Food and beverages - Germany

Summary of findings related to international market opportunities for Norwegian food and beverage products to Germany

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1. Brief facts about the market

German private households spend only 14% of their disposable income for food, beverages and tobacco.[1]

Eating and purchasing habits

Increasing awareness for health, quality and sustainability regarding food[4]

- Changes in today´s diet are caused among others by[5]
  - Food allergies (lactose intolerance or celiac disease)
  - Changing diet attitudes (organic, vegetarian/vegan, halal)
  - Desire for „pure" recipes without food additives
- The attributes sustainability and regionality become more important for German consumers.[6]

Desire for convenience

- Consumers ask for high-quality food which can be easily and quickly prepared; even professional chefs demand for this kind of food.[5]
- Many German consumers buy there where they can purchase quickly.[1]

Germans show a higher price consciousness and higher price sensitivity than Norwegians.[1]
German consumers look out for special offers buying convenience goods.[1]
Customers plan their shopping mostly precisely and use a shopping list.[1]

Trends and areas of growth related to food and drinks

Rising appreciation for food[2]

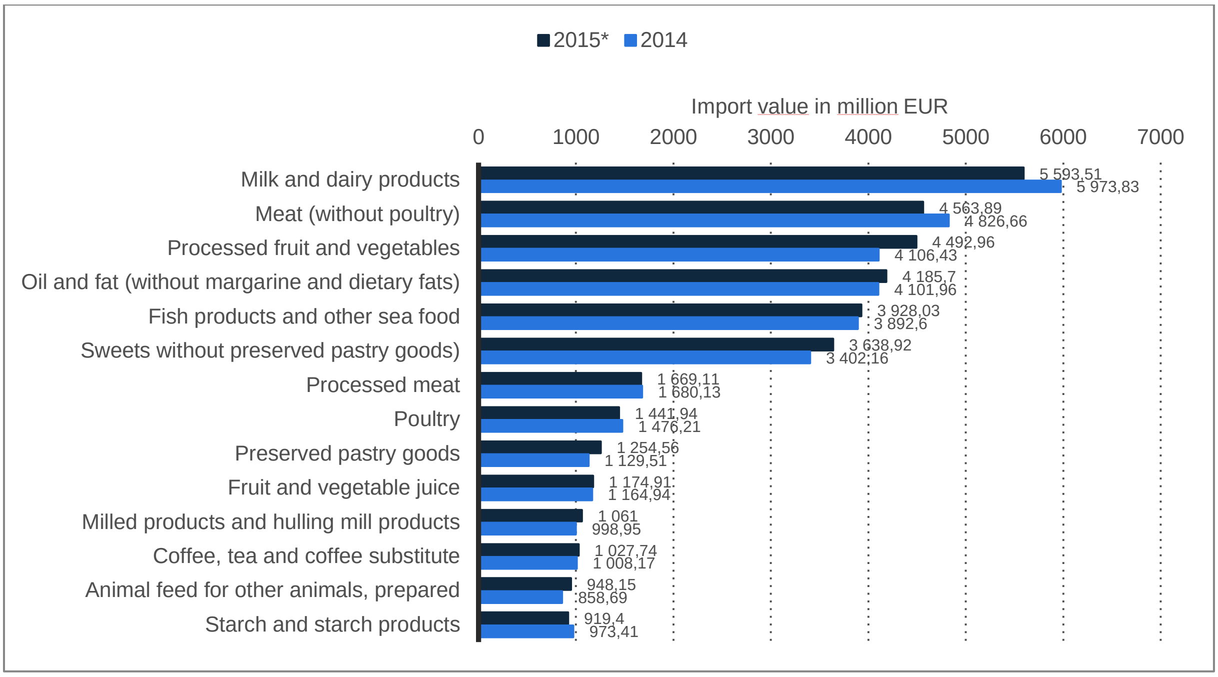
- A comprehensive and permanent trend is the rising awareness, need for information and quality understanding for food, their production and their origin.[3]
- The German consumers are buying less and more seldom food but more high-quality. This involves the increasing willingness of the German consumers to spend more money for high-quality food.[3]

