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Spain

Post: Madrid

Food Service - Hotel Restaurant Institutional

Tourism and Consumption Growth Improves Prospects for U.S. Exporters

2018

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Report Highlights:
Spain continues to host record-breaking numbers of visiting tourists. In 2017, Spain received 82 million tourists, almost 9 percent more tourists than the previous year. A healthier economy is also bringing Spanish consumers back to bars and restaurants. Hence, the Hotel, Restaurant and Institutional (HRI) sector in Spain offers excellent opportunities for U.S. food-ingredient and food-product exporters.

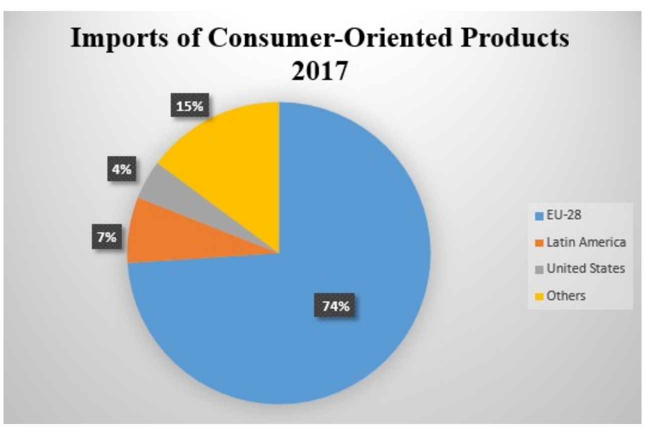
Market Fact Sheet: Spain

In 2017, Spain was the 14th largest economy in the world and the 5th in the European Union. After years of deep economic recession, the Spanish economy grew at least 3 percent for the third straight year. Spain is now one of the fastest growing economies in the EU. Spain is a major producer and exporter of food and agricultural products with other EU countries as its primary export destination. Spanish producers, processors, wholesalers, retailers, food service operators, and importers are all part of a well-developed agribusiness sector, contributing to a competitive and dynamic domestic scenario. In 2017, total imports of agricultural products reached $41.5 billion, up 9.42 percent compared to 2016.

SWOT Analysis	
Strengths	***Weaknesses***
One of the fastest growing Euro zone economies	High public debt
Opportunities	***Threats***
Strong private debt	High unemployment

Imports of Consumer-Oriented Products

Goods imported into the EU must meet the EU sanitary and phytosanitary requirements to protect human and animal health and as part of the custom union. Spain implements EU rules and regulations. Hence, U.S. exporters already exporting to other EU member states will likely already meet most of Spanish import requirements. For animal product exports, the production plant must be approved for export to the EU.



Food Processing Industry

In 2017, the food-processing sector consolidated its position and importance as the main industrial sector pushing the economic recovery. Spain enjoys a modern food-processing sector that pays special attention to the quality, safety, and traceability of the food products it produces. It has one of the most competitive food processing industries in Europe, which makes this sector an important target for U.S. exporters of food ingredients. Food processing mainly focuses on supplying the domestic market, which accounts for 70 percent of sales.

Food Processing Industry Facts 2016

Food Processing Industry	$113.4 billion
Output Food Exports	$32.3
Commercial Surplus	$8.5
No. of Employees	180,000
No. of Food Processors	28,038
No. of Exporters	17,234
% of total GDP	3%
% of Industrial GDP	21%

Food Retail Industry

In 2017, Spanish food retail sales reached $118.7 billion. Spain's improved economic environment increased consumer confidence and expenditures and contributed to better retail sales. In addition, Spain continues to host record numbers of tourists, which also boosts food demand. In 2017, the largest store-based food retailers where Mercadona, Grupo Carrefour and Grupo Eroski. In the medium term, Post expects Internet retailing to see the fastest growth.

