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Georgian Farmers' Association

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# DRIED FRUITS IN GERMANY

MARKET RESEARCH

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# Contents

# 1. Overview of the market

## 1.1. Economy

With a growing population of 82.7 million consumers and an economy measured at €3 263 billion at current prices in 2017, Germany is by far the largest and wealthiest of the European Union's 28 member states (EU28). [1] [2] Germany's population constitutes 16% of the total EU28 population and its economy amounts to 21% of that of the EU28. Moreover, Germany's economy has seen stable recovery for the past years and in 2017, the economy expanded by 2.2%, which marks the largest annual growth since 2011 (Table 1). Current growth of Germany's economy is boosted by rising exports, record high employment rates and real wage increments, strong domestic consumption, increasing investments, as well as booming construction sector.

**Table 1. Key economic development indicators[3]**

| | 2015 | 2016 | 2017 |
|---|---|---|---|
| *GDP at current prices, € bln* | 3 044 | 3 144 | 3 263 |
| *GDP per capita at current prices, €* | 37 260 | 39 745 | 38 183 |
| *GDP growth rate, %* | 1.7% | 1.9% | 2.2% |
| *Inflation rate, %* | 0.3% | 0.5% | 1.8% |
| *Unemployment rate, %* | 4.3% | 3.9% | 3.7% |

One of the main Germany's strengths lies in its production capabilities, quality standards and international competitiveness, with German manufacturers creating 28% of the total EU28 manufacturing turnover. Also, thanks to its geographical location and world-class transport infrastructure, Germany has easy access for trade in the whole EU28 region. All of these factors are translating to major export volumes and positive foreign trade balance. In 2017, Germany exported goods in value of €1 279 billion, of which food and feed category totalled to 4% of all exports. At the same time, Germany imported goods in value of €1 035 billion, of which food and feed category accounted for 5% of all imports. [4]

**Table 2. Key foreign trade indicators[5]**

| | 2015 | 2016 | 2017 |
|---|---|---|---|
| *Exports, € bln* | 1 194 | 1 204 | 1 279 |
| *Imports, € bln* | 949 | 955 | 1 035 |
| *Net trade balance, € bln* | +245 | +249 | +244 |

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1 Eurostat (2017), Population on 1 January by age and sex. Available at: http://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=demo_pjan&lang=en
2 Eurostat (2017), GDP and main components (output, expenditure and income). Available at: http://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=nama_10_gdp&lang=en
3 Germany Trade & Invest (2018). Economic Overview Germany. Available at: https://www.gtai.de/GTAI/Content/EN/Invest/_SharedDocs/Downloads/GTAI/Brochures/Germany/economic-overview-germany-market-productivity-innovation-en.pdf?v=9
4 Germany Trade & Invest (2018). Economic Overview Germany. Available at: https://www.gtai.de/GTAI/Content/EN/Invest/_SharedDocs/Downloads/GTAI/Brochures/Germany/economic-overview-germany-market-productivity-innovation-en.pdf?v=9
5 Germany Trade & Invest (2018). Economic Overview Germany. Available at: https://www.gtai.de/GTAI/Content/EN/Invest/_SharedDocs/Downloads/GTAI/Brochures/Germany/economic-overview-germany-market-productivity-innovation-en.pdf?v=9

Germany's food and beverage industry is one of the backbones of country's economy and is the 3rd largest industry in the country. Germany is also the largest food and beverage producer in the EU28 in terms of turnover. In 2016, the industry accounted for a turnover of €171.3 billion, of which 32.9% of all production was exported in 2016, leaving the rest two thirds for domestic market. In 2016, Germany's food and beverage industry recorded a growth of 1.6% due to expanding exports, altering the retraction trend of previous years (Table 3). Growth trend is also reflected in an increasing number of companies and employees working in the industry.

The largest industry branches are the meat and meat processing industry, making up 24% of the total turnover, the confectionary and bakery industry – 18%, the milk industry – 13%, the production of alcoholic beverages – 8%, as well as the processed and canned fruit and vegetables industry – 6%.[6] Leading domestic companies include such names as Dr. Oetker, Tchibo, DMK Deutsches Milchkontor, Sudzucker, Muller Group, while among the strongest international companies are Coca-Cola, Nestle, Vion Food Group and Mondelez International.

**Table 3. Key food and beverage industry indicators[7] [8]**

| | 2014 | 2015 | 2016 |
|---|---|---|---|
| *Total turnover, € bln* | 172.2 | 168.6 | 171.3 |
| *Annual turnover growth, %* | -1.7% | -2.1% | +1.6% |
| *Number of companies* | 5 828 | 5 812 | 5 940 |
| *Number of employees* | 559 776 | 569 162 | 580 030 |
| *Change in prices of food and drinks, %* | +0.9% | +0.3% | +0.5% |

## 1.2. Private spending

Another key factor supporting the Germany economy, is the high level of domestic spending. German households are not only among the wealthiest in the EU28 region, but also have the largest spending, with the total private consumption expenditure summing up to €1 578 billion in 2016 (Table 4). Of that, €156 billion are spent on food and non-alcoholic beverages, which is also the largest expenditure on this category in the region. However, because in Germany the prices for products in this category are relatively low to the general income level, this equals only to 10.6% of the total household expenditure, which is one of the lowest shares among EU28 states. This is also largely due to increasing trend to eat out-of-home. A single-person household in Germany spends on average €159 per month on food and beverage purchases, while a 4-person household – on average €500 per month.[9] Nevertheless, prices of consumer goods and services have been increasingly growing in Germany, and especially in 2017, when inflation rose up to 1.8% (Table 4).

6 BVE (2017). The German food and drink industries. Available at: https://www.bve-online.de/download/facts-figures-2017
7 BVE (2017). The German food and drink industries. Available at: https://www.bve-online.de/download/facts-figures-2017
8 BVE (2016). The German food and drink industries. Available at: https://www.bve-online.de/download/facts-figures-2016
9 BVE (2017). The German food and drink industries. Available at: https://www.bve-online.de/download/facts-figures-2017

**Table 4. Key household expenditure indicators**[10]

| | 2014 | 2015 | 2016 |
|---|---|---|---|
| *Total expenditure at current prices, € bln* | 1 503 | 1 539 | 1 578 |
| *Expenditure on food and non-alcoholic beverages, € bln* | 156 | 163 | 167 |
| *Expenditure on food and non-alcoholic beverages, % of total* | 10.4% | 10.6% | 10.6% |

75% percent of Germans live in a single or two-person household, totalling around 30 million households. One of the particularly attractive consumer groups in Germany are consumers aged 50+, as they are the largest group holding more than 50% of per capita purchasing power. This consumer group in general is healthier, more active, more demanding and quality conscious than previous generations at the same age.[11] Also, this consumer group is the fastest growing due to population ageing trend.

Although affluent, German consumers are increasingly attentive to the concept of value-for money, with the typical consumer having an equally open attitude to discount retailers as to established brand names across different product categories. Low brand loyalty levels are also a result of high demands. Due to the strong e-commerce industry, especially popular among Millennials and Gen Z-ers, individuals tend to browse around online before making a purchase offline and switch both brands and retailers easily when not satisfied.[12] This has resulted in an extremely fierce competition among food and beverage brands, as German consumers have an access to more than 170 000 products in the market.[13]

Overall, German customers have become savvier than ever before, are buying less and rather rarely, but hold high demands for quality and exude a strong preference for health and wellness, as well as organic and fair trade products.

## 2. Sales channels

Only few German retailers import products directly from other countries, therefore finding a wide range of suitable distribution partners is the basic foundation of success. Most German food retailers prefer to buy from central buyers and wholesalers which specialize in the import of food and beverages, as they have in-depth knowledge of all importing requirements and also take care of the shipping, customs clearance, warehousing and distribution of the products within the country.[14]

However, the largest supermarket chains will sometimes contract foreign supplier directly and appoint an importing company of their choice to bring the products into Germany. It has to be acknowledged that the line between retail and wholesale trade nowadays is not as clear as it used to be. The major market

10 Germany Trade & Invest (2018). Economic Overview Germany. Available at: https://www.gtai.de/GTAI/Content/EN/Invest/_SharedDocs/Downloads/GTAI/Brochures/Germany/economic-overview-germany-market-productivity-innovation-en.pdf?v=9
11 Germany Trade & Invest. Available at: http://www.gtai.de/GTAI/Navigation/EN/Invest/Industries/Consumer-industries/consumer-markets-retail.html
12 Germany Trade & Invest. Available at: http://www.gtai.de/GTAI/Navigation/EN/Invest/Industries/Consumer-industries/consumer-markets-retail.html
13 BVE. Verbraucher. Available at: https://www.bve-online.de/themen/verbraucher
14 IXPOS. Food and Beverage. Distribution channels. Available at: https://www.ixpos.de/IXPOS/Navigation/EN/Your-business-in-germany/Business-sectors/Consumer-goods/food-and-beverage,t=distribution-channels-,did=263472.html

players such as Edeka Group, Rewe Group and METRO unite both retail and wholesale operations under their roof, and manage their own logistics as well. And some major retailers, such as Lidl and Aldi, even somewhat have eradicated the need for traditional wholesale operations. Thus, both retail and wholesale channels should be utilized.

Another option is to move goods through wholesale market centres which are located throughout Germany, however, their specialty is sale of fresh products for smaller retailers, street market vendors and food service operators.

To successfully move the product through either of these channels in the German market, it is not only the quality and the price that matters, but brand recognition as well. Thus it is advisable for importers to find a local partner or establish a representative branch in order to place and promote their products. To build recognition, online presence is a key factor well. Additionally, it is highly recommended for importers to visit or participate various food trade shows, as it allows for direct contact with food retailers, importers and wholesalers. The most popular trade shows in Germany are ANUGA for all foods and beverages, BioFach for organic food, and INTERNORGA for the food service sector.

## 2.1. **Retail trade**

The German food retail sector is very competitive and highly concentrated, as it is dominated by just a few large retailers, mostly of local origin. The most common type of food retailers in Germany are modern grocery retailers, which account for most of food sales volume and are growing in sales value, while sales among traditional grocery retailers are declining.[15] In 2016, supermarkets were the best performing sales channel in Germany due to being the quickest to adapt to shifting eating habits. Discounters also continued to grow, but suffered from ongoing wars within the category (Lidl vs. Aldi). Hypermarkets, in contrast, stagnated, as this channel has not been able to rapidly follow the changing consumer demands.[16]

In 2017, the Top 30 largest grocery retailers in Germany with a combined market share of 90% achieved total gross sales of €247 billion. Moreover, half of the market share was claimed by the Top 3 leading grocery retailers, namely, Edeka, Schwarz Group and Rewe Group, which hold around 48.8% of the market (Table 5).

**Table 5. Top 10 grocery retailers by gross sales in 2017[17]**

| | Sales, € mln | Sales growth, % | Market share, % |
|---|---|---|---|
| *1. Edeka Group* | 55 896 | +4.1% | 20.3% |
| *2. Schwarz Group* | 39 827 | +4.4% | 14.5% |
| *3. Rewe Group* | 38 512 | +7.6% | 14.0% |
| *4. Aldi* | 30 453 | +7.6% | 11.1% |

15 Euromonitor (2017), Grocery Retail in Germany. Available at: http://www.euromonitor.com/grocery-retailers-in-germany/report
16 Food Export Association (2017). Germany Country Profile. Available at: https://www.foodexport.org/get-started/country-market-profiles/europe/germany-country-profile
17 Lebensmittel Zeitung. Top 30 Lebensmittelhandel Deutschland 2018. Available at: http://www.lebensmittelzeitung.net/handel/Ranking-Top-30-Lebensmittelhandel-Deutschland-2018-134606

| | | | |
|---|---|---|---|
| *5. Metro* | 13 142 | - | 4.8% |
| *6. Amazon* | 12 229 | +17.6% | 4.4% |
| *7. Lekkerland* | 9 304 | +2.0% | 3.4% |
| *8. DM* | 7 857 | +4.8% | 2.9% |
| *9. Rossman* | 6 400 | +4.6% | 2.3% |
| *10. Globus* | 5 116 | +1.7% | 1.9% |

**Edeka Group**[18] is Germany's leading group of grocery retailers with an annual turnover of €55.9 billion in 2017 and an estimated market share of 20.3%. The Group consists of several cooperatives of independent supermarkets with a total of 13 646 stores operating under the umbrella brand Edeka. Edeka Group's retail operations can be broadly divided into 3 store format categories:

- Full-range and convenience stores;
- Branded and regional discounter stores;
- Other store formats.

**Table 6. Edeka Group's store formats and key indicators in 2017**[19]

| | Sales, € mln | Share of sales, % | Number of stores |
|---|---|---|---|
| *Full-range and convenience stores* | 38 282 | 68.5% | 6 596 |
| | • EDEKA (www.edeka.de) has several store sub-formats. EDEKA Center is a hypermarket format with an extensive range of groceries, specialised departments and non-food articles. Sales area usually is at least 2 500 $m^2$ up to 5 000 $m^2$. EDEKA Neukauf is a privately or centrally managed store format with a sales area of between 800m² and 2000m². EDEKA Aktiv Markt is mostly a privately run supermarket format, usually located in outlying neighbourhoods and villages. This store format typically has a sales area of between 400 and 800 $m^2$.<br>• Nah & Gut is a compact store format, mostly found in smaller municipalities. Sales area of this store format is up to 400m².<br>• Marktkauf (www.marktkauf.de) is a modern regional store format offering a comprehensive range of groceries as well as a range of non-food articles.<br>• SPAR Express (www.spar-express.de) is EDEKA's convenience store format for service stations, airports, railway stations and in high-traffic locations. | | |
| *Discounters* | 15 850 | 28.3% | 4 878 |

18 Edeka Group. Available at: www.edeka-verbund.de
19 Lebensmittel Zeitung. Top 30 Lebensmittelhandel Deutschland 2018. Available at: http://www.lebensmittelzeitung.net/handel/Ranking-Top-30-Lebensmittelhandel-Deutschland-2018-134606

| | | | |
|---|---|---|---|
| | • Netto Marken-Discount (www.netto-online.de) is a modern branded discounter format with a select range of brands and private labels. Regional products and beverages are very common in these stores, as are products in reusable containers.<br>• Independent regional discounters represent just a small fraction of EDEKA's retail operations, yet they are vital for covering the further parts of the country. | | |
| *Other store formats* | 1 764 | 3.2% | 2 172 |
| | • C&C Großmarkt (www.edeka-food-service.de) is the most popular and widespread of EDEKA's B2B store formats, offering a wide range of food and non-food articles for retailers, HoReCa industry representatives and individual entrepreneurs. | | |

**Schwarz Group**[20] is the second largest grocery retailer in Germany with an annual turnover of €39.8 billion in 2017 and an estimated market share of 14.5%. Privately-owned Schwarz Group has expanded across 27 countries with over 10 000 stores, but in Germany its count reaches 3 879 stores. Schwarz Group's retail operations are covered under 2 store brands:

- Discount supermarket chain Lidl;
- Hypermarket chain Kaufland.

