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Germany

Food Service - Hotel Restaurant Institutional

2017

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Report Highlights:
The German food service sector is large, fragmented, and highly competitive. Foodservice sales continue to be led primarily by independent full-service restaurants. International chains have a very strong position in the fast food segment. Total turnover for the German food service sector increased by 2.4% to €80.9 billion in 2016.

Post:
Berlin

Section I. Market Summary

Germany's 82.2 million inhabitants make the food and beverage market the largest in Europe. After years of decline due to low birth rates, the population has been increasing primarily due to immigration. Overall, Germany is a net importer in all major classes of food products, but local production and firms are often established and globally competitive. German consumers expect high quality for their food and beverage products. However, German consumers are also very price-sensitive.

Key Influences on Consumer Demand in Germany:

- Increasing population as a result of the influx of refugees, mostly from Syria, Afghanistan, and Northern Africa.
- Low birth rate of 1.39 babies born per woman of childbearing age
- Aging population
- Number of single-person households growing
- Smaller households
- Rise in number of working women
- International consumer tastes e.g. Chinese, Indian, Italian, Thai, Mexican, American
- Reduction in formal meal occasions, leading to an increase in snacking
- Healthier eating habits
- Sustainability is the trend meeting consumer concerns about environment, obesity, safety of the food supply

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 is comprised of hospitals, universities, nursing homes, and cafeterias. The food service market sales increased by 2.4% to €80.9 billion in 2016, continuing the upward trend of past years. The main reasons for growth are Germans' desire to consume more and Germany's status as a popular tourist destination. In general, people were willing to pay more, but the price-performance ratio was one of the most important factors as Germans are very price-sensitive. Some key trends include sustainability, regional produce, convenience, health and wellness, Asian cuisine, and retail catering.

Annual Turnover in the German Hotel/Restaurant/Institutional Sector

Turnover in Billion Euro	2008	2010	2014	2015	2016
Hotels	23.4	23.3	26.0	27.1	29.0
Restaurants and Fast Food Outlets	40.8	38.0	40.7	42.1	43.6
Canteens and caterers	6.6	6.5	7.5	7.9	8.3
Total	70.8	67.8	74.7	77.1	80.9

Source: DEHOGA

Sales of consumer foodservice continued to be led by full-service restaurants, who are dominated by independent restaurants. Compared with other countries, chains still have a very low presence, but some are also becoming popular. International chains have a very strong position in fast food. The biggest players in the German food service market are McDonalds, Burger King, LSG, Autobahn, and Nordsee.

Top 20 German Gastro Service Companies

Rank	**Company**	**2016 Sales (million EUR)**	**Outlets**
1	McDonald's Deutschland	3,135	1,470
2	Burger King	900	701
3	LSG Lufthansa Service Holding AG 1)	802	12
4	Autobahn Tank & Rast GmbH 2)	622	404
5	Nordsee Holding GmbH	293	316
6	Yum! Restaurants Int. Ltd. & Co. KG	284	218
7	Subway GmbH	230	641
8	Ikea Deutschland GmbH & Co. KG	221	51
9	Edeka Zentrale AG & Co. KG	212	2,083
10	Aral AG (BP Europa SE)	210	1,137
11	Vapiano SE	194	74
12	BackWerk Management GmbH	187	303
13	SSP Deutschland GmbH	185	304
14	Block Gruppe	165	60
15	Domino's Pizza Deutschland GmbH	153	214
16	AmRest Coffee Deutschland GmbH	140	141
17	Shell Deutschland Oil GmbH	128	1,034
18	Marché Mövenpick Deutschland GmbH	126	100
19	Do & Co AG	120	40
20	Kuffler Gruppe	117	42

Source: Food Service Europe

2016: Top 5 Fast Food Companies

Ranking	Company		Turnover		Growth rate vs. 2015
		No. of outlets	Million EUR	Million USD	
1	McDonalds	1470	3135	3570	1.8%
2	Burger King	701	900	1025	4.0%