Top 10 Spain Country Retailers

Retail Organization	Ownership	Sales 2017 ($ Million)
MERCADONA	Spanish	24,500
GRUPO CARREFOUR	French	11,204
GRUPO EROSKI	Spanish	6,157*
DIA	French	5,123
LIDL	French	4,191
GRUPO ALCAMPO	German	3,965*
CONSUM, S. COOP.	Spanish	2,744
AHORRAMAS	Spanish	1,866
HIPERCOR	Spanish	1,541*
MAKRO	German	1,448

*2016 Data

Data and Information Sources: Euromonitor, GTA, Eurostat, FIAB

Contact: AgMadrid@fas.usda.gov

SECTION I. MARKET SUMMARY

Economic Trends

Spain has the fifth largest economy in the European Union. Spain's economy grew 3.1 percent in 2017. This marks the third straight year of at least 3 percent GDP growth since the economic recovery began in late 2013 following the deep economic recession. Compared to pre-crisis figures, Spain's economy today is more diversified, more competitive, and more export-oriented. In 2017, Spain set a record for tourism, surpassing the United States to become the second most popular destination in the world behind France. According to official Spanish data, in 2017, 82 million tourists arrived in Spain—an 8.9 percent increase from 2016—and spent more than 87 billion euros.

ECONOMIC TRENDS	2014	2015	2016	2017*	2018**
Real GDP Growth Rate	1.4	3.4	3.3	3.1	2.6
Inflation (%)	-0.2	-0.6	-0.3	2.0	1.4
Unemployment (%)	24.5	22.1	19.6	17.2	15.3
GDP per Capita at market prices (€)	22,300	23,300	24,100	25,000	25,500

Source: Eurostat (*) Provisional; (**) Estimate

The Spanish economy will likely continue expanding at a slightly slower pace in 2018. The progress in alleviating the unemployment situation, the growth in exports, and the improvement in private consumption is leading Spain's way out of the recession. The country seems to continue on the right path out of the economic crisis, which severely affected its financial system and consumer income and behavior. This will likely have a positive effect in the HRI industry as a whole.

Spain continues to host record number of tourists. The Spanish National Statistics Institute indicated that 82 million international tourists visited Spain in 2017, an 8.9 percent increase compared to previous year. The average expenditure of these visitors also increased, with spending at $1,220 during their stay, up 12.4 percent compared to 2016. In addition, an improved economic situation and lower unemployment numbers are leading to higher spending in foodservice. These factors are boosting demand for meals in the HRI sector.

Key demographic changes and consumer habits affecting the HRI sector:

- Smaller households – The number of households without children is increasing. The average family has one or two children per household. In addition, single person households are increasing.
- Increasing number of women in the workforce – The percentage of women in the workforce is bolstering the demand for more ready-to-eat foods, as well as the frequency to dine-out.
- Changes in eating patterns and consumer habits – The increased presence and success of ethnic foods, free-from products (e.g. gluten, lactose) or super foods are attracting more consumers.
- Aging population – The percentage of the Spanish population over 65 years old is increasing, as is the demand for senior citizens centers and/or facilities.

ADVANTAGES AND CHALLENGES FACING U.S. PRODUCTS

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

SECTION II. ROAD MAP FOR MARKET ENTRY

A. Entry Strategy

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

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

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

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

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

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

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

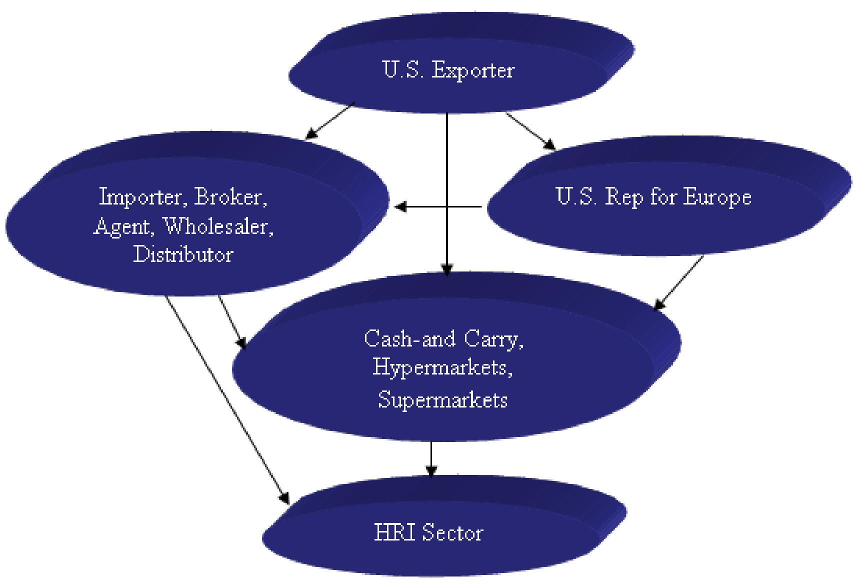
Trade Shows

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

HIP – Hospitality Innovation Planet HRI Professional Expo
Dates: February 18-20, 2019
Place: IFEMA, Madrid
Frequency: Annual