**Table 7. Schwarz Group's store formats and key indicators in 2017**[21]

| | Sales, € mln | Share of sales, % | Number of stores |
|---|---|---|---|
| *Discount supermarkets* | 24 330 | 61.1% | 3 219 |
| | • Lidl (www.lidl.de) stores are unconventional discounters, as they use design, assortment and merchandising to achieve the feel of modern supermarkets. Besides standard supermarket format, Lidl also has introduced a convenience store format known as Lidl Express. Lidl strategy is based mainly on selling own private-label brands and limiting the product range. | | |
| *Hypermarkets* | 15 497 | 38.9% | 660 |
| | • Kaufland (www.kaufland.de) is positioned as a modern hypermarket chain with a lower price strategy, and yet an extensive product range of food and non-food goods in spacious stores. Kaufland prioritises fresh food assortment and own private-label brands. | | |

20 Schwarz Gruppe. Available at: www.schwarz-gruppe.net
21 Lebensmittel Zeitung. Top 30 Lebensmittelhandel Deutschland 2018. Available at: http://www.lebensmittelzeitung.net/handel/Ranking-Top-30-Lebensmittelhandel-Deutschland-2018-134606

**Rewe Group**[22] is the third largest grocery retailer in Germany with an annual turnover of €38.5 billion in 2017 and an estimated market share of 14.0%. Rewe Group is a cooperative that consists of a network of independent retailers, similar to Edeka Group, but it also operates in other business segments, such as tourism. Group's retail operations spans 19 countries with nearly 15 000 food and non-food stores. Of those, 7 532 stores, including independent partner stores, are located in Germany. Rewe Group's retail operations can be distinguished in 3 broad store formats:

- Full-range and convenience stores;
- Discounter stores Penny;
- Other store formats.

**Table 8. Rewe Group's store formats and key indicators in 2017**[23]

| | Sales, € mln | Share of sales, % | Number of stores |
|---|---|---|---|
| *Full-range and convenience stores* | 27 630 | 71.7% | 4 987 |
| | • REWE (www.rewe.de) stands for attractive supermarkets with a wide variety of high quality foods and an emphasis on fresh foods. Regular REWE stores have a sales area of 1 000 $m^2$ to 2 500 $m^2$, the smaller REWE CITY stores – 300 $m^2$ to 1 000 $m^2$, the larger REWE CENTER stores – 2 500 $m^2$ to 4 000 $m^2$, and the REWE hypermarkets – up to 8 000 $m^2$.<br>• REWE To Go (www.togo.rewe.de) convenience store format offers a large variety of ready-to-eat fresh products, snacks and bakeries in compact stores with a sales are of 1 000 $m^2$ to 2 500 $m^2$.<br>• Nahkauf (www.nahkauf.de) is the smaller grocery retail chain located in small towns and in the outskirts of cities, with stores un by independent retailers. This store format has a typical sales area of 300 $m^2$ to 1 300 $m^2$. | | |
| *Discounter stores* | 8 170 | 21.2% | 2 160 |
| | • PENNY (www.penny.de) is a discounter store chain offering high-quality branded and own private-label products, as well as a wide range of fresh products. PENNY stores usually has a sales area of 500 $m^2$ to 800 $m^2$. | | |
| *Other store formats* | 2 712 | 7.4% | 385 |

22 Rewe Group. Available at: www.rewe-group.com
23 Lebensmittel Zeitung. Top 30 Lebensmittelhandel Deutschland 2018. Available at: http://www.lebensmittelzeitung.net/handel/Ranking-Top-30-Lebensmittelhandel-Deutschland-2018-134606

| | |
|---|---|
| | • TEMMA (www.temma.de), an organic store chain with a range of both regional and international brands, ceased to operate in 2018, as sales performance of stores had not met the set expectations.<br>• Toom Getränkemarkt (www.toom-getraenkemarkt.de) is a beverage specialty store chain with a wide assortment of various types of beverages at a good value for money. |

## 2.2. Wholesale and food service trade

### 2.2.1. Wholesale trade

German food and beverages wholesale sector consists of many small and medium sized operators. There were 14.4 thousand food, beverages and tobacco wholesale operators with 257.7 thousand employees and a total turnover of €191.2 billion in 2015.[24] However, the sector is largely based on a few major central buyers and importers, as most food retailers try to centralize their purchasing activities. Clients also prefer the wider product range, lower price levels and in-depth knowledge on importing requirements that larger players can offer. This is also why many regional wholesalers in Germany have organized in groups, such as Intergast and Service Bund. Another advantage of the larger operators is that they organize in-house food shows 1-2 times a year where their suppliers can demonstrate their products to potential customers.

Cash & Carry is among the most important wholesale channels in Germany, besides food service trade operators, as they usually offer food delivery services as well. Cash & Carry wholesale is especially popular among independent retailers, and are also appreciated by price-conscious self-employed consumers as these outlets are able to offer good value for money. Cash & Carry wholesalers in Germany usually purchase either directly from processing companies, importers and, sometimes, from foreign exporters.

**Table 9. Top general food wholesalers and key indicators[25] [26] [27]**

| | Sales, € mln | Employees | Category |
|---|---|---|---|
| *Metro* | 4 715 | 15 000 | Cash & Carry |
| | • METRO (www.metro.de) is one of the world's leading wholesale trade and food service chains, based in Germany. METRO operations spans 25 countries, managing 760 Cash & Carry stores. METRO stores offer a broad range of assortment consisting of up to 20 000 food items and up to 30 000 non-food articles. In Germany, METRO also operates | | |

24 Federal Statistical Office of Germany – DESTATIS. Enterprises, persons employed, turnover and other business and economic figures in trade. Available at: https://www-genesis.destatis.de
25 Lebensmittel Zeitung. Top 30 Lebensmittelhandel Deutschland 2018. Available at: http://www.lebensmittelzeitung.net/handel/Ranking-Top-30-Lebensmittelhandel-Deutschland-2018-134606
26 Lekkerland. Lekkerland Deutschland GmbH & Co. KG. Available at: http://www.lekkerland.com/le/en/company/countries/detail_page_2/detail_3142.html
27 MWTRO GROUP. METRO Handelslexikon 2015/2016. Available at: http://www.metro-handelslexikon.de/assets/download/METRO_Handelslexikon-2015-16.pdf

| | | | |
|---|---|---|---|
| | premium foods distributor RUNGIS Express, offers food service through METRO Delivery Service, and manages a hypermarket chain REAL. | | |
| *Lekkerland* | 7 737 | 2 693 | Convenience foods |
| | • Lekkerland (www.lekkerland.de) is among the leading food and beverges wholesalers in Germany. The product range of Lekkerland includes mostly convenience foods, such as tobacco goods, drinks, confectionery, snacks, bistro goods and prepaid products. Lekkerland supplies around 90 000 filling-station shops, kiosks, tobacco goods stores, specialist drinks markets, food stores, bakeries, fast-food chains, canteens and other convenience stores across 6 European countries. | | |
| *Bartels-Langness* | 2 778 | 15 000 | Full-range |
| | • Bartels-Langness (www.bela.de) is a trade group with its core business being the wholesale of food and non-food products, with over 30 locations across Germany. In adittion, the company also operates 85 department stores offering a wide range of fresh products and quality brands. | | |
| *Selgros* | 1 710 | 14 000 | Cash&Carry |
| | • Selgros (www.selgros.de) is a major Cash&Carry operator, owned by Transgourmet, a wholly owned subsidiary of Coop. Selgros offers around 50 000 food and non-food products in 41 locations in Germany with saleas areas up to 11 000m$^2$. The company also has operations in Poland, Russia and Romania in additional 46 locations. | | |
| *C&C Großmarkt* | 1 402 | 5 000 | Cash&Carry |
| | • C&C Großmarkt (www.edeka-food-service.de) is part of the leading grocery retail chain, EDEKA Group. It is Group's B2B store format for retailers, HoReCa industry representatives and individual entrepreneurs, offering a wide range of 40 000 food and non-food articles across 116 locations in Germany. Bulk deliveries are ensured through regional and national delivery service EDEKA Food Service. | | |

### 2.2.2. Food service wholesale trade

The German food service sector is large and highly fragmented. It had 183 thousand enterprises with 1.6 million employees and a total turnover of €55 billion in 2015. When taking into account the accommodation sector, the total turnover of both sectors increases up to €83.6 billion.[28] When divided by the type of food service operators, two broad markets can be distinguished - the commercial and institutional food service markets. The commercial food service market is constituted of hotels, restaurants, fast food and take-away outlets, bars and cafeterias, and the institutional food service market is comprised of hospitals, universities, nursing homes, and similar institutions.

Similarly to retailers, food service operators also prefer to centralize their purchasing activities and buy from central buyers or major importers, as larger wholesalers offer more advantages. Only few of the large food service operators import products directly from other countries, mostly the leading players, such as McDonalds, Burger King, LSG, Tank & Rast, Nordsee, Yum! Restaurants and others.c

**Table 10. Top food service wholesalers and key indicators[29] [30] [31] [32] [33]**

| | Sales, € mln | Employees | Category |
|---|---|---|---|
| *Intergast* | 2 700 | - | Full-range |
| | • Intergast (www.intergast.de) is food wholesale cooperation which consists of 39 independent food service wholesalers. Intergast has around 86 delivery points and 53 Cash & Carry stores across country. The company serves around 40 000 customers, mostly large businesses from both commercial and institutional catering markets. | | |
| *Edeka Food Service* | 1 402 | 5 000 | Full-range |
| | • Edeka Food Service (www.edeka-food-service.de) is the wholesale delivery business of the leading grocery retail chain in Germany, EDEKA Group. EDEKA wholesale is organized by 7 regional companies across 38 logistics centers nationwide. EDEKA Food Service ensures regional and national bulk delivery services for major consumers, mainly HoReCa clients, while closely related EDEKA's C&C Großmarkt B2B store chain serves medium to small consumers, mostly independent retailers. | | |
| *Transgourmet* | 1 300 | 3 700 | Full-range |
| | • Transgourmet (www.transgourmet.de), a subsidiary of Coop, is one of the largest food service wholesalers in Germany, servicing around 35 000 major customers from both commercial and institutional catering markers. Transgourmet also owns fresh food service wholesalers | | |

28 Federal Statistical Office of Germany – DESTATIS. Enterprises, persons employed, turnover and other business and economic figures in trade. Available at: https://www-genesis.destatis.de
29 Service Bund. The Food Service Company. Available at: https://www.servicebund-national.de/service-links/english.html
30 EDEKA. Der Großhandel bei EDEKA. Available at: http://www.edeka-verbund.de/Unternehmen/de/edeka_verbund/grosshandel/einleitung_grosshandel/einleitung.jsp
31 Lebensmittel Zeitung. Top 30 Lebensmittelhandel Deutschland 2018. Available at: http://www.lebensmittelzeitung.net/handel/Ranking-Top-30-Lebensmittelhandel-Deutschland-2018-134606
32 Transgourmet. Company profile. Available at: http://www.transgourmet.de/web/unternehmen/unternehmensprofil.xhtml
33 Fruchtportal. Die top 30 des lebensmittelhandels nach gesamtumsatz 2016. Available at: https://www.fruchtportal.de/media/files/Pdf%20diversen%202017/Nielsen%20Tradedimensions_2016_Ergebnisse_PM%20Diagramme.pdf

| | | | |
|---|---|---|---|
| | Rewe-Foodservice and FrischeParadies, and manages one of the leading Cash&Carry operators in the country – Selgros. | | |
| *Service-Bund* | 1 005 | 3 400 | Full-range |
| | • Service-Bund (www.servicebund-national.de) is a group of 30 medium-sized regional wholesalers who distribute a wide range of food-assortment to approzimately 80 000 customers in Germany. The assortment of Service-Bund consists of around 41 000 products, including 1 000 private-label products. There are 38 Service-Bund locations across Germany. | | |
| *Chefs Culinar* | 360 | - | Full-range |
| | • Chefs Culinar (www.chefsculinar.de) is a food service wholesaler to commercial and institutional food operators in Germany and other European countries. Chefs Culinar assortment includes around 25 000 food and non-food products, located in 23 warehouses around the country. In addition, the company also assists customers with implementation and maintenance of kitchen and supply equipment, and offers other supportive services. | | |

### 2.2.3. **Dried fruit wholesale trade**

In general, purchasing of products such as dried fruits is usually realized through full-range or specialized wholesalers or importers, especially by small to medium retailers and food service operators. Most often, wholesalers keep stocks of products in their warehouses for buyers to be able to receive them quickly, but in some cases, for larger orders, wholesalers will buy from suppliers and arrange delivery direct to their clients, thus avoiding the expensive warehousing costs. Only the major German supermarket or discounter chains sometimes choose to import directly from the producer, mainly in bulk for their own private-labels.[34] Companies that process and/or market dried fruits also import directly from the producer in bulk.

Accordingly, in cases when the foreign supplier does not have the capabilities to properly package and market their products for the German market, product supply in bulk is also a good option. This is because, firstly, supermarkets are growing their private-label shares and, secondly, local processors/marketers have more in-depth knowledge of local quality standards and of how to successfully market the product to German consumers. The drawback for supplying in bulk, however, is the lower price point and profit margin.

The massive business of private-labels in Germany means that the different trade processes are oftentimes combined and executed by one operator for the convenience of clients. A company that imports dried fruits is not just an importer, but most of the time it also acts as a wholesaler, processor, marketer and

34 Centre for the Promotion of Imports (2014). CBI Product Fact Sheet: Dried Apricots in Germany. Available at: https://www.cbi.eu/sites/default/files/market_information/researches/product-factsheet-dried-apricots-germany-processed-fruit-vegetables-edible-nuts-2014.pdf

consultant, and if the company deals with organic specialties, then it sometimes acts as a quality inspector as well. Unification of these services makes it easy and straightforward for clients to develop their own private-labels. Some of the largest specialized dried fruit trade operators in Germany are Heinrich Brüning, Herbert Kluth and Brousse Vergez (Table 11).