Good opportunities for high-quality convenience food

- More and more single-households which causes that one does not cook so often/much[4 7 8]
- Decreasingly time for household chores and therewith for cooking because more women are employed and because there are decreasingly "classic" employment contracts.[4 8]

E-commerce will become more important [18]
Shopping near to the home or near to the job will become more important [18]
Planning of shopping will become less important due to smartphones and apps [18]

The main categories of food and beverage products that Germany imported 2014-2015 [9]



2. Opportunities for Norwegian companies in Germany

Generally, the following segments showed the highest growth but that does not necessarily mean that these segments would be the most relevant for Norwegian suppliers:

Convenience food (especially chilled food) because

- increasing number of single-households and of employed women boost the use of convenience food [8]
- instant meals could improve their image by means of reduced use of synthetic flavours, colourants and preservatives during the last years.[10]

Organic food because

- Germany is –behind the US market- the market with second highest turnover for organic products worldwide.[6]
- Sustainability and regionality gain in importance for German consumers.[6]
- More and more organic products are imported because the cultivated area of organic food in Germany has not grown as much as the turnover of organic products in food retailing.[11]

Vegetarian/vegan food because

- The trade of vegan products is still a niche but involves a huge growth potential. There are about 7 million vegetarians and their quantity is expected to be more than doubled (15 million) until 2020.[12] [13]
- Additionally to vegetarians and vegans, „Flexitarier/flexitarians“ account for 8% of all German households (about 3.2 million households).[13]

“Free from” food because

- About 12 million (ca. 15%) respectively about 0.8 million (at the utmost 1%) of the German inhabitants suffer from lactose intolerance respectively from celiac diseases.[2] [14]
- Nevertheless, 23% of all German consumers avoid to eat certain foods because they assume that they do not agree with these foods or that lactose- or gluten-free food is more healthy.[2] [14]

Norwegian food products might be perceived as healthy, more sustainable and have a general high level of trust. Generally, there is a positive attitude towards Norway and Norwegian products. But the same applies for Sweden/Swedish products and Danmark/Danish products, too.

The export statistics showed that Norwegian export of agricultural products (except for marine products and spirits) to Germany added up to about 250 million NOK in 2014.[17]
Unfortunately, with exception of salmon, “Linje Akvavit” and some TINE-products, Norway respectively Norwegian products are not perceivably represented in German food retailing.

3. Challenges for Norwegian companies in Germany

The four largest retail companies hold a market share of more than 70%. Therewith, there is a high market concentration within food retailing in Germany[3]
Discounter (especially Aldi and Lidl) represent nearly the half of the market.[15]
The price level for food within food retailing is relatively low.[16]
Due to the large market, a small niche can already exceed the production capacity of a Norwegian supplier.
The requirements of the German food retailing can be very demanding with regard to logistics, purchasing price, etc.).
German end-consumers show a higher price consciousness than Norwegian.[1]

4. Recommendations to Norwegian companies considering export of food and beverages to Germany

The expansion to the German food retailing needs to be planned well and will demand sustainable resources, perseverance and the ability to adapt to the German market.
Financial resources
- Covering marketing (co-payment for marketing/advertising, listing fees, etc.) and sales expenses (noticeable patronization on site in order to understand partners/consumers)

Production/storage capacity
- Ability to deliver continuously and at short notice the requested/prearranged quantities

Market analysis
- What do you want to achieve exporting to Germany? Developing a clear idea of your goals.
- Acceptance tests

Sales and distribution
- Which channel? Nationwide or regional launch?
- Co-operation with (right) local partners (importer, distributor, agent, logistics partner)?

Adaption to the German market
- Laws and rules, language (sales material, labeling, packaging), marketing and business culture (communication standards, planning culture)

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