Hostelco
Dates: April 20-23, 2020
Place: Fira Barcelona, Barcelona
Frequency: Bi-Annual

B. Market Structure



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

- Importers, Wholesalers, Specialists--More specialized by product segment, importers and wholesalers also supply directly the HRI sector, particularly the restaurant and hotel chains.
- Commercial distributors--play an important role in the supply of the food and beverages needs of many small and diverse food service providers.
- Wholesale Markets--Buyers purchase most perishable products at the wholesale market. The HRI sector is, by tradition, a net consumer of fresh produce.

- Cash & Carry--Open only to businesses and offering very competitive prices, they supply a wide variety of food products, from perishable to non-perishable, domestic and imported. Some cash-and-carry chains have developed outlets that only service the HRI sector.
- Super and Hypermarkets--Very important to the HRI sector when considering "last minute" purchases. Also important due to their convenient locations.
- Local Producers--Some players in the HRI sector buy directly from local producers, particularly if they are located close to major markets. The food service sector has a tradition of using fresh produce in their daily menus. Many restaurants and hotels, particularly along the coasts, buy directly from local producers and fishermen.

C. Sub-Sectors Profiles

Hotels

Tourism accounts for 5 percent of Spain's GDP and is a key sector to the economy. The tourism infrastructure is well developed throughout the country. In the first half of 2018, the number of foreign tourists reached 37.1 million, up 1.8 percent compared to the same period in 2017. In the medium term, political uncertainty in Catalonia, the unknown outcome of the Brexit negotiations and overcrowded tourist areas may negatively affect tourism.

Spain – Main Hotel Chains – 2017

Company Name	Total Sales ($ Million)*
Melia Hotels International, S.A.	$3,337
RIU Hotels & Resorts-RIUSA II, S.A.	$2,328
NH Hotel Group, S.A.	$2,084
Barcelo Gestión Hotelera, S.L.	$1,853
Iberostar Management, S.A.	$1,563
Marriot (España)	$926
Eurostars Hotel Company	$868
Palladium Hotel Group	$646
Grupo Piñero – División	$602
Corporación H10 Hotels, S.L.	$585

*Estimated

Restaurants

The record numbers in the tourism industry in recent years is one of the key drivers supporting the recovery of Spain's consumer foodservice. Additionally, with the improvement in domestic economy, consumers are eating out more frequently and more restaurants are opening. Independent restaurants still dominate the market, accounting for more than 90 percent of consumer foodservice value sales, though outlet chains continue to gain popularity.

Full-Service Restaurants

According to Euromonitor:

- The number of outlets reached 75,909 units in 2017, a 3 percent higher than in 2016
- Full-service restaurants increase by 3 percent in current values to $30 billion in 2017
- By category, full- service European (Spanish) restaurants, pizza and Asian are the most popular in numbers, both independent and chained
- Competition remains high and innovation and customer experience becomes more relevant
- Increasing popularity of websites and apps for online ordering and delivery is gaining ground among full-service restaurants

Fast Food Restaurants

According to Euromonitor:

- Fast food continues to be a popular choice among Spanish consumers. Fast food grows by 5 percent in current values, reaching $4.9 billion. The number of outlets increased 4 percent in outlets, reaching 7,363 outlets. In 2017, the largest player continues to be McDonald's
- Bakery products fast food continue their expansion, making the most of the breakfast and afternoon snacks. These establishments offer modern design to add to the customer's experience
- Delivery to home or the workplace is increasing and offering new opportunities through new online apps and platforms

Spain – Leading Food Chains – 2017

Company	Total Sales ($ Million)*
McDonald's España	$1,135
Burger King General Service Company, S.L.	$729
Telepizza – FoodCo Pastries, S.L.	$599
Grupo Zena – Food Service Project, S.L.	$579
Areas, S.A.	$513
Grupo VIPS-Sigla, S.A.	$411
Casual Beer & Food, S.A.	$339
Restauravia Grupo Empresarial , S.L. - Grupo Amrest	$335
Restalia Grupo de Eurorestauracion, S.L.	$318
The Eat Out Group, S.L.	$255