**Table 11. Top dried fruits importers, wholesalers and processors/marketers**

| | Turnover, € mln | Category |
|---|---|---|
| *Heinrich Brüning* | 100 | Importer/processor/marketer |
| HEINRICH BRÜNING GMBH | • Heinrich Brüning (www.heinrichbruening.de) is an importer, exporter, processor and marketer of dried fruits and nuts. The company has 2 main business segments – bulk delivery to industrial customers, such as bakers and food producers, as well as packaging and marketing services for food retailers for development of private-labels. The company also has a subsidiary called Suntree, which manages operations for organic specialties. | |
| *Atrimex* | 10-25 | Importer/wholesaler |
| | Atrimex (www.atrimex.com) is a wholesaler specializing in dried fruits and nuts, including organic specialties. The company sources their products internationally, connecting quality suppliers with top buyers in Germany. Atrimex also provides support in processing and logistical co-ordination. | |
| *Vartan Melik Aslanian* | 2-3 | Importer/processor/marketer |
| | Vartan Melik Aslanian/Ubina (www.ubina.de) operates as an importer, processer and marketer of dried fruits of various origins. Main import locations are the US - California, South Africa, Turkey, Italy, France, Argentina, Chile, Thailand, China, Australia and Iran. Ubina's products are purchased by the major German supermarket chains and department stores. | |
| *Horst Walberg Trockenfrucht Import* | 5-10 | Importer/processor/marketer |
| | Horst Walberg Trockenfrucht Import (www.howa.de) is an importer, processor and marketer of dried fruits, nuts and seeds. It also operates in the field of organic specialties, so it also acts as quality inspector. The company cooperates with suppliers from all around the world. | |
| *Herbert Kluth* | - | Importer/processor/marketer |
| | Herbert Kluth (www.kluth.com) specializes in the import and processing of high-quality dried fruits, nuts, and organic food specialties. It distributes products mainly repackaged under KLUTH own brand. Company's key clients are grocery retailers and organic food stores. | |
| *Elbe Nutro* | - | Importer/processor |

| | | |
|---|---|---|
| *Commodities* | | |
| | Elbe Nutro Commodities (www.elbenutro.com) is an importer and processor of dried fruits and nuts with a specialization in peanuts. Its main operations are provision of semi-finished products to the snack, chocolate and biscuit producers, as well as to distributors of the animal feed industry. | |
| *BROUSSE VERGEZ* | 70 | Importer/wholesaler |
| | BROUSSE VERGEZ (www.brousse-vergez.com) is an importer and wholesaler of dried fruits with end-clients being other distributors, supermarket chains and producers. The company also specializes in the field of dried superfruits and organic specialties. Key operations include import of dates from France, exotic fruits from Asia, organic Medjool dates from Israel and organic Turkish dried figs. | |
| *Zieler & Co* | - | Importer/wholesaler |
| | Zieler & Co (www.zieler.de) is an importer, exporter and wholesaler of dried fruits, seeds and nuts, and cereals. Company's product range consists of over 300 product varieties, including certified organic specialities. Zieler & Co supplies companies both in Germany and in other countries. | |
| | - | Importer/wholesaler |
| | Scheuer Import (www.scheuer-import.de) is an importer and wholesaler of nuts, dried fruits and raw food concentrates. The company also distributes related organic specialties and novel foods. Scheuer Import offers supplies both in original packaging, as well as further processing services. The company sources products from Europe, North and South America and Asia. | |
| *PALM Nuts & More* | | Importer/wholesaler/marketer |
| | PALM Nuts & More (www.palm-nutsandmore.de) is an importer, wholesaler and marketer of dried fruits and nuts. The company also acts as a market consultant and ensures services across the entire trade chain – from import processing to packaging and delivery. It sources its products mainly from the US - California, as well as Australia, Morocco and Spain. | |

More contacts and information related to specialized wholesale trade of dried fruits can be provided by the German national association of wholesale and foreign trade of processed fruits and vegetables – Waren-

Verein der Hamburger Börse.[35] It stands for the freedom of international trade and supports its members, most of which are suppliers from non-EU countries. The main goal of the association is to represent the interests of importers and wholesalers specializing in peeled, canned, frozen and dried fruits and vegetables, as well as in seeds and nutes, spices, and organic products. It can support foreign suppliers not only by providing trade contacts, but also by giving detail information regarding import regulations, limits for contaminants, DGHM guidelines, UNECE standards, as well as pre-export checks.

# 3. Food price levels

## 3.1. General food prices

Germany, having one of the largest economies in Europe, is wealthy both in terms of GDP and the average personal income. This, in turn, brings down the relative costs of living for Germans, which, generally, are in line with the EU28. In 2016, the average monthly household net income in Germany was €3 314, increasing by 3.0% since previous year.[36] The growing income and accelerating economy has supported German consumer confidence level, which has steadily risen for the past 5 years, as revealed by the GfK Consumer Climate Indicator.[37]

As a result, German households have been increasing their expenditure accordingly. In 2016, the average monthly household expenditure was €2 480, growing by 3.7%. Of that, expenditure on food, beverages and tobacco constituted 13.8% or €342.[38] Expenditure growth is likely to continue, as prices of consumer goods and services have been rapidly growing due to expanding economy. In 2017, inflation rose up to 1.8% with food prices increasing by 3%.[39] Moreover, even steeper price hikes are expected to be recorded in 2018. But, at the same time, consumer purchasing power is also projected to increase as a result of rising wages.[40]

When compared to Georgia, overall cost of living in Germany is till considerably higher. Numbeo Cost of Living Index reveals that in 2018, the Index for Germany was 74.4, while for Georgia – 29.7. Similarly, Groceries Index and Restaurant Index for Germany was 58.9 and 71.2, but for Georgia – just 24.6 and 29.2. At the same time, due to higher wages, national purchasing power in Germany is several times higher, allowing German consumers to buy more than Georgian consumers. Accordingly, Local Purchasing Power Index for Germany was 125, but for Georgia – mere 35.6. [41]

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35 Waren-Verein der Hamburger Börse. Home page. Available at: https://www.waren-verein.de
36 Federal Statistical Office of Germany – DESTATIS.
Income, Revenue and Expenditure of Private Households (time comparison). Available at:
https://www.destatis.de/DE/ZahlenFakten/GesellschaftStaat/EinkommenKonsumLebensbedingungen/EinkommenEinnahmenAusgaben/Tabellen/Deutschland.html
37 Trading Economy. Germany GfK Consumer Climate. Available at: https://tradingeconomics.com/germany/consumer-confidence
38 Federal Statistical Office of Germany – DESTATIS. Private consumption expenditure (living expenses). Available at:
https://www.destatis.de/DE/ZahlenFakten/GesellschaftStaat/EinkommenKonsumLebensbedingungen/Konsumausgaben/Tabellen/PrivateKonsumausgaben_D.html
39 Handelsblatt. Schätzung bestätigt – Preise zogen 2017 um 1,8 Prozent an. Available at: http://www.handelsblatt.com/finanzen/geldpolitik/inflation-in-deutschland-schaetzung-bestaetigt-preise-zogen-2017-um-1-8-prozent-an/20850604.html
40 GFK (2017). Purchasing power Germany 2018. Available at: http://www.gfk.com/insights/press-release/purchasing-power-germany-2018/
41 Numbeo (2018). Cost of living. Rankings by country. Available at: https://www.numbeo.com/cost-of-living/rankings_by_country.jsp

Average food prices in Germany are significantly higher than in Georgia for practically all food products, except most beverages, such as water, domestic beer, milk and wine (Table 12). This is despite the fact that in Georgia, foods and agricultural products are a subject to the standard VAT rate of 18%, while in Germany there is a reduced VAT rate of 7% for most such products (in contrast to the standard VAT rate of 19%). However, when compared to the EU28, average food prices in Germany are even slightly lower, especially for beverages and processed products, largely due to reduced VAT advantage. There are, nevertheless, exceptions – fresh fruits and vegetables in Germany are more expensive.

**Table 12. Average food prices in Germany, compared to Georgia and the EU28 in 2018[42]**

| | Germany | Georgia | EU28 |
|---|---|---|---|
| *Water, 1.5l* | 0.32 | 0.34 | 0.73 |
| *Domestic beer, 0.5l* | 0.69 | 0.71 | 1.18 |
| *Milk, 1l* | 0.71 | 1.03 | 0.90 |
| *Onion, 1kg* | 0.85 | 0.39 | 0.92 |
| *Lettuce, 1 head* | 0.99 | 0.39 | 1.00 |
| *Potatoes, 1kg* | 1.04 | 0.35 | 0.92 |
| *White bread loaf, 500g* | 1.14 | 0.30 | 1.15 |
| *Imported beer, 0.33l* | 1.18 | 1.05 | 1.49 |
| *Bananas, 1kg* | 1.63 | 1.2 | 1.49 |
| *Eggs, pack of 12* | 1.70 | 1.16 | 2.14 |
| *Rice, white, 1kg* | 1.79 | 0.79 | 1.47 |
| *Apples, 1kg* | 2.05 | 0.85 | 1.59 |
| *Oranges, 1kg* | 2.31 | 1.00 | 1.62 |
| *Tomatoes, 1kg* | 2.73 | 0.82 | 1.91 |
| *Imported Beer, 0.33l* | 3.00 | 1.35 | 3.11 |
| *Bottle of Wine, mid-range* | 4.00 | 3.72 | 5.86 |
| *Chicken Breasts, Boneless, 1kg* | 6.64 | 3.14 | 6.99 |
| *Local Cheese, 1kg* | 7.43 | 3.21 | 8.24 |
| *Beef Round, 1kg* | 11.15 | 4.89 | 11.19 |

Overall, German consumers are very price-conscious and are often unwilling to purchase products that have higher prices. This is mostly result of the highly competitive market situation, as well as the expansion of the major discount retailers, like Lidl and Aldi. However, German consumers are also aware of the aggressive agricultural practices that are utilized in order to produce such cheap foods, and thus are more often turning towards ecologically-produced products, as well as sustainable and ethical agricultural practices, although often it means that they will have to pay a higher price.[43]

42 Numbeo (2018). Cost of living. Available at: https://www.numbeo.com/cost-of-living/
43 Ama Lorenz (2017). Germany's cheap food prices come at a cost, study finds. Available at: https://www.euractiv.com/section/agriculture-food/news/sr-wed-study-germanys-cheap-food-prices-come-at-a-cost/

## 3.2. **Prices of dried fruits**

Dried fruits are among the most expensive snack categories in Germany, next to nuts and seeds. With Germans being the cost-conscious consumer nation it is, the most popular brands are those with the best value for money (Table 13). The key market leaders in the dried fruits category are Seeberger, as well as supermarket and discounter own private-labels, such as EDEKA's line EDEKA, REWE's line REWE Best Choice, Lidl's lines Alesto and Belbalke and ALDI's Southern Grove. Price levels of these product lines are similar, but tend to be slightly lower for discounter own-labels. Other popular brands are those offering organic dried fruits, such as Rapunzel, Morgenland, BIO Company and Dorrwerk. Although organic brands tend to have considerably higher price levels, there can be large variations, with Rapunzel being priced similarly to regular dried fruit products, while Morgenland and BIO Company being more expensive.

**Table 13. Prices of various dried food products in Germany, 2018 (€)[44] [45] [46]**

| | **EDEKA** | | **Allyouneedfresh** | | **Amazon Fresh** | |
|---|---|---|---|---|---|---|
| | Per kg | Pack | Per kg | Pack | Per kg | Pack |
| *Seeberger, cranberries, 125g* | 16.00 | 2.29 | 15.90 | 2.15 | 16.40 | 2.05 |
| *Seeberger, figs, 500g* | 14.38 | 7.19 | 15.98 | 7.99 | 14.98 | 7.49 |
| *Seeberger, pitted dates, 500g* | 9.98 | 4.99 | 8.78 | 4.39 | 9.58 | 4.79 |
| *Seeberger, apples, 80g* | - | - | 23.60 | 1.89 | 24.90 | 1.99 |
| *Seeberger, apricots, sulphured, 200g* | 21.00 | 4.19 | 19.00 | 3.79 | 16.50 | 3.29 |
| *Seeberger, sultanas, 200g* | - | - | 7.50 | 1.49 | 7.30 | 1.46 |
| *Seeberger, banana chips. 150g* | 11.30 | 1.69 | 10.30 | 1.55 | 12.10 | 1.75 |
| *Seeberger, pitted plums, 200g* | - | - | 16.00 | 3.19 | 15.00 | 2.99 |
| *Seeberger, blue grapes, 200g* | 8.00 | 1.59 | 7.50 | 1.49 | 9.20 | 1.84 |
| *Seeberger, ginger pieces, 200g* | - | - | 18.50 | 3.69 | 18.50 | 3.69 |
| *Seeberger, cherries, 125g* | 28.70 | 3.59 | - | - | - | - |
| *Kluth, mangoes, 100g* | - | - | - | - | 49.10 | 4.91 |
| *Alnatura, organic apples, 125g* | 30.30 | 3.79 | - | - | - | - |
| *Alnatura, organic raisins, 200g* | 9.00 | 1.79 | - | - | - | - |
| *Alnatura, organic goji berries, 100g* | 39.90 | 3.99 | | | | |
| *Morgenland, organic goji berries, 100g* | - | - | 59.90 | 5.99 | 59.90 | 5.99 |
| *Morgenland, organic figs, 500g* | - | - | - | - | 18.02 | 9.01 |
| *Morgenland, organic apricots, 250g* | - | - | - | - | 40.00 | 9.99 |
| *Rapunzel, organic figs, 250g* | - | - | - | - | 29.80 | 7.45 |
| *Rapunzel, organic mangoes, 100g* | - | - | - | - | 68.20 | 6.82 |
| *Rapunzel, organic sultanas, 250g* | - | - | - | - | 7.20 | 1.79 |
| *PÄX, pineapples, 40g* | - | - | 54.80 | 2.19 | - | - |
| *PÄX, physalis, 40g* | - | - | 59.80 | 2.39 | - | - |
| *PÄX, strawberries, 40g* | - | - | 87.30 | 3.49 | - | - |
| *BIO Company, organic figs, 250g* | - | - | 15.20 | 3.79 | - | - |
| *BIO Company, organic sultanas, 500g* | - | - | 59.80 | 2.99 | - | - |

44 EDEKA online store. Available at: www.edeka24.de
45 Alltouneedfresh online store. Available at: www.allyouneedfresh.de
46 Amazon Fresh online store. Available at: https://www.amazon.de/b?ie=UTF8&node=6723195031

| | | | | | | |
|---|---|---|---|---|---|---|
| *EDEKA, mixed fruit, 250g* | 10.04 | 2.59 | - | - | - | - |
| *EDEKA, cranberries, 175g* | 13.10 | 2.29 | - | - | - | - |
| *EDEKA, dried apricots, 200g* | 8.00 | 1.59 | - | - | - | - |
| *EDEKA, organic plums, 200g* | 20.00 | 3.99 | - | - | - | - |

Although brand and organic claims are the key factors accounting for price differences, other factors also play a key role. One of the most important price determinant is the type of fruit sold (Table 13). The most common dried fruits, such as sultanas and raisins, have the lowest prices, ranging from €7-9 per kg. Apricots, apples, dates, bananas, figs, plums cranberries have slightly higher prices, ranging from €8-20 per kg. Less common dried fruits, such as cherries, strawberries, mangoes, pineapples, physalis and superfruits, such as ginger and goji berries, have the highest prices, ranging from €20-60 and more per kg. In general, organic dried fruits can be 2 or 3 times higher priced than regular dried fruits with prices up to €90 per kg for premium organic brands.