3	Nordsee	316	293	334	-1.8%
4	Yum!	218	285	325	6.2%
5	Subway	641	230	262	7.0%

Source: Food Service Europe

<u>2016: Top 5 Travel Gastronomy Companies</u>

Ranking	Company	No. of outlets	Turnover		Growth rate vs. 2015
			Million EUR	Million USD	
1	LSG	12	802	913	-2.7%
2	Autobahn	404	622	708	0.2%
3	Aral	1137	212	241	7.1%
4	SSP	304	185	211	8.8%
5	Shell	1034	128	146	6.1%

Source: Food Service Europe

<u>2016: Top 5 Full Service Gastronomy Companies</u>

Ranking	Company	No. of outlets	Turnover		Growth rate vs. 2015
			Million EUR	Million USD	
1	Block Gruppe	60	165	188	3.0%
2	Kuffler	42	117	133	-4.3%
3	L'Osteria	58	115	131	31.0%
4	Hans Im Glück	44	87	100	0.7%
5	Maredo	48	79	90	-11.0%

Source: Food Service Europe

<u>2016: Top 5 Retail Gastronomy Companies</u>

Ranking	Company	No. of outlets	Turnover		Growth rate vs. 2015
			Million EUR	Million USD	
1	Ikea	51	221	252	8.3%
2	Le Buffet	83	100	114	-3.8%
3	Dinea	59	80	91	1.3%
4	Globus	47	77	88	5.5%
5	Kaufland	200	58	66	-1.7%

Source: Food Service Europe

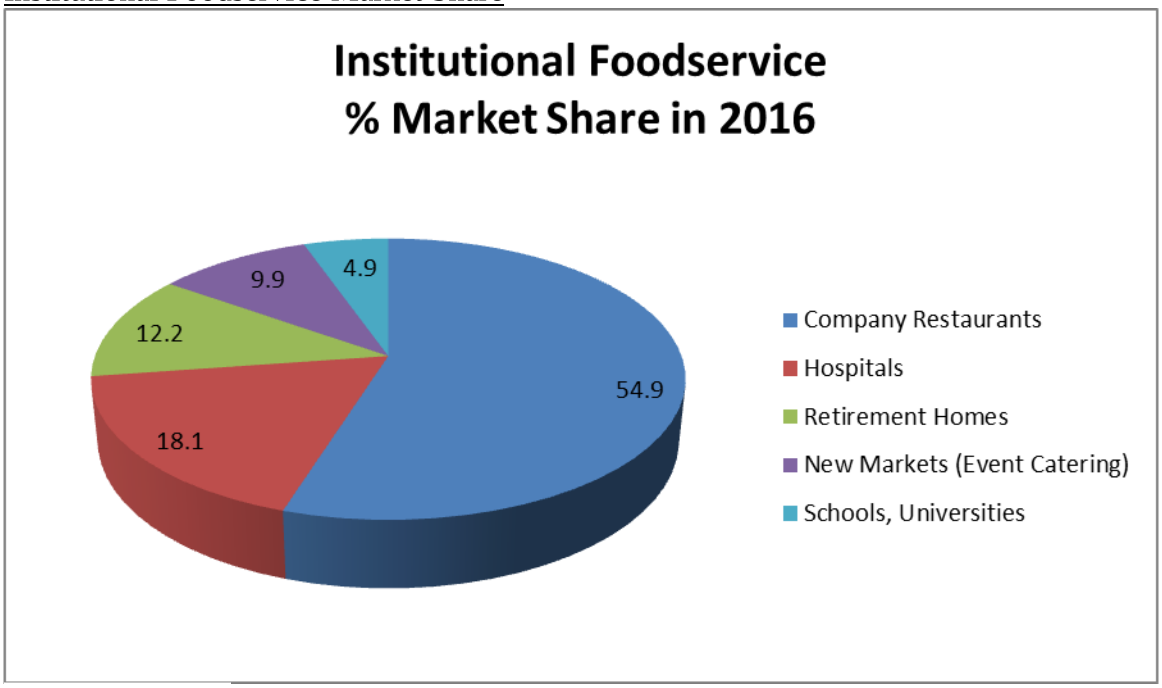
<u>2016: Top 5 Leisure Gastronomy Companies</u>