* Estimated

Institutional

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

Spain – Leading Institutional Food Sector Companies – 2017

Company	Total Sales ($ Million)*
Serunión, S.A.	$515
Eurest Colectividades, S.L.	$412
Sodexo España, S.A.	$256
Auzo Lagun, S.C.	$227
Aramark Servicios de Catering, S.L.	$196
Mediterránea de Catering, S.L.	$168
Grupo Abades	$95
Clece, S.A. – División Restauración	$52
Newrest Group Holding, S.A.	$51
Catering Arcasa, S.L.	$46

* Estimated

SECTION III. COMPETITION

Product Category (000 MT; million USD)	Major Supply Sources in 2017 (in value)	Strengths of Key Supply Countries	Advantages and Disadvantages of Local Suppliers
Frozen Fish *Imports:366* *Value:$883*	1. Portugal - 10% 2. Netherlands – 7% 3. El Salvador – 6% 19. USA - 2%	Other major suppliers offer high quality fish products at competitive prices.	Large competition from local suppliers and producers. Spanish domestic consumption and exports largely surpass local supply.
Almonds *Imports:99* *Value:$524*	1. USA - 87% 2. Australia - 9% 3. Portugal - 2%	Competition from other supplying countries is limited, as Spanish demand for almonds is very high and production in other EU countries is not enough to satisfy demand.	Spain produces almonds, mostly used roasted as a snack, due to its organoleptic properties. U.S. almonds are processed, both used by the domestic industry or re-exported.
Walnuts *Imports:29* *Value:$172*	1. USA - 87% 2. France - 13% 3. Chile - 10%	France is a traditional supplier of walnuts. Chile is increasing its presence in the Spanish market.	Spain has a significant production of high quality walnuts.
Pistachios *Imports:10* *Value:$92*	1. USA - 31% 2. Germany - 30% 3. Iran - 25%	Germany is the main entry point for U.S. and Iranian pistachios to the EU. Pistachios are then re-exported to other member states.	Pistachio production in Spain is very limited and demand keeps growing.
Sunflower seeds *Imports:113* *Value:$84*	1. USA - 63% 2. France - 27% 3. Chile - 25%	Growing competition from China, Argentina and Israel for confectionary.	Spain production of sunflower seeds for confectionary is not sufficient to meet demand.
Pulses Imports:227 Value:$204	1. USA – 25% 2. Argentina - 14% 3. Canada – 11%	Strong competition from Argentina, who largely increased their presence in recent years, and Canada, a traditional supplier to Spain.	Spain is a traditional consumer of pulses and its local production is not sufficient to fulfill internal demand.

Source: www.gtis.com

SECTION IV. BEST PRODUCT PROSPECTS CATEGORIES

Products Present in the Market That Have Good Sales Potential

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

Products Not Present in Significant Quantities Which Have Good Sales Potential

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

Products Not Present Because They Face Significant Barriers

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

SECTION V. KEY CONTACTS AND FURTHER INFORMATION

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

Foreign Agricultural Service American Embassy Madrid
C/Serrano, 75
28006 Madrid Spain
Tel.: +34-91 587 2555
Email: AgMadrid@fas.usda.gov
Web: https://es.usembassy.gov/business/

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

Trade Associations

FIAB- Federación de Industrias de Alimentación y Bebidas
(Spanish Federation of Food and Beverage Industries)
FEHR – Federación Española de Hostelería
(Spanish Federation for HRI Sector)
ASEDAS – Asociación Española de Distribuidores, Autoservicios y Supermercados
(Spanish Association for Distributors and Supermarkets)
ANGED – Asociación Nacional de Grandes y Medianas Empresas de Distribución
(National Association of Midsize and Large Distributors)
Asociación de Cadenas de Restauración Moderna
(Spanish Restaurant Chain Association)

Government Agencies

Ministerio de Sanidad, Consumo y Bienestar Social
(Ministry of Health, Consumption and Social Welfare)
Agencia Española de Consumo, Seguridad Alimentaria y Nutrición (AECOSAN)
(Spanish Consumption, Food Safety and Nutrition Agency)
Ministerio de Agricultura, Pesca y Alimentación
(Ministry of Agriculture, Fisheries and Food)

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