As a rule, smaller packaging sizes almost always will be more expensive in terms of price per unit. Most dried fruits in Germany are sold in snack-sized pieces in packaged in small plastic bags with 40g snack-sized packs having the highest price per unit and 500g packs – the lowest price per unit. Also, price per unit is even lower when products are offered in multipacks, which is particularly characteristic for Amazon.

# 4. Imports

## 4.1. Worldwide imports

### 4.1.1. Food and beverage imports

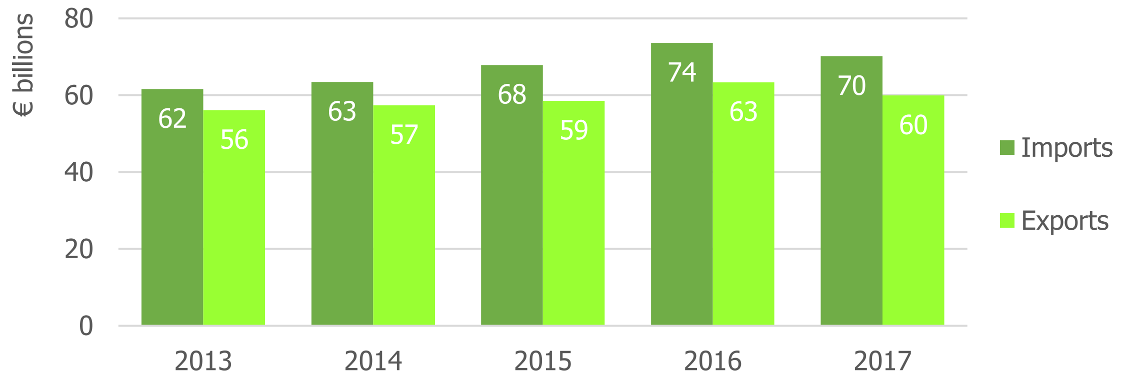
Germany, being the productive powerhouse it is, is well-known for as a net exporter. In 2017, Germany imported goods in value more than €953.8 billion and exported more than €1 205.5 billion, resulting in a positive trade balance of €251.7 billion.[47] Moreover, 2017 set new foreign trade records in terms of total trade value increase. However, the great trade performance mostly stems from Germany's exports of machinery, automotive vehicles and parts, as well as chemical and metal products, with food and beverages contributing just a small fraction of export value – 5%. As Germany cannot meet the local demand for food and beverages at full-scale, it has become a net importer of this category which constitutes 7.4% of all import value. The import value surplus gap of food and beverages has been steadily growing steadily for the past 5 years, and has grown from 9.7% in 2013 to 17.1% in 2017. [48]

From 2013 to 2017, food and beverages import value in Germany has revealed a growth trend, increasing by 13.8% (Figure 1). However, 2017 marked the first year in a row of many when import value in the category declined, but so did export value as well. This is mainly a result of, firstly, growing capabilities of local producers which have several advantages over importers in the German market, and, secondly,

47 Eurostat database (2018). DS-018995 - EU Trade Since 1988 By SITC. Available at: http://epp.eurostat.ec.europa.eu
48 Eurostat database (2018). DS-018995 - EU Trade Since 1988 By SITC. Available at: http://epp.eurostat.ec.europa.eu

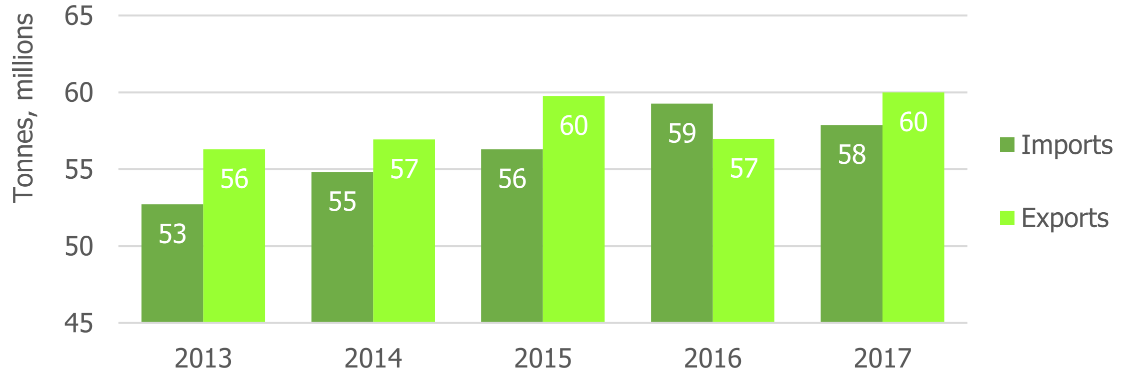
consequences from stronger value of the euro which limits trade to countries outside Eurozone, i.e. expansion of German exporters and activities of foreign importers. Also, other factors have played a major role, such as fluctuating raw-material purchasing prices, especially of milk.

**Figure 1. Food and beverages trade value dynamics in Germany, € billions[49]**




When taking into account trade volume dynamics (Figure 2), it is revealed that Germany's export volume of food and beverages slightly decreased in 2016, most likely due to Russia's trade embargo extension, but snapped back quickly in 2017 by retargeting exports to other countries. Import volume declined only in 2017, which also is a result of reasons mentioned above.

**Figure 2. Food and beverages trade volume dynamics in Germany, million tonnes[50]**



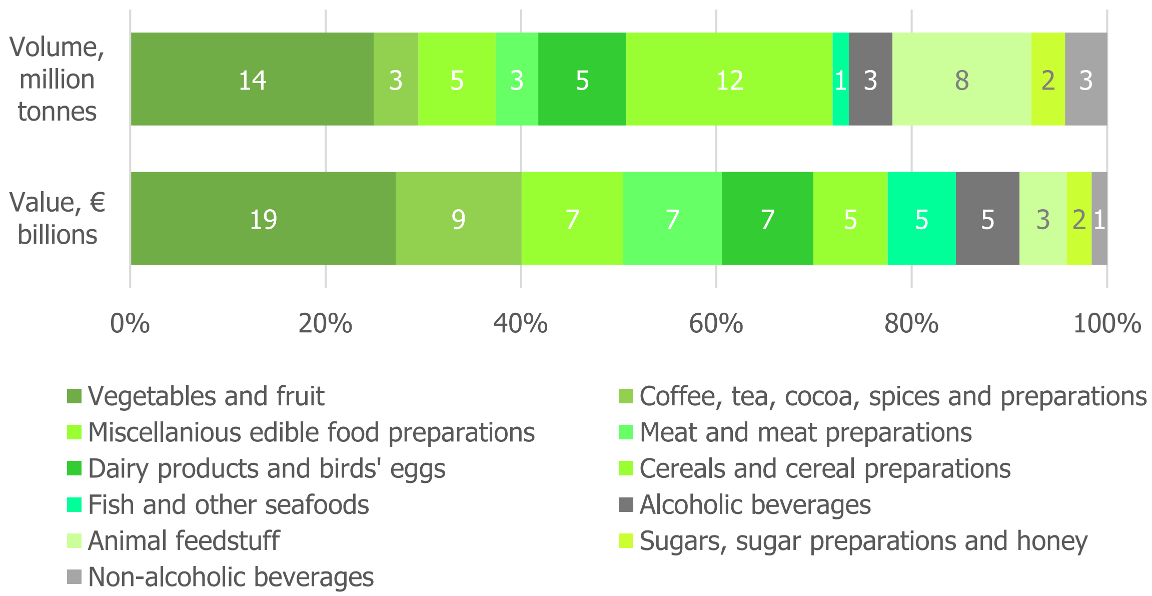

An in-depth look at the Germany's key import trade partners indicate that food and beverages are most commonly being imported from geographically nearby countries. In 2017, 80% of all food and beverages imports in terms of value in Germany originated from the EU, and just 20% - from the non-EU countries. In terms of quantity, the origin of 86% of imports is the EU and just 14% - non-EU countries. This indicates that the preference for imports from the further non-EU countries is for less bulky items, but with a higher value. The largest trade partners for Germany's food and beverages imports in 2017 were

49 Eurostat database (2018). DS-018995 - EU Trade Since 1988 By SITC. Available at: http://epp.eurostat.ec.europa.eu
50 Eurostat database (2018). DS-018995 - EU Trade Since 1988 By SITC. Available at: http://epp.eurostat.ec.europa.eu

Netherlands, Italy, France, Spain, Poland and even Czech Republic, when import volumes are also taken into account. These countries account for slightly more than half of all food and beverages imports in Germany, both in terms of value and volume.[51]

In 2017, the most imported product groups in Germany within the food and beverages category in terms of value were vegetables and fruit, making up 27.2% of all imports, coffee, tea, cocoa and spices – 12.9%, as well as miscellaneous food preparations – 10.4% (Figure 3). In terms of volume, the most imported product groups were also vegetables and fruit, constituting 24.9% of all imports, but also cereals and cereal preparations – 21.1%, and animal feedstuff – 14.2%. However, for geographically distant non-EU importers, less bulky product groups would be more suitable.

**Figure 3. Breakdown of Germany's import of food and beverages in 2017[52]**




The largest import volume surplus in Germany are for product groups such as fruits and vegetables, coffee, tea, cocoa, spices, as well as nuts, which accordingly are the most attractive for foreign importers. Import value surplus also show a high demand for fish, seafood and alcoholic beverages. Olive oil, as well as honey, are also favoured import product groups in Germany. [53]

### 4.1.2. Dried fruit imports

For this section, it has to be taken into account that import data does not show the full picture of the market. The collected data on Germany's imports of dried fruits should not be viewed as complete, as data was available only for the major fruit types, excluding dates, for which comparable data was not available). Data was also not available for less common fruit types, such as mangoes, pineapples and berries, such as strawberries, goji berries etc. Therefore, the total import values and volumes are most likely even higher than displayed here.

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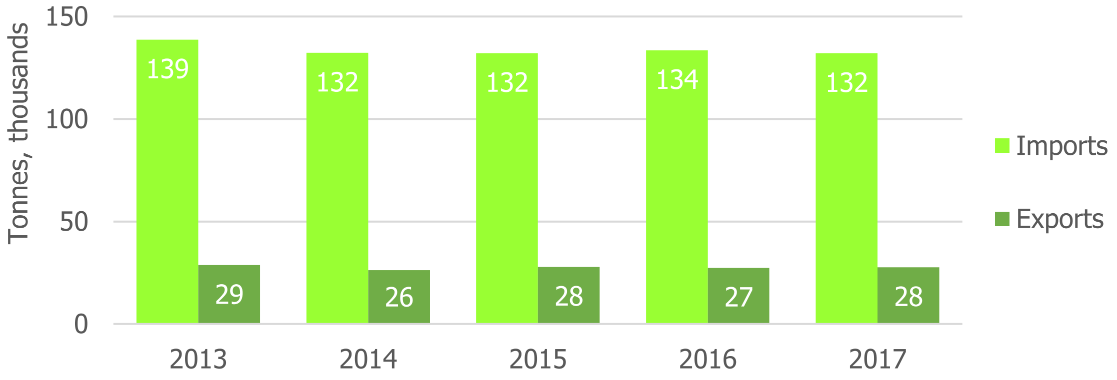
51 Eurostat database (2018). DS-018995 - EU Trade Since 1988 By SITC. Available at: http://epp.eurostat.ec.europa.eu
52 Eurostat database (2018). DS-018995 - EU Trade Since 1988 By SITC. Available at: http://epp.eurostat.ec.europa.eu
53 Eurostat database (2018). DS-018995 - EU Trade Since 1988 By SITC. Available at: http://epp.eurostat.ec.europa.eu

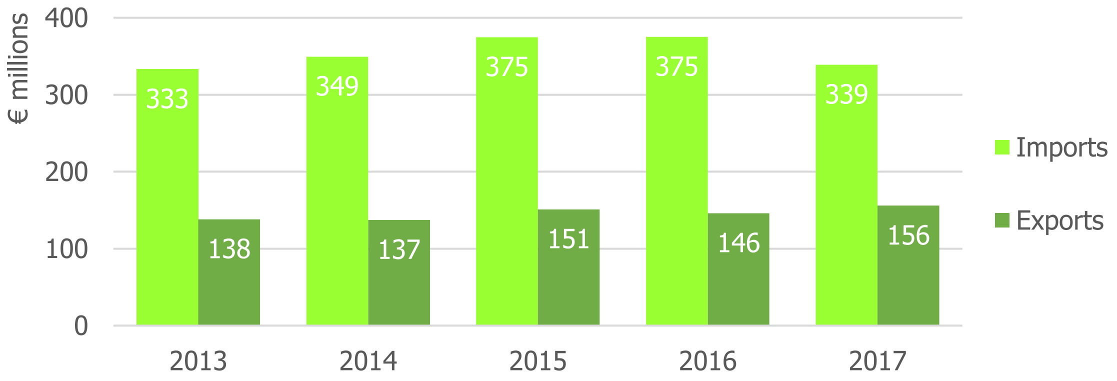
Overall, Germany is the largest importer of dried fruits in the EU in terms of both volume and value. It is also the 2nd largest net importer of dried fruits in terms of volume after the UK.[54] In 2017, Germany imported 132 thousand tonnes of dried fruits and exported 28 thousand tonnes, which is just a fifth of imports (Figure 4). Nevertheless, not all of imported dried fruits are consumed locally. Germany is a large re-exporter of dried fruits, being a transit point to Europe. There are numerous dried fruit processing companies that import products in bulk from third world countries, and, after repackaging and marketing them, are able to export these products as branded for further consumption in the EU.