Ranking	Company	No. of Outlets	Turnover		Growth rate vs. 2015
			Million EUR	Million USD	
1	Europa-Park	58	99	113	4.6%
2	Enchilada	76	97.7	111	9.3%
3	M&B/Alex	43	85	101	4.1%
4	Café Extrablatt	70	66	75	4.8%
5	Celona Gastro	32	64	73	5.3%

Source: Food Service Europe

Institutional Foodservice
The majority of the institutional foodservice market is covered by caterers. The largest caterers were Compass, Aramark, Sodexo, apetito, and Klüh. Over half of total sale volume in this sector came from company restaurants. The strongest growth in 2016 was observed in schools and universities.

Institutional Foodservice Market Share



Source: gv-praxis

Developments in the individual sectors were as follows:

Company Restaurants

Top 5	2016 Sales in €millions	2016 Sales in $millions	% change to 2015
Compass	484.8	552	1.0%
Aramark	367	418	3.4%
Sodexo	160.8	183	0.7%
Apetito	94.2	107	8.0%
Dussmann	82.5	94	2.5%

Source: gv-praxis

Hospitals

Top 5	2016 Sales in €millions	2016 Sales in $millions	% change from 2015
Klüh	148	168	0.1%
SV	62	71	3.3%
Wisag	55.7	63	5.1%
Sodexo	46.7	53	6.4%
Compass	44.8	51	-0.4%

Source: gv-praxis

Nursing/Retirement Homes

Top 5	2016 Sales in €millions	2016 Sales in $millions	% change from 2015
Apetito	92.2	105	14.5%
Dussmann	61	69	1.7%
Victor’s	54.4	62	0.7%
SV	33.8	38	2.4%
Procuratio	27.1	31	2.3%

Source: gv-praxis

New Markets

Top 5	2016 Sales in €millions	2016 Sales in $millions	% change from 2015
Compass	126.3	144	-0.2%
Aramark	80.0	91	-5.9%
Primus	31.0	35	292.4%
Apleona Ahr	25.3	29	-16.5%
Sodexo	16.8	19	-10.6%

Source: gv-praxis

Schools, Universities

Top 5	2016 Sales in €millions	2016 Sales in $millions	% change from 2015
Sodexo	71.6	82	6.2%
Apetito	21.1	24	3.4%
Luna	15.6	18	6.8%
Hänchen	11.9	14	5.3%
RWS	10.5	12	7.1%

Source: gv-praxis

The foodservice sector in Germany is set for further growth. This is driven by the trend towards single households, a further decline in the rate of unemployment, and an aging population which fuels the demand for healthy and sustainable food. However, as there is also an increasing risk of old age poverty, low cost foodservice models are set to prevail.

Advantages and Challenges of the German Food Service Market

Sector Strength & Market Opportunities	**Sector Weaknesses & Competitive Threats**
Germany is the biggest market in Europe with one of the highest income levels in the world	German consumers demand quality and low prices
Many German consumers are uninformed about the details of sustainability, and there is yet room to define a U.S. sustainability message	No unified U.S. sustainability message in the German market
Germany is among the largest food importing nations in the world	EU import regulation and tariffs. EU gives preferential access to products from EU countries
Opportunities for healthy food products not sufficiently available on the local European market	Very competitive market with low growth in retail sales besides organic
Equivalency agreement on organics offers ample opportunities	Listing fees paid to retailers and money spent on creating brand awareness hamper the introduction of new U.S. brands
Germany has many, well established importers. Distribution system is well developed	Margins on food at retail level are very thin
U.S. style is popular, especially among the younger generation	Retailers rarely import products into Germany on their own
The size of the EU import quota for beef has risen to 48,200 tons and Germany is the largest EU market	The quota only applies to beef from animals not treated with growth-promoting hormones
Good reputation for U.S. food like dried fruits, seafood, wine	
Large non-German population and German’s inclination to travel abroad help fuel demand for foreign products	

