through EU-Chile FTA.	No local availability.
Raisins	1. Turkey – 36%	1) Pricing.	No local availability.

(HS 0806 20) **MT 77,275** **USD 161 million**	2. South Africa - 26% 3. Netherlands – 8% **4. USA – 7%**		
Meat (HS 02) **MT: 2.4 million** **USD: 7.9 billion**	1. Netherlands – 25% 2. Poland - 12% 3. Belgium – 11% **22. U.S. - 0.2%**	1-3) Proximity and availability. U.S. imports consist of hormone-free beef under Hilton beef quota.	Focus on pork rather than beef production.
Sauces and Preparations (HS 2103) **MT: 317,955** **USD: 677 million**	1. Italy – 26% 2. Netherlands – 24% 3. Switzerland - 7% **9. USA –2%**	1-3) Proximity and availability; USA is well known supplier of BBQ sauces.	Strong domestic food industry.
Snack Foods ex. Nuts (HS 1905 + 1704) **MT: 437,553** **USD: 1.6 billion**	1. Netherlands – 19% 2. Poland – 19% 3. Belgium – 10% **25. USA – 0.2%**	1-3 Proximity and availability 1) Volumes also consist of re-exports from China, Thailand, USA.	Tradition in snack food production. Germany is one of the global market leaders in snack foods.

Source: Global Trade Atlas, Products ranked according to value of U.S. products

IV. BEST PRODUCT PROSPECTS CATEGORIES

The following tables present products with good sales potential, good current sales, and products not available on the German market. The data for each come from the Global Trade Atlas.

a) Products present in the market that have good sales potential

Product Category	Total German Imports 2018 [USD]	Total German Imports from the USA 2018 [USD]	% Change from 2017	% Change from 2014	Market Attractiveness for USA
Tree Nuts	$3,233,031,532	730,018,302	+10.5%	+3.8%	The USA is consistently the leading exporter of almonds and walnuts to Germany; demand is strong for tree nuts, particularly for snacking and confectionery.
Sugar Confectionery; Chocolate &	$712,932,684	$2,434,559	+19.4%	+11.5%	German imports in this segment have increased by 10%

Confectionery					over the past five years, with demand steadily rising.
Hops	$76,096,764	$13,390,523	+28.1%	+400.8%	German demand for imported hops has more than doubled in the past five years, and the popularity of craft brewing continues to drive demand up.
Sweet Potatoes	$44,546,687	$2,392,332	+8.9%	+232.8%	German demand for imported sweet potatoes has nearly tripled in the past five years; sweet potatoes are becoming more popular in processed snacks and in cooking.
Pulses	$151,288,518	5,787,572	-36.5%	+78.5%	Increased interest in pulses as alternative protein source; veganism and vegetarianism are growing trends in Germany.
Fish and Seafood	$4,655,066,739	$167,777,666	-13.1%	-14.6%	The USA is the second-largest exporter of Alaskan Pollock to Germany after China.
Whiskey	$546,299,474	$102,009,080	+14.1%	+3.8%	The USA is the second-largest exporter of whiskies after the UK, and there is good recognition of U.S.-branded whiskies on the German market.

b) Top consumer-oriented products imported from the world

Product	Total German Imports 2018	Total German Imports from the U.S. (USD)	U.S. Import Growth (2014-2018)
Cheese	$4,420,202,219	$1,603,564	-2.9%
Coffee, Not Roasted or Decaf	$2,808,758,146	$7,456,942	+82.3%
Wine	$3,181,528,070	$49,411,205	-51.3%
Tomatoes, Fresh or Chilled	$1,478,388,865	-	-
Bread, Pastry, Cakes, Etc.	$2,462,568,482	$8,517,211	+3.9%

c) Products not present in significant quantities but which have good sales potential

- High-quality beef
- Cranberries and cranberry products
- Innovative sauces, condiments, and confectionery products
- Products featuring "sustainable" or other social issue-based marketing labels

d) Products not present because they face significant barriers

- Food additives not approved by the European Commission
- Red meat and meat products with hormones
- Most poultry and eggs (non-tariff barrier)
- GMO-derived products that are not approved in the EU

IV. KEY CONTACTS AND FURTHER INFORMATION

Major Regulatory Agencies

Name	Contact	Info
Bundesministerium fuer Ernaehrung und Landwirtschaft (BMEL) (Federal Ministry of Food and Agriculture) Rochusstr. 1 53123 Bonn, Germany	Tel: +49-228 – 99-529-0 Fax: +49-228 - 99-529-4262 Website: www.bmel.bund.de	

Bundesamt für Verbraucherschutz und Lebensmittelsicherheit (BVL) (Federal Office of Consumer Protection and Food Safety) Bundesallee 50 38116 Braunschweig	Tel.: +49 531 21497 0 Fax: +49 531 21497 299 E-mail: poststelle@bvl.bund.de Website: www.bvl.bund.de	The biotech division and the novel foods/feeds division of BVL are responsible for registration and approval of biotech products and novel foods.
Bundesanstalt für Landwirtschaft und Ernaehrung (BLE) (Federal Agency for Agriculture and Food) Referat 521 Deichmannsaue 29 53179 Bonn, Germany	Tel.: +49 228 6845 - 2915 or -3015 Fax: +49 228 6845-3109 Website: www.ble.de/EN/Home/home_node.html	BLE is the responsible German authority for organic import rules.

Other Import Specialist Technical Contacts can be found in the latest Food and Agricultural Import Regulations and Standards report for Germany.

Homepages of potential interest to U.S. food and beverage exporters are listed below:

- USDA/FAS Washington: http://www.fas-usda.gov
- USDA/FAS Europe: http://www.fas-europe.org
- USDA/FAS U.S. Mission to the European Union: http://www.usda-eu.org
- European Importer Directory: http://www.american-foods.org/

One tip for U.S. exporters is to access the German business portal IXPOS, which is maintained by the Ministry of Economics and Technology. Provided in English, it serves as a central contact platform that can steer inquiries into the right channel.

If you have questions or comments regarding this report, or need assistance exporting to Germany, please contact the U.S. Foreign Agricultural Service Office in Berlin at the following address:

Foreign Agricultural Service
U.S. Department of Agriculture
Embassy of United States of America
Clayallee 170
14195 Berlin

Tel: (49) (30) 8305 – 1150
E-Mail: AgBerlin@fas.usda.gov
Homepage: www.fas-europe.org
Twitter: @FASEurope

Please view our Country Page for more information on exporting U.S. food and beverage products to Germany, including market and product “briefs” available on specific topics of interest to U.S. exporters. Importer listings are available from the Foreign Agricultural Service for use by U.S. exporters of U.S. food and beverage products.