**Figure 4. Dried fruit trade volume dynamics in Germany, thousand tonnes[55]**




Although for the past 5 years, Germany's imports of dried fruit in terms of volume have stagnated (Figure 4), imports in terms of value indicated on stable development (Figure 5). However, in 2017, import value declined by 10%, while import volume declined by 2%, revealing that the competition among foreign importers has become tighter and import prices have dropped. In addition, for the past few years, Germanys own production of apples, sweet cherries and bush berries have increased, which, in combination with the increased activity of dried fruit processing companies, is the reason for growth of locally dried fruit production and exports.

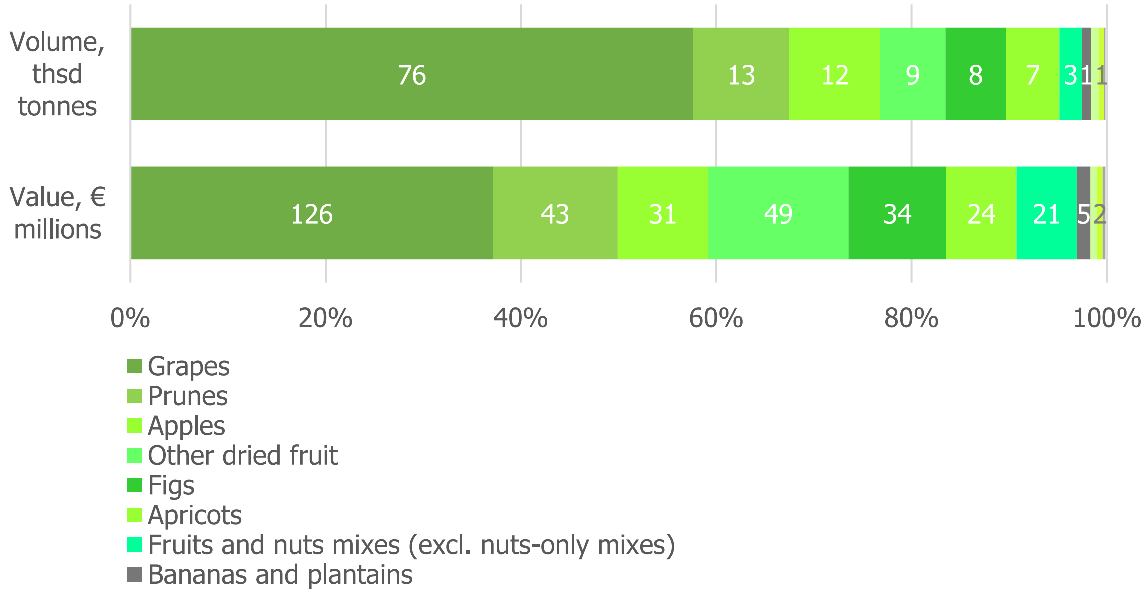
**Figure 5. Dried fruit trade value dynamics in Germany, € millions[56]**




54 54
55 Eurostat database (2018). DS-045409 - EU Trade Since 1988 by HS2, 4, 6 and CN8. Available at: http://epp.eurostat.ec.europa.eu
56 Eurostat database (2018). DS-045409 - EU Trade Since 1988 by HS2, 4, 6 and CN8. Available at: http://epp.eurostat.ec.europa.eu

The largest dried fruit group that Germany imports in terms of volume are grapes, mostly raisins and sultanas. Although not available in the collected data, dates are the second largest imported dried fruit group,[57] followed by prunes, apples, figs and apricots (Figure 6). Although grapes are also the largest import group in terms of value, they are significantly lower priced than other dried fruit groups, so their share in import value is not as major. Instead, prunes, apples, figs and apricots make up a larger share of import value.

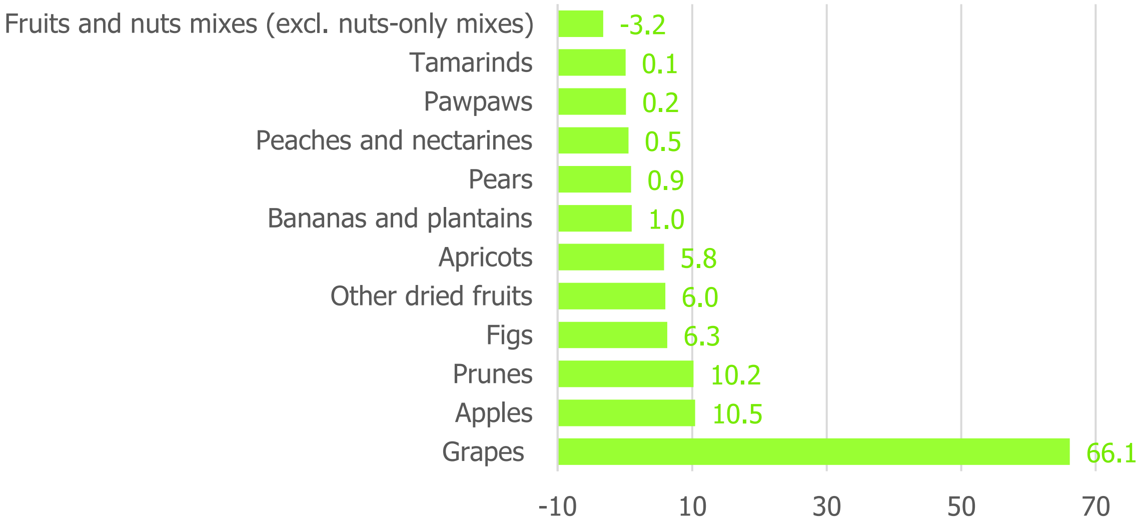
**Figure 6. Breakdown of Germany's imports of dried fruits in 2017[58]**




By looking at Germany's net import volume of dried fruits, the same picture is maintained, with grapes, apples, prunes, figs and apricots being the product groups with the largest trade gap (Figure 7). As bananas and plantains, pears, peaches and nectarines, as well as pawpaws and tamarinds are being imported considerably less, they also have a very small contribution to net import volume. The only product group with positive trade surplus are mixes of fruits and nuts, due to large processing and re-exporting activities of such products in Germany.

57 International Nut & Dried Fruit Council (2017). Nuts and Dried Fruits. Statistical Yearbook 2017/2018. Available at: https://www.nutfruit.org/files/tech/1524481168_INC_Statistical_Yearbook_2017-2018.pdf
58 Eurostat database (2018). DS-045409 - EU Trade Since 1988 by HS2, 4, 6 and CN8. Available at: http://epp.eurostat.ec.europa.eu

**Figure 7. Germany's net import volume of dried fruits in 2017, thsd tonnes[59]**




Most dried fruits in Germany are imported from non-EU countries. In 2017, 76% of all dried fruit imports in terms of volume originated in countries outside the EU, while in terms of value – 68%. Dried fruit imports from the EU accounted for 24% of the volume, but 32% of the value. This reveals the higher import price point of dried fruits from the EU in contrast to non-EU countries, most likely due to larger share of branded products. Germany's largest dried fruit import partners both in terms of volume and value at the same year were Turkey, United States, South Africa, Netherlands, Chile, Belgium, China and Austria, France and Poland, which together made up 86% of all import volume and 85% of import value. However, Germany's main import partner was Turkey, who contributed 39% of all country's dried fruit import volume and 30% of import value.[60]

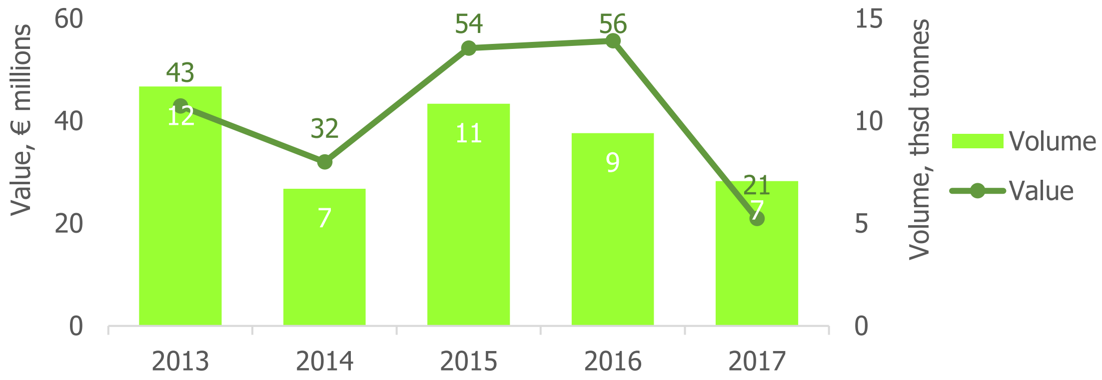
## 4.2. Imports from Georgia

### 4.2.1. Food and beverage imports

In 2017, Germany's food and beverages imports from Georgia accounted just for 0.03% in terms of value with €21 million and 0.01% in terms of volume with 7.1 thousand tonnes.[61] Over the past 5 years, import value and volume has fluctuated, and since 2016 is revealing a significant decline, which from the most part has resulted from smaller import volumes of fresh or dried fruit and nuts, as from lower import prices of preserved fruit and fruit preparations (Figure 8).

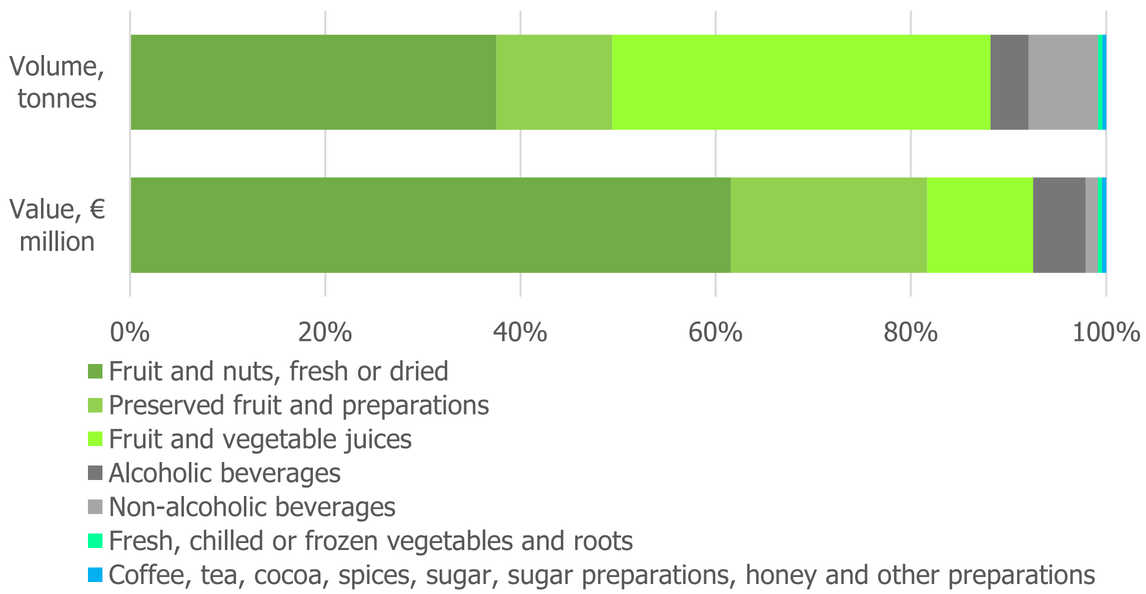
59 Eurostat database (2018). DS-045409 - EU Trade Since 1988 by HS2, 4, 6 and CN8. Available at: http://epp.eurostat.ec.europa.eu
60 Eurostat database (2018). DS-045409 - EU Trade Since 1988 by HS2, 4, 6 and CN8. Available at: http://epp.eurostat.ec.europa.eu
61 Eurostat database (2018). DS-018995 - EU Trade Since 1988 By SITC. Available at: http://epp.eurostat.ec.europa.eu

**Figure 8. Germany's import dynamics of food and beverages from Georgia[62]**




Most Germany's food and beverages imports from Georgia constitutes of fresh and processed fruit and vegetables (Figure 9). In 2017, fruits and vegetables represented 93% of all Germany's food imports from Georgia in terms of value and 88.7% in terms of volume. Fresh or dried fruits and nuts made up 61% of import value, but just 37.3% of import volume, preserved fruit and fruit preparations – 19.9% of import value and mere 11.8% of import volume, fruit and vegetable juices – 10.8% of import value, but 38.5% of import volume.

**Figure 9. Breakdown of Germany's imports of food and beverages from Georgia in 2017[63]**




Although imports from Georgia have declined in the past few years, this product group presents good further growth opportunities, especially for fruits and nuts, as local production in Germany of these products is very limited. However, because fruits and vegetables is the most highly demanded import product group in Germany with high import share from non-EU countries, the largest threat is the

62 Eurostat database (2018). DS-018995 - EU Trade Since 1988 By SITC. Available at: http://epp.eurostat.ec.europa.eu
63 Eurostat database (2018). DS-018995 - EU Trade Since 1988 By SITC. Available at: http://epp.eurostat.ec.europa.eu

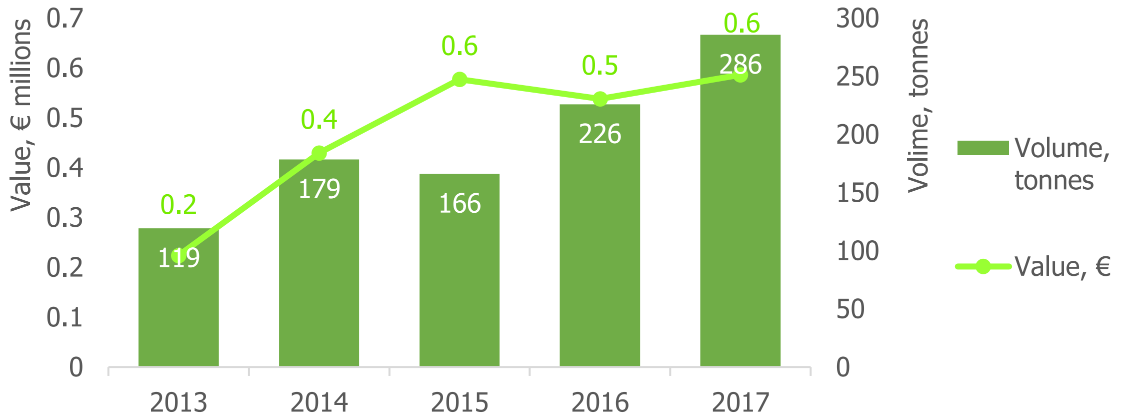
Germany's closest trade partners specializing in such imports, i.e. Italy, France and Spain which have lower logistics costs and other advantages characteristic for countries which are part of the EU.