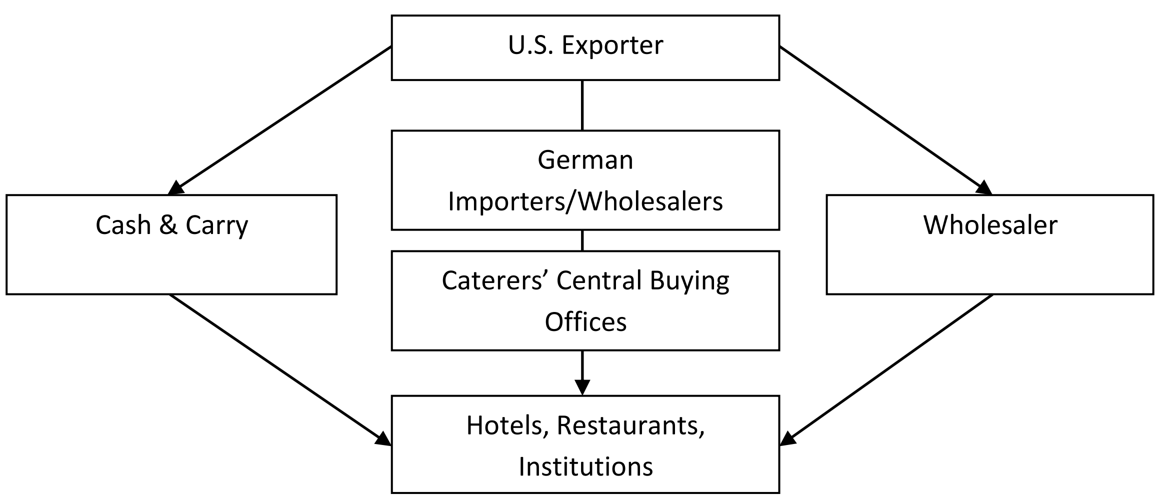
Section II. Road Map for Market Entry

The German market offers good opportunities for U.S. exporters of consumer-oriented agricultural products. However, there are a number of challenges U.S. exporters must meet before exporting to the German market. Success in introducing food products depends mainly on knowledge of the market and personal contact. 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 Office of Agricultural Affairs (OAA) offers guidelines on business practices and import regulations. The FAS’s Foreign Buyers List gives important information on German buyers of food, fish, and seafood products.

Purchasing by hotels, restaurants, and institutions (HRI) is fragmented and competitive. Few of them import products directly from other countries, except for items that they purchase in large quantities. Most HRI's would rather buy from central buyers/distributors importing food and beverages. In general, these wholesalers specialize in products or product groups. Some are even experts in food products from a specific country of origin. Thus, 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 mayor distribution channels for the German food service trade are cash and carry wholesalers and specialized distributor/wholesalers.

Cash and carry wholesalers operate large stores with food and non-food products. They sell to retailers, restaurants, and other food service operators. These 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 where their suppliers can demonstrate their products to potential customers. This is an excellent opportunity for U.S. suppliers of products ready to enter the German food service market.



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 within the global food industry, and these shows reach, in many cases, globally. U.S. Exporters who are looking to sell to the German Market should consider participating or visiting the following trade shows.

ANUGA (every two years) October 7-11, 2017 www.anuga.com	One of the leading food fairs for the retail trade, and the food service, and catering market
Bar Convent October 10-11, 2017 https://www.barconvent.com/	International trade show for bars and beverages
Food Ingredients Europe November 28-30, 2017 http://www.figlobal.com/fieurope/	World's leading trade show on food ingredients
Heimtextil January 9-12, 2018 http://heimtextil.messefrankfurt.com	World's largest trade fair for domestic and commercial textiles
IPM – International Plant Show January 23-26, 2018 http://www.ipm-essen.de/	European trade fair for the horticultural and nursery industry
ISM (International Sweets and Biscuit Show) January 28-31, 2018 www.ism-cologne.com	World's largest show for snacks and confectionery products
Fruit Logistica February 7-9, 2018 www.fruitlogistica.com	World's leading trade fair for the fresh fruit and vegetable business
BIOFACH February 14-17, 2018 www.biofach.com	Leading European tradeshow for organic food and non-food products
Internorga March 9-13, 3018 www.internorga.com	International tradeshow for hotel, restaurant, catering, baking, and confectionery trades
ProWein March 18-20, 2018 www.prowein.com	International trade show for wine and spirits
Interzoo (every two years) May 8-11, 2018 www.interzoo.com	Leading trade show for pet food and supplies
Equitana (every two years) March 9-17, 2019 http://www.equitana.com	Leading European tradeshow for the equestrian market

More information about these and other German exhibitions and trade shows can be found at www.auma-messen.de.