### 4.2.2. Dried fruit imports

As mentioned before, the collected data on dried fruit imports in Germany from Georgia should not be viewed as complete, as data was available only for the major dried fruit types, excluding dates, as well as less common types, such as mangoes, pineapples and berries. As a result, the actual import values and volumes could be slightly higher.

According to available data, in 2017, Germany's dried fruit imports from Georgia contributed to 0.2% of all country's dried fruit imports in terms of both volume and value. [64] The same year, total dried fruit import volume amounted to 286 tonnes and value – to €0.6 million (Figure 10). Overall, for the past 5 years, dried fruit imports from Georgia have rapidly grown both in terms of volume and value.

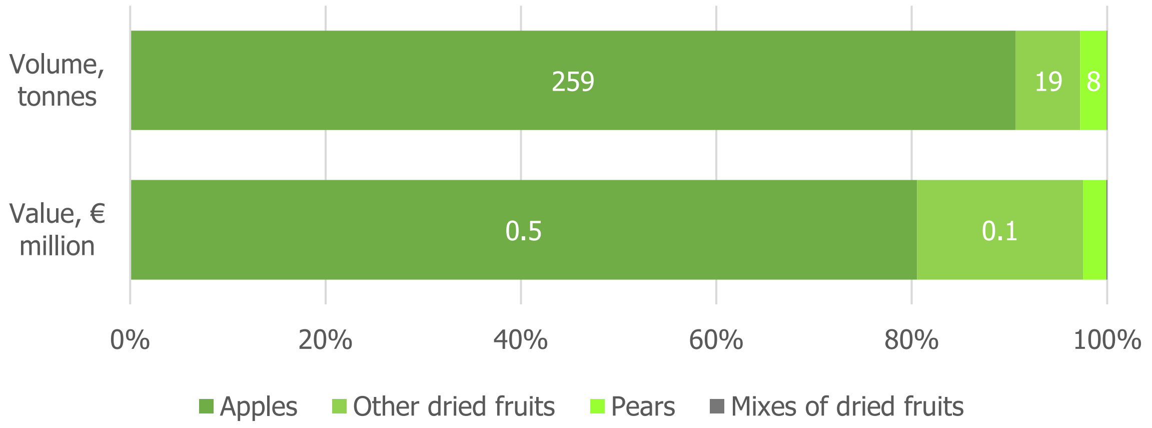
**Figure 10. Germany's import dynamics of dried fruits from Georgia[65]**




When looking more in-depth at the type of dried fruits Germany imports from Georgia, it becomes evident that the key product group are apples (Figure 11). In 2017, import of dried apples from Georgia accounted for 91% of all dried fruit imports in terms of volume and 81% - in terms of value. Although other fruits are also exported, due to relatively small amounts, data in greater detail is not available.

64 Eurostat database (2018). DS-045409 - EU Trade Since 1988 by HS2, 4, 6 and CN8. Available at: http://epp.eurostat.ec.europa.eu
65 Eurostat database (2018). DS-045409 - EU Trade Since 1988 by HS2, 4, 6 and CN8. Available at: http://epp.eurostat.ec.europa.eu

**Figure 11. Breakdown of Germany's imports of dried fruits from Georgia in 2017**[66]




Although dried apples is a highly imported product group in Germany, here is a tight-knit competition within this product group from other countries. Specifically, the largest Germany's trade partners for imports of apples are Turkey, China, Kyrgyzstan, Albania, Austria and Chile, account for 79% of dried apple import volume and 77% of import value in Germany.[67] The key Germany's import partner of dried apples, Turkey, although is geographically at a similar distance as Georgia, has significant advantages due to larger market size and well-established trade relationships in this product group. However, while small market size can have its own advantages too, the most significant challenge is the lack of trade support system and less connections, which is one of the most important factors that should be addressed to enable further trade growth.

## 5. Consumption and market trends

### 5.1. Consumption and eating habits

For German consumers, two of the key factors leading their purchasing decisions are quality and price. The steep market competitiveness and widespread availability of grocery discounters has led to high consumer demands and an increasing attentiveness to the concept of value for money. At the same time, part of consumers are also becoming more aware on the environmental and societal costs of producing cheap foods, and are turning towards organic and fair trade products, even though they are higher priced. Consciousness of health, wellness and sustainability also has resulted in a growing consumption of fresh and locally grown produce, for which consumers are ready to pay extra.

Consumption is also being influenced by the ageing population in the country. In Germany, consumers aged 50+ is the largest and the fastest growing target group holding over 50% of per capita purchasing power.[68] However, old stereotypes regarding this age group do not apply anymore, as today these consumers are more active as ever before, and, with the high mobility of younger generations, home-

66 Eurostat database (2018). DS-045409 - EU Trade Since 1988 by HS2, 4, 6 and CN8. Available at: http://epp.eurostat.ec.europa.eu
67 Eurostat database (2018). DS-045409 - EU Trade Since 1988 by HS2, 4, 6 and CN8. Available at: http://epp.eurostat.ec.europa.eu
68 Germany Trade & Invest. Available at: http://www.gtai.de/GTAI/Navigation/EN/Invest/Industries/Consumer-industries/consumer-markets-retail.html

cooked meals are becoming replaced by eating foods on-the-go (such as street foods or snacks) and embracing food services either in the form of eating out or ordering food deliveries at home. In contrast to previous decades, today these convenient formats are expected to provide just as healthy options as home-cooked meals.[69] [70]

German eating habits are similar to those in other European countries. However, the 7 million foreigners who live in Germany have changed eating habits of the locals and have introduced nearly every cuisine - Asian and Mediterranean, Turkish and African, Thai, Chinese, Indian and Vietnamese, Greek, Italian, Spanish and Moroccan.[71] This is also reflected in popularity of non-traditional ethnic food service operators.

Traditional German breakfast includes bread, toast or rolls with either marmalade and honey, or eggs, cold meats, such as ham and salami, and various cheeses, and a strong cup of tea or coffee. However, with today's busy lifestyles Germans are more often eating cereals rather than a heavy meal. Mid-day meals are usually consumed away from home, and they are becoming lighter, sometimes consisting only of snacks. The main meal or Germans nowadays is dinner rather than lunch, usually eaten at home. While traditional German dinner consists of whole grain bread, deli meats and sausages and cheese, today's eating habits have shifted towards warm dinner meals, with pork, beef, poultry and a variety of vegetables being the favourite main dishes. But the major influence from other culture cuisines and openness to new foods, have resulted in a greater consumption of seafood, like fresh herring, mackerel, salmon, sardines, trout, salmon, bream and carp. Noodles and dumplings in all forms are also very common - especially in the south. As a dessert, Germans consume their traditional cakes and pastries, accompanied by a hot cup of coffee or tea. Nevertheless, desserts and sweets are being consumed significantly less often.[72] Health-consciousness is the most significant factor for the changing German diet.

## 5.2. **Consumption of dried fruits**

When Germans do allow to treat themselves with the occasional snack, common treats are confectionery and baked goods, often supplemented with dried fruits, or snacks. Dried fruits are popular as they are a sweet, but rather healthy snack, supported by the growing demand for natural, nutritious food with no flavorings. Other consumption stimulus comes from innovation in the market, new packaging formats and new products featuring dried fruits.

In Germany, dried fruits are often used as a substitute for breakfast and lunch when on-the-go as convenient snacks. Alternatively, dried fruits are used to supplement breakfast cereals, which have grown in popularity because of busy lifestyles of Germans. Germany is one of the main markets for breakfast cereals with approximately 20% share of the EU market, which makes it the 2nd largest market in the

69 Euromonitor (2017). Packaged Food in Germany. Available at: http://www.euromonitor.com/packaged-food-in-germany/report
70 Euromonitor (2017). Consumer Lifestyles in Germany. Available at: http://www.euromonitor.com/consumer-lifestyles-in-germany/report
71 Federal Ministry of Education and Research. Living in Germany. Food and drink. Available at: https://www.research-in-germany.org/en/discover-germany/food-and-drink/breakfast-lunch-and-dinner.html
72 Federal Ministry of Education and Research. Living in Germany. Food and drink. Available at: https://www.research-in-germany.org/en/discover-germany/food-and-drink/breakfast-lunch-and-dinner.html

region.[73] Consumption of healthy cereal and energy bars supplemented with dried fruits and nuts is increasing as well.

The extensive usage variations of dried fruits and the large consumer base makes Germany one the largest consumers of dried fruits in the EU. Moreover, expanding immigrant populations have broadened demand for a greater variety of dried fruits. In 2016, the total global consumption of the major dried fruit groups, such as dates, apricots, figs, grapes and prunes was 2 754 billion tonnes, of which Germany's contribution was 106 billion tonnes or 3.9% (Table 14). However, it has to be taken into account that Germany is a major re-exporter of dried fruits (especially of dried figs), so the real consumption might be lower. [74]

**Table 14. Consumption of dried fruits in Germany in 2016[75]**

| | Total, mln tonnes | Per capita, kg/year | Global share, % |
|---|---|---|---|
| *Dates* | 11 060 | 0.90 kg | 1.2% |
| *Dried apricots* | 5 967 | 0.15 kg | 3.7% |
| *Dried figs* | 12 920 | 0.63 kg | 10.0% |
| *Dried grapes* | 66 096 | 1.08 kg | 5.0% |
| *Prunes* | 9 776 | 0.48 kg | 4.3% |

Most commonly consumed dried fruits in Germany are dried grapes with estimated per capita consumption of 1.08 kg per year (Table 14). Dried grapes make up most or 62.4% of all consumption of the major dried fruits groups in Germany. Dates are also very popular with per capita consumption of 0.90 kg per year, contributing 10.4% of all dried fruits consumption. Dried figs is the third most consumed dried fruit group with per capita consumption of 0.63 kg per year, constituting 12.2% of all dried fruit consumption. However, it is also a highly re-exported product, so the real consumption rates for Germans are most likely lower. Prunes and dried apricots are consumed the least, with per capita consumption of 0.48 kg and 0.15 kg per year accordingly.

## 5.3. Key market trends

### 5.3.1. Vegetarian and vegan foods

The vegetarian and vegan sectors is one of the fastest growing in the German market. As many as 7% of German adults consider themselves to be vegetarian, while 5% count themselves as vegan. These diet choices are particularly common among younger generations, 16-24 year olds. [76] However, vegetarian and vegan sectors are growing also because of the general trend towards natural, unprocessed and wholesome

73 Centre for the Promotion of Imports (2016). CBI Channels and Segments: Edible Nuts and Dried Fruit in Europe. Available at: https://www.cbi.eu/sites/default/files/market_information/researches/channels-segments-europe-edible-nuts-dried-fruit-2016.pdf
74 International Nut & Dried Fruit Council (2017). Nuts and Dried Fruits. Statistical Yearbook 2017/2018. Available at: https://www.nutfruit.org/files/tech/1524481168_INC_Statistical_Yearbook_2017-2018.pdf
75 International Nut & Dried Fruit Council (2017). Nuts and Dried Fruits. Statistical Yearbook 2017/2018. Available at: https://www.nutfruit.org/files/tech/1524481168_INC_Statistical_Yearbook_2017-2018.pdf
76 Mintel (2017). Germany hosted the highest number of vegan launches worldwide in 2016. Available at: http://www.mintel.com/press-centre/food-and-drink/germany-hosted-the-highest-number-of-vegan-launches-worldwide-in-2016

products. Many German consumers opt for vegetarian and vegan products due to perceived superior healthiness and a lesser amount of additives, as well as impact on the animal wellbeing and environment.[77]

These popular diet choices are also being supported by vegan-only grocery retailers, such as Veganz, Dr. Pogo and Vallagares, as well as by food producers, which are actively working on new product development. In 2016, Germany was the leading country in the world for new vegan product launches, with 18% of all global vegan product launches occurring in Germany. Moreover, among all food and beverage launches in Germany in 2016, 13% had vegan claims and 7% had vegetarian claims, marking a massive growth in sector activity during the past 5 years. [78] Following the trend, grocery retailers have rapidly adapted and developed their own private-label vegetarian and vegan products.

The rapidly growing sector in Germany has been strengthened by adopting strict labelling rules for vegetarian and vegan products in 2016, even before this was done by the EU. As a result, products can be only labelled as vegetarian and vegan products if they conform to legal definitions for the terms. Also, only conforming products can be marked with the V-Label, the international symbol for vegan and vegetarian products (Figure 12).

**Figure 12. V-Label symbols for vegetarian and vegan products**

It is highly advisable to obtain the rights to use this symbol, as it will improve the product visibility, especially for lesser-known foreign brands. The most promising vegetarian and vegan products to offer in the German market are meat substitute products, alternative milk products, as well as breakfast dishes (muesli, corn flakes, various curds, etc.) and non-gluten products. [79]

### 5.3.2. Organic foods

The movement for organic foods has long since achieved mainstream status in Germany due to high consumer health-consciousness, especially among younger generation aged 16-24 years. In 2016, the average annual expenditure on organic foods per capita rose to €97, which is nearly 2 times the average expenditure in the EU28 - €47.[80] [81]

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77 USDA Foreign Agricultural Service (2017). Vegan Market is Cooking in Germany. Available at: https://gain.fas.usda.gov/Recent%20GAIN%20Publications/Vegan%20Market%20is%20Cooking%20in%20Germany_Berlin_Germany_8-16-2017.pdf
78 Mintel (2017). Germany hosted the highest number of vegan launches worldwide in 2016. Available at: http://www.mintel.com/press-centre/food-and-drink/germany-hosted-the-highest-number-of-vegan-launches-worldwide-in-2016
79 USDA Foreign Agricultural Service (2017). Vegan Market is Cooking in Germany. Available at: https://gain.fas.usda.gov/Recent%20GAIN%20Publications/Vegan%20Market%20is%20Cooking%20in%20Germany_Berlin_Germany_8-16-2017.pdf
80 Germany Trade and Invest (2016). The food & Beverage Industry in Germany. Available at: https://www.gtai.de/GTAI/Content/EN/Invest/_SharedDocs/Downloads/GTAI/Industry-overviews/industry-overview-food-beverage-industry-en.pdf?v=7
81 Euromonitor (2017). Organic Packaged Food in Germany. Available at: http://www.euromonitor.com/organic-packaged-food-in-germany/report

Today, Germany is the 2nd largest organic food market after the United States with retail sales of €9.48 billion in 2016. For the past 5 years, the organic food market in Germany has been recording an average annual growth of 8%. As a result, organic share of the total food retail sales has grown form 3.4% in 2010 to 5.1% in 2016. Although part of the sales growth can be attributed to rise in prices, most product categories also recorded sales volume increase. This was most explicit for organic food categories such as vegetable oils, poultry, potatoes, fruits and vegetables.[82] Organic trend is also quite prominent within food categories like dried fruits, nuts and seeds. Projections for the largest growth in the next years point out to categories such as organic instant meals, dairy products, confectionary and non-alcoholic beverages.[83]

Most of organic food sales in Germany are made by supermarkets – 57.5%, and natural food stores and markets – 30.1%.[84] As the demand for organic foods exceeds the local production capabilities, most organic products in Germany are imported. With the limited choice, most consumers do not pay particular attention to the origin country of the product. In 2016, the most imported organic categories in 2016 were soy beans, field peas, carrots, butter, grain maize and apples.[85]

Nearly all German supermarket chains are intensifying their activities to increase the variety of organic products in their assortment, as there is a still strong dominance of just a few major organic producers, such as Hipp and Alnatura Produktions. This is a counter move to expansion of organic-only retail chains, with the key players being Alnatura, Denn's, BioCompany and Basic. Some supermarket chains, like Edeka and Rewe, are even creating their own organic (as well as vegetarian and vegan) private-labels to retain customers. And, as supermarket private-labels tend to be lower priced than international imported brands, they have a significant advantage, as the key factors in organic food purchases for German consumers are price and value-for-money.

Another factor playing a significant role for German consumers is labelling, as producers must conform to rigorous standards in order to obtain the right to use certain organic recognition symbols. The most popular and widely trusted symbols are the Bio-Siegel logo, regulated by the German government, Demeter logo of the largest biodynamic agriculture certification organization Demeter International, as well as the EU's organic logo Euro Leaf, which is mandatory for all organic pre-packaged food produced within the EU in order to make organic products easily identifiable by the consumers (Figure 13).

**Figure 13. Symbols for organic food products - Euro Leaf, Demeter and Bio-Siegel**

82 Agricultural Market Information Company (2017). The organic market in Germany - highlights 2016. Available at: http://orgprints.org/31200/7/schaack-2017-organic-market-germany-biofach2017.pdf
83 Germany Trade and Invest (2016). The food & Beverage Industry in Germany. Available at: https://www.gtai.de/GTAI/Content/EN/Invest/_SharedDocs/Downloads/GTAI/Industry-overviews/industry-overview-food-beverage-industry-en.pdf?v=7
84 Agricultural Market Information Company (2017). The organic market in Germany - highlights 2016. Available at: http://orgprints.org/31200/7/schaack-2017-organic-market-germany-biofach2017.pdf
85 Agricultural Market Information Company (2017). The organic market in Germany - highlights 2016. Available at: http://orgprints.org/31200/7/schaack-2017-organic-market-germany-biofach2017.pdf

### 5.3.3. Healthy snacks and convenience foods

The busy lifestyles of modern German consumers is one of the key factors for growth of portable snack foods which offer both nutrition and convenience, including fruit snacks, snack bars, packs of dried fruits and nuts, and healthy biscuits. In 2017, retail current value sales increased by 3%, following the trend of previous years.[86] Producers also boost category's growth by continuing to innovate with healthier products, more portable or mini-sized packaging and different flavours. Consumers, too, are looking more closely at nutritional value and aim to choose products with the lowest sugar and fat content. Similarly, healthy convenience foods, such as cereals and yogurt supplemented with dried fruits, nuts and seeds, are slowly becoming more common than less healthy convenience foods. Although products in this category are generally more expensive, expansion of the economy and high levels of consumer confidence allowed the category to bloom. Moreover, this trend goes hand-in-hand with the boosted consumption of organic foods, as the targeted consumer groups often overlap, thus producers tend to combine claims on both product healthiness and its organic certifications.

The health and wellness trend within the category also has promoted growth of both demand and supply of new superfood products, such as supergrains, dried superfruits and superseeds. According to market research company Mintel, Germany is the 2nd most innovative market for new superfood launches, following the lead of the US. In 2017, 9% of global food and drink launches carrying a superfood claim occurred in Germany, up from a 6% share in 2016.[87] It has been projected that growth in this category will expand beyond the initial focus on popular ingredients such as chia, amaranth and quinoa, with the growing use of other lesser known superfood ingredients. Dried superfruits, such as cranberries, goji berries, blueberries and mulberries, also are growing in popularity due to being easily consumed as their own as a snack on-the-go.

Overall, healthy snacks and convenience foods continued to be led by major private-labels of discounters Lidl and Aldi, as well as supermarket grocery chains EDEKA and REWE. Private-labels in Germany benefit from strong brand recognition, similar to that of traditional brands, as well as consumer appreciation of products with a good value-for-money.

### 5.3.4. Private labels

One of the growth factors of German grocery retail sales is the increased focus on private-label products. Half of German consumers believe that buying private-label products is something that savvy shoppers would do.[88] Germany has one of the highest shares of private-label sales in Europe, due to the strong

86 Euromonitor (2017). Sweet biscuits, snack bars and fruit snacks in Germany. Available at: http://www.euromonitor.com/sweet-biscuits-snack-bars-and-fruit-snacks-in-germany/report
87 Minel. Germany is now the world's second most innovative market for superfood launches. Available at: http://www.mintel.com/press-centre/food-and-drink/germany-is-now-the-worlds-second-most-innovative-market-for-superfood-launches
88 Yumda. Europe at the forefront of private label premiumisation. Available at: http://www.yumda.com/en/news/1154722/europe-at-the-forefront-of-private-label-premiumisation.html

presence of major discounter chains Lidl and Aldi, as well as increasing own private-label development across largest supermarket chains, such as Rewe Group and EDEKA Group.

German supermarkets have borrowed the success model from the leading discounters and managed to build higher-value private-label ranges over recent years, which are cheaper than branded products but, at the same time, are perceived as having a better value-for-money than discounter private-labels. The number of new private-label product launches has grown exponentially for the past 5 years.[89] According to market research company Nielsen, private-label share of food products in Germany reached 36% in 2016, showing an increase by 1% point in 2014. Higher shares were reached only in the UK and Spain.[90] Private label share of organic food products is estimated to be slightly lower, at 29%, revealing a high growth potential due to massive demand and high imports.[91]

As German consumers are responding positively to expanding share of private-labels not only in discounters but in supermarkets as well, and appreciate their perceived value-for-money, more novelties are becoming to appear in store shelves, such as expensive high quality premium products. The fastest growing private-label categories are organic, ethical, premium, free-from, vegetarian, vegan, and ready meals.[92] [93] However, as private labels begin to focus less on price and more on brand and added value, there is a risk that private labels will lose their cost edge.

### 5.3.5. **Online shopping**

The strong presence of discounters, which traditionally do not have online stores and the high density of smaller grocers are the main factors that has lagged the development of grocery online shopping in Germany. In 2017, grocery online sales in Germany accounted only for 1.7% of the total grocery sales. In contrast, the share in the UK was 7.5% and in France – 5.6%.[94]

Although online shopping still accounts for a low share of the total grocery retail sales in Germany, considerably less than in other European countries, it is continuing to increase its share due to obvious time-saving benefits and convenience factor. It has been estimated that in 2017, around 15% of German consumers purchased more than half of their groceries online and this proportion is due to increase in 2018, as 20% of consumers are planning to do so in the next 12 months .[95]

The change in German shopping habits started to take off after the expansion of Amazon grocery operations in the market, most notably the entrance of Amazon Pantry in 2015, and Amazon Fresh online

89 Agriculture and Agri-Food Canada (2016). Private Label Trends - Packaged Food in Germany. Available at: http://www.agr.gc.ca/eng/industry-markets-and-trade/international-agri-food-market-intelligence/europe/market-intelligence/private-label-trends-packaged-food-in-germany/?id=1463150219477
90 Nielsen. Rise and Rise Again of Private Label. Available at: http://www.nielsen.com/content/dam/nielsenglobal/ru/docs/2018.02%20-%20Global%20-%20The%20Rise%20and%20Rise%20Again%20of%20Private%20Label.pdf
91 Euromonitor (2015). Private label in Wester Europe: Developments and future prospects.
Available at: https://www.wabel.com/sites/default/files/market_data/Euromonitor_Grocery%20SUMMIT.pdf
92 Agriculture and Agri-Food Canada (2016). Private Label Trends - Packaged Food in Germany. Available at: http://www.agr.gc.ca/eng/industry-markets-and-trade/international-agri-food-market-intelligence/europe/market-intelligence/private-label-trends-packaged-food-in-germany/?id=1463150219477
93 IGD (2017). German grocery market to grow 10.5% to 2021. Available at: https://www.igd.com/about-us/media/press-releases/press-release/t/igd-german-grocery-market-to-grow-105-to-2021/i/17008
94 Kantar World Panel (2017). E-commerce grocery market has grown 30%. Available at: https://www.kantarworldpanel.com/global/News/E-commerce-grocery-market-has-grown-30#download
95 PwC. Vier von zehn Deutschen wollen Lebensmittel online bestellen. Available at: www.pwc.de/de/handel-und-konsumguter/vier-von-zehn-deutschen-wollen-lebensmittel-online-bestellen.html

supermarket in 2017. Online sales of groceries are also growing due to retail chains Rewe and Edeka expanding their online operations, as well as a few start-ups. Growth has been recorded in all food and beverages categories, but most explicitly - for products such as specialty foods, non-alcoholic beverages and alcoholic beverages.[96] [97] Specialty products are particularly often purchases online, as they are not readily available in the nearest stores. This explains the popularity of online specialty stores, such as Gourmondo.

Grocery retailers are taking notice regarding their online presence also due to the ROPO effect or the concept of "researching online, purchasing offline." In Germany, it is becoming increasingly popular to research products online and compare prices of different brands, and afterwards going to stationary retail store where they can receive the best value-for-money. Alternatively, consumers can engage in ROPO activities even on the retail spot via smartphones. According to Deloitte survey, 38% of frequent online shoppers in Germany reported researching products online prior to visiting a store, with another 25% of frequent shoppers having researched online while in store. This research concept, also referred to as "multichannel retailing", has resulted in low brand loyalty levels and high demands, especially among Millennials and Gen Z-ers, for whom switching brands and retailers is easy when not satisfied.[98]

# 6. Food trade regulations

## 6.1. General food trade regulations

Germany's food and beverages laws and regulations are based on EU regulations and directives, such as the General food law and food safety regulation no. 178/2002, Food hygiene regulation no. 852/2004, General requirements for all food contact materials no. 1935/2004, Regulation on contaminants and traces no. 315/93/EEC, Regulation for organic food and farming no. 834/2007 and others. The main responsibility of regulations regarding imports and trade of food in Germany lie in domain of the Federal Ministry of Food and Agriculture, supported by the Federal Office of Consumer Protection and Food Safety.

The key legal foundation regulating food production, import and trade in Germany is the German Food, Commodities and Feed Act.[99] The Act covers all stages of the food value chain, and applies to food, beverage, feed and cosmetics goods with the main aim to regulate actions of manufacturers, dealers and distributors by ensuring traceability throughout the production and processing stages, as well as guaranteeing safety and quality of the goods. The Act consists of ordinances on topics such as hygienic and veterinary requirements, labelling, packaging, as well as numerous rules for special product groups.

96 Euromonitor (2016). Grocery Retailers in Germany. Available at: http://www.euromonitor.com/grocery-retailers-in-germany/report
97 USDA Foreign Agricultural Service (2017). Retail Foods – Germany. Available at: https://gain.fas.usda.gov/Recent%20GAIN%20Publications/Retail%20Foods_Berlin_Germany_8-7-2017.pdf
98 Germany Trade & Invest. Available at: http://www.gtai.de/GTAI/Navigation/EN/Invest/Industries/Consumer-industries/consumer-markets-retail.html
99 Lebensmittel-, Bedarfsgegenstände- und Futtermittelgesetzbuch (Lebensmittel- und Futtermittelgesetzbuch - LFGB). Available at: https://www.gesetze-im-internet.de/lfgb/LFGB.pdf

### 6.1.1. Import regulations

The strict food and feed legislation applies to all foods and feeding stuffs, both originating from within and outside of the EU. For most agricultural products, such as grains, milk, meat, olive oil, fruits and vegetables, wine, sugar, as well as food supplements, imported into Germany from a country outside of the EU, the admissibility of products largely depends on a conformity certificate or a disclaimer, as well as of an agricultural certificate of origin. The importer must be able to present a valid conformity certificate from either the Federal Agency for Agriculture and Food (Bundesanstalt für Landwirtschaft und Ernährung - BLE)[100], which is the main authority for imports of agricultural products, or from a recognised inspection service in a third country. If none of the mentioned certificates are present, the Federal Agency of Agriculture and Food is able to issue a disclaimer in some cases.

The competent customs administration authority in Germany for all products imported from countries outside the EU is the Customs and Excise Board (Bundeszollverwaltung).[101] The documentary basis for customs declarations is the single administrative document, which is used within the framework of trade with third countries and for the movement of non-EU goods within the EU. The document may be presented both by the importer or its representative either by physically lodging it at the designated Customs office or via submitting it electronically on the Customs and Excise Board website.

There are no additional import duties for agricultural imports from Georgia, as since July 1st of 2016, a preferential trade regime between Georgia and the EU came into force - the Deep and Comprehensive Free Trade Area (DCFTA), based on the principles of the World Trade Organisation. Since then, the new trade regime has removed all import duties on goods, as well as allowed Georgian companies to set up a subsidiary or a branch office in the EU on a non-discriminatory basis and enjoy the same benefits as domestic companies do.