Section III. Competition

Competition for U.S. exports

Product category Total World Import, 2016	Main suppliers in percentage, 2016	Strengths of Key supply countries	Advantages and Disadvantages of Local Suppliers
PG 30 Breakfast Cereals Imports: 146,427 tons Value: US$ 308 million	1. Poland – 14.6% 2. Belgium – 14.0% 3. France – 13.8% 21. U.S. - 0.2%	Distance, availability and regional products	Developed processed food industry
PG 31 Snack Foods (Excl. nuts) Imports: 863,299 tons Value: US$ 3,677 million	1. Belgium - 18.2% 2. Netherlands - 17.8% 3. Poland – 14.5% 26. U.S. - 0.2%	Distance, availability and regional products	Developed confectionary industry
HS 02: Meat Imports: 2,589,978 tons Value: US$ 6,966 million	1. Netherlands – 25.4% 2. Belgium - 12.6% 3. Poland – 9.9% 18. U.S. - 0.3%	Distance and availability	Focus on dairy production instead of beef production. Genetics need improvement
HS 03: Fish & Crustaceans Imports: 866,757 tons Value: US$ 4,427 million	1. Poland – 18.4% 2. Denmark – 14.7% 3. Netherlands - 11.9% 6. U.S. – 4.1%	Distance and availability	Tradition in seafood trading and processing, fish is popular
HS 04: Dairy Produce; Birds Eggs and Natural Honey Value: US$ 7,616 million	1. Netherlands – 31.9% 2. France – 13.6% 3. Austria – 8.3% 31. U.S. - 0.1%	Proximity	Great tradition of milk and milk based products
HS 07: Edible vegetables Imports: 4,989,195 tons Value: US$ 6,494 million	1. Netherlands – 35.9% 2. Spain – 25.6% 3. Italy - 8.5% 20. U.S. - 0.2%	1: Proximity 2,3: Tradition, different climate/ supply/ taste/ varieties	Products not sufficiently available on local market
HS 08: Edible Fruits and Nuts	1. Spain – 21.3% 2. Netherlands –	1,3: Tradition, different climate/	Products not sufficiently available on local market

Imports: 6,452,389 tons Value: US$ 10,365 million	20.9% 3. Italy – 11.6% 5. U.S. – 6.3%	supply/ taste/ varieties 2: Proximity	
HS 09: Coffee, Tea, Mate and Spices Imports: 1,438,776 tons Value: US$ 4,595 million	1. Brazil – 22.3% 2. Vietnam – 13.2% 3. Honduras – 6.2% 36. U.S. - 0.2%	Trading tradition	Domestic availability is scarce, Re-export
HS 16: Edible Preparations of Meat Fish, Crustaceans Imports: 670,298 tons Value: US$ 2,793 million	1. Netherlands – 20.9% 2. Poland – 11.1% 3. Italy – 9.8% 22. U.S. – 0.8%	Proximity	Not sufficiently domestically available
HS 19: Preparation off Cereals, Flour, Starch or Milk Imports: 1,918,640 tons Value: US$ 4,414 million	1. Italy – 17.3% 2. Poland – 13.4% 3. Netherlands – 12.7% 26. U.S. – 0.2%	Proximity and re-export	Not sufficiently domestically available
HS 20: Preparations of Vegetables, fruits, Nuts Imports: 3,481,930 tons Value: US$ 5,103 million	1. Netherlands – 26.3% 2. Italy – 13.0% 3. Turkey – 9.1% 22. U.S. – 0.5%	Proximity	Not sufficiently domestically available
HS 21: Miscellaneous Edible Preparations Value: US$ 3,434 million	1. Netherlands - 20.8% 2. France -9.8% 3. Italy – 9.1% 14. U.S. – 1.6%	Proximity and re-export	Not sufficiently domestically available
HS 22: Beverages, Spirits, Wine and Vinegar Value: US$ 7,506 million	1. Italy – 19.5% 2. France – 19.1% 3. Austria – 8.3% 8. U.S. – 5.1%	Excellent regional products	Not sufficiently domestically available