### 6.1.2. Food safety and hygiene

Germany has an excellent reputation for its high level of food safety, as well as high standards of hygiene, as EU countries can impose stricter national requirements in addition to the EU standards. The German Food, Commodities and Feed Act provides that operators across the whole food production and trade chain, including producers, importers, distributors and retailers, are all responsible for products they place on the market. However, even if products do not comply with the national requirements, they can be imported to ensure free movement of goods, as long as they are legal in another EU member state. However, in such case, importers will need to obtain a special permit, issued by the Federal Office of Consumer Protection and Food Safety (BVL).[102]

100 Bundesanstalt für Landwirtschaft und Ernährung. Available at: www.ble.de
101 Bundeszollverwaltung. Available at: www.zoll.de
102 IXPOS, The German Business Portal. Food and beverage. Market access. Available at: https://www.ixpos.de/IXPOS/Navigation/EN/Your-business-in-germany/Business-sectors/Consumer-goods/food-and-beverage,t=market-access-,did=263444.html

Generally, food vendors do not need a special permission, except for sales of novel and dietetic foods, which are subject to general authorization requirements. However, even if all the requirements have been taken into account, customs authorities can sometimes initiate an additional investigation of imported food products, especially if a national or European institution has given an alert. In such cases, an official laboratory report proving the product's safety is usually requested. [103]

Most food hygiene standards have been harmonized across the EU, including phytosanitary standards in order to avoid diseases and pests. For plants, fresh fruits and vegetables, as well as raw and unprocessed nuts, a phytosanitary certificate is also required. The competent authority for phytosanitary inspections is the Julius Kuhn Institutute (Julius Kühn Institut - Bundesforschungsinstitut für Kulturpflanzen)[104], overseen by the Federal Ministry of Food and Agriculture.

### 6.1.3. Labelling and packaging

Companies exporting products to Germany also must take into account the the EU marketing standards, especially those regarding health claims, as well as labelling and packaging requirements which emphasize consumer safety and environmental friendliness. Products that already are in conformity with any standards adopted by the United Nations Economic Commission for Europe (UNECE), are considered as conforming to the general marketing standard in the EU, regarding such criteria as quality, size, labelling, packaging and presentation. The compliance with food marketing standards in Germany is controlled by the Federal Agency for Agriculture and Food.

The specific requirements for Germany is that the contents of the labelling must be in German language, and there are also specific provisions for different types of products.  Particular emphasis is also on the provision of proper and well visible food information to consumers, such as all food ingredients, allergens, precise nutritional value and instructions for use. Traceability of food products is also of utmost importance. For example, the country of origin must always be listed on food labels and all intermediaries, such as suppliers and distributors, must be included as well. [105]

In addition, German mentality for environmental-friendliness is reflected in requirements for product packaging as well. Importers, distributors and retailers must make sure that their food packaging materials comply with the EU's and Germany's regulations in terms of recycling and waste disposal. All transport, secondary and commercial packaging, must be collected including all additional packs that reach the consumer. In case of large packaging volumes (50-80 tonnes), responsible authorities must be warned and the waste must be recycled.[106]

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103 IXPOS, The German Business Portal. Import regulations. Available at: http://www.ixpos.de/IXPOS/Navigation/EN/Your-business-in-germany/Market-entry/import-regulations,did=271212.html
104 Julius Kühn Institut - Bundesforschungsinstitut für Kulturpflanzen. Available at: www.jki.bund.de
105 IXPOS, The German Business Portal. Food and beverage. Market access. Available at: https://www.ixpos.de/IXPOS/Navigation/EN/Your-business-in-germany/Business-sectors/Consumer-goods/food-and-beverage,t=market-access-,did=263444.html
106 Deutscher Industrie- und Handelskammertag. Overview of the German Packaging Ordinance. Available at: http://www.ixpos.de/IXPOS/Content/EN/Your-business-in-germany/_SharedDocs/Downloads/overview-of-the-german-packaging-ordinance-2014.pdf?v=5

## 6.2. Dried fruit trade regulations

### 6.2.1. Import regulations

As dried fruits are mostly imported from non-EU countries, fulfilment of EU requirements for product quality are of the highest importance. Also, German buyers would expect suppliers to conform to additional quality standards, such as internationally recognized UNECE (United Nations Economic Commission for Europe) and CODEX (Codex Alimentarius) standards. Even though they are not legally binding, they are highly recommended for all suppliers who want to access the German market. [107]

The UNECE product standards concern mainly the marketing and commercial quality control of products, and the relevant standards are the following: DDP-07 for prunes, DDP-08 for dried dates, DDP-11 for dried grapes, DDP-11 for dried pears, DDP-14 for figs, DDP-15 for dried apricots, DDP-16 for dried apples, DDP-20 for dried peaches, DDP-25 for dried mangoes.[108] There are also UNECE recommendations for dried bananas, although on a trial basis until the end of 2018.[109] The CODEX standards contribute to the safety and quality products, as well as fairness of international food trade, and the corresponding standards are the following: 67-1981 for dried grapes, 130-1981 for dried apricots and 143-1985 for dates.[110]

Buyers in Germany are not only rigorous in terms of expected quality standards, but in general they are quite traditional and reluctant to change suppliers, which means additional market penetration challenges for new supplying countries.

### 6.2.2. Food safety and hygiene

Food safety and hygiene regulations for dried fruit products correspond to the general regulations for food products. However, there are some aspects of particular importance for this product category. In particular, the threshold limits for certain substances that could be present in dried fruits, such as microbiological contamination, contaminants and residues of pesticides. The basic principles of EU legislation on contaminants can be found in EC Regulation no. 315/93/EEC[111], while maximum allowed levels for contaminants are laid out in EC Regulation no. 1881/2006[112]. Also, although it is not a legal requirement, German buyers will expect the necessary checks and tests to have been carried out to ensure product is free from aflatoxins. For organic dried fruit suppliers, an explicit issue is cross contamination, as buyers aim to ensure their organic batch is not affected by this. For instance, there have been cases when

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107 Centre for the Promotion of Imports (2014). CBI Product Fact Sheet: Dried Apricots in Germany. Available at: https://www.cbi.eu/sites/default/files/market_information/researches/product-factsheet-dried-apricots-germany-processed-fruit-vegetables-edible-nuts-2014.pdf

108 United Nations Economic Commission for Europe. Dry and Dried Produce: Standards. Available at: https://www.unece.org/trade/agr/standard/dry/ddp-standards.html

109 United Nations Economic Commission for Europe (2017). UNECE standard DDP-XX. Dried bananas. Available at: https://www.unece.org/fileadmin/DAM/trade/agr/standard/dry/Recommendations/DDP_Rec_Dried_Bananas_e.pdf

110 Food and Agriculture Organization of United Nations. Codex Alimentarius. Standards. Available at: http://www.fao.org/fao-who-codexalimentarius/codex-texts/list-standards/en/

111 EC Regulation no. 315/93/EEC on contaminants in food. Available at: https://eur-lex.europa.eu/legal-content/EN/ALL/?uri=CELEX%3A31993R0315

112 EC Regulation no. 1881/2006 setting maximum levels for certain contaminants in foodstuffs. Available at: https://eur-lex.europa.eu/legal-content/EN/ALL/?uri=CELEX%3A32006R1881

products have been rejected at the EU border due to breach of the maximum permissible levels of sulphites, most commonly in dried apricots from Turkey.[113]

Also, for importers of dried fruit from non-EU countries, a special emphasis should be on traceability of products, i.e., the ability to track food through all stages of production, processing and distribution. There have been some concerns regarding untraceable imports from non EU-countries, as products can get labelled as coming from an intermediate country. For example, smaller supplying countries sometimes are forced to sell to large Turkish processors who have the required equipment to provide product at the necessary quality standards, especially regarding organic production. Thus it is important to ensure that the country of origin of products is not misrepresented.

### 6.2.3. Labelling and packaging

Labelling of dried fruit consumer packs sold in Germany must comply with the rules and regulations applying in the EU market, as laid out in European Commission (EC) Regulation no. 1169/2011 on the provision of food information to consumers[114]. As stated in the regulation, labelling of consumer packs cannot contain any toxic ink or glue. The key information that must be included on the labelling are as follows:

- Name of the product;
- List of ingredients;
- Quantity of an ingredient or category of ingredients;
- Net quantity (the amount of food in the container or package);
- Date of minimum durability;
- Special storage instructions;
- Name and address of the manufacturer or packager or EU buyer/retailer;
- Place of origin or provenance of the product;
- Batch number;
- Instructions for use;
- Certifier control number for organic products;
- Certification and/or retailer private-label logo (if applicable);
- Bar codes.

The use of nutrition and health claims on labeling is regulated by EC Regulation no. 1924/2006.[115] In addition, recommendations of CODEX should also be taken into account for labelling of packs for consumers or for catering purposes, specifically, Guidelines on the Labelling of Pre-packaged Foods CODEX

113 Centre for the Promotion of Imports (2014). CBI Product Fact Sheet: Dried Apricots in Germany. Available at: https://www.cbi.eu/sites/default/files/market_information/researches/product-factsheet-dried-apricots-germany-processed-fruit-vegetables-edible-nuts-2014.pdf
114 European Commission. Regulation (EU) No 1169/2011. Available at: https://eur-lex.europa.eu/legal-content/EN/ALL/?uri=CELEX%3A32011R1169
115 European Commission. Regulation (EU) No. 1924/2006. Available at: https://eur-lex.europa.eu/legal-content/EN/ALL/?uri=CELEX%3A02006R1924-20121129

STAN 1-1985[116] and Guidelines on the Nutrition Labelling CAC/GL 2-1985.[117] For dried fruit packs, it is suggested that the name of the product should be clearly marked, e.g. “Dried Figs”, together with its characteristics, such as variety and the type of pieces, e.g. "whole unpitted", "whole pitted", "halves" or "slabs", if the contents are not visible from the outside.

Even though food labelling is widely harmonized throughout the EU, there are some differences among countries. In Germany, it is required that the contents of the labelling must be in German language. However, terms used in marketing food products with added health claims include "wellness", "wellbeing" and "fitness" are generally used in English, but are sometimes translated as "Wohlbefinden". Accurate use of health claims and related terms is very important, as nearly all brands of dried fruit in Germany, regardless of having regular or organic products, emphasize messages of healthiness and naturalness and it is difficult to market dried fruits without the use of such claims. In addition, “free of” claims are often being used, e.g. free of artificial colours and flavourings, gluten-free, without added sugar, vegan etc.

Regarding packs or other type of packaging of dried fruits, EC regulations require that they must ensure a proper protection of the product. Materials used inside of the package must be of good quality and clean of foreign matter to avoid causing any damage. Most common packaging sizes of dried fruit sold in German retail stores are 100g, 150g, 200g, 250g, 500g and even 1kg. The packaging material for most brands is non-see-through plastic, but see-through plastic, paper and a combination of those is more common for organic brands, as natural materials in packaging provides more distinctive message on environmental-friendliness, but has higher associated costs (Figure 14) (Figure 15).

**Figure 14. Example of a typical dried fruit packaging and labelling in Germany (Seeberger, dried mango strips, 100g)[118]**


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116FAO. General Standard for the Labelling of Pre-packaged Foods. CODEX STAN 1-1985. Available at: www.fao.org/input/download/standards/32/CXS_001e.pdf

117 FAO, WHO. CODEX Guidelines on Nutrition Labelling CAC/GL 2-1985. Available at: http://www.fao.org/fao-who-codexalimentarius/sh-proxy/es/?lnk=1&url=https%253A%252F%252Fworkspace.fao.org%252Fsites%252Fcodex%252FStandards%252FCAC%2BGL%2B2-1985%252FCXG_002e.pdf

118 Amazon. Seeberger, Mango strips, 100g. Available at: https://www.amazon.com/Seeberger-Mango-getrocknet-100-g/dp/B005090EG6

**Figure 15. Example of a typical organic dried fruit packaging and labelling in Germany (Biojoy, dried aronias, 1kg)**[119]


Packages of dried fruits in bulk are required to contain product of the same commercial type and are ought to have a uniform net weight – usually, packaged in carton boxes in weight from 5kg up to 12.5kg. Some customers might request pre-packaging of the product as well into smaller 200g size packs ready for retail sale. All types of packages, such as cartons, bags and boxes, should ensure adequate protection against humidity during storage and transport of the product. Any paper or other material used inside the package should be new, waterproof and harmless to human health.[120]

**Figure 16. Example of a typical import package of dried fruit in Germany (Tilouche Fruit Import, washed and chopped Tunisian dates, 7kg/10kg)**[121]

119 Amazon. Biojoy Aroniabeeren BIO Aronia. Available at: https://www.amazon.de/Biojoy-Aroniabeeren-BIO-Aronia-Fr%C3%BCchte-Konservierungsstoffe-kontrolliert/dp/B01B4X9VUQ/ref=sr_1_1?s=grocery&ie=UTF8&qid=1525679517&sr=1-1&keywords=Biojoy+BIO+Aroniabeeren+getrocknet+%7C+100%25+Aronia

120 Centre for the Promotion of Imports (2014). CBI Product Fact Sheet: Dried Apricots in Germany. Available at: https://www.cbi.eu/sites/default/files/market_information/researches/product-factsheet-dried-apricots-germany-processed-fruit-vegetables-edible-nuts-2014.pdf

121 Tilouche Fruit Import. Products. Available at: http://tilouche-fruchtimport.com/produkte/

More details on requirements on product information and packaging for the transport of dried fruits are provided on the Transport Information Service website.[122]

## 7. Conclusions and recommendations

With the expansion of German economy, high consumer confidence levels and increased household spending, for foreign importers it is now as attractive market as ever. Although local food production is increasing and competition among importers is tightening, the astounding number and diversity of German consumers means that with proper knowledge of the local market and regional differences, nearly every business can find their niche.

However, consumers are becoming increasingly savvy and are using all information channels to find products with the best value-for-money. With all consumer groups in Germany being price-conscious, discounters such as Lidl and Aldi have become direct competitors to supermarkets like EDEKA and REWE, and private-label share in grocery retail is among the highest in Europe. At the same time, German consumers also demand high quality, as well as healthy and environmentally friendly products. With the key consumption trends being organic and fair trade products, vegetarian and vegan foods, healthy snacks and convenience foods, the German market is driven by new product developments and numerous launches each year.

The high consumer demands also are reflected onto supply purchasing process. Competition is increasing among producers and retailers, and a major price pressure is put on trade operators across all product supply chain. Also, all products, especially when supplied from non-EU countries, are a subject to strict quality requirements. Although Germany in general complies with the common EU regulations, German businesses often have additional demands to ensure superb quality, which a necessity in such a competitive market. Also, country-specific requirements such as product labelling in German, packaging and disposal fees, and rules regarding disposal and recycling of packaging must be taken into account.

Besides regulations, German businesses also are rather traditional and prefer to cooperate with long-time partners, which is why successful representation and recognition of the supplier and its products is of major importance. Online presence and local trade show visits are a must when trying to establish new trade connections in Germany.

Dried fruit segment is among the most demanding ones. Although dried