Source: Global Trade Atlas

Section IV. Best Product Prospects

U.S. products with the best export opportunities in German market meet one or more of the following criteria:

- The basic product is not produced in Europe in sufficient quantities or the American quality is superior
- The product (usually fresh) is available on a counter seasonal basis
- The product is unique to the United States

Best Product Prospects

Product Category (in USD million)	**Total German Imports 2016**	**German Imports from the U.S.**	**U.S. Import Growth (2013-2016)**	**Market attractiveness for USA**
Tree Nuts	2,594	603	+45%	The United States is the biggest supplier of tree nuts to Germany. Most tree nuts are used as ingredients by the food processing sector. Almonds are the most important commodity within this category. Further products with good sales potential include pistachios, pecans, and walnuts.
Fish and Seafood Products	4,426	180	-21%	The German market offers lucrative opportunities for fish and seafood products. Fish consumption is growing as consumers associate fishery products with a healthy diet. Best prospects for U.S. and seafood exports are salmon, shrimps, crabs, caviar substitutes, cuttlefish and squid, sea urchins, catfish, and scallops.
Wine and Beer	3,274	89	-5%	Germany has a high share of domestic wine production. However, good prospects exist for “New World wines” including those from the U.S. The U.S. has also steadily increased its beer exports to Germany.
Processed Fruits and Vegetables	5,103	23	-11%	Those products are mostly used as ingredients by the food processing sector for the production of pastries and cereals. Dried fruits and prepared nuts are also popular as a snack. Commodities with notable increasing sales are dried grapes (including raisins), dried prunes, dried onions, and dried mushrooms & truffles.

Red Meats Fresh/Chilled/ Frozen	4,947	20	-74%	Good opportunities for high-quality U.S. beef produced without growth hormones. The EU quota size and administration system have recently seen changes.
Snack Foods (excl. Nuts)	3,677	7	-7%	German demand for healthy, organic, innovative, and exotic snacks continues to grow. U.S. import growth expanded in this category predominately due to increasing imports of cocoa preparations and chocolate until 2016.
Pet Foods (Dog and Cat)	975	2	+19%	Sales of cat food have the biggest market share. U.S. exports are declining but potential exists for premium pet food.

Source: Global Trade Atlas

Category A: Products Present in the Market That Have Good Sales Potential

- Tree nuts
- Wine
- Processed fruits and vegetables
- Fruit juices
- Snack foods
- Health food, organic food, sustainable food products
- Dried fruits

Category B: Products Not Present In Significant Quantities but Which Have Good Sales Potential

- High quality beef (produced without promotions)
- Cranberries and cranberry products
- Seafood and seafood products
- Game and exotic meat
- Innovative sauces, condiments, and confectionary products
- Products featuring ‘sustainable’ or other social issue-based marketing theme

Category C: Products Not Present Because They Face Significant Barriers

- Poultry (non-tariff barrier)
- Processed food with GMO ingredients, bleached flour

Section V. Post contact and further information

Homepages of potential interest to the U.S. food and beverage exporters are listed below:
Foreign Agricultural Service Berlin http://germany.usembassy.gov/fas
Foreign Agricultural Service Washington http://www.fas.usda.gov

Foreign Agricultural Service Europe http://www.fas-europe.org
European Importer Directory http://www.american-foods.org/

One tip of use to U.S. exporters is the German business portal, 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. More information about the food and beverage sector can be found under:
http://www.ixpos.de/IXPOS/Navigation/EN/Your-business-in-germany/Business-sectors/Consumer-goods/food-and-beverage.html

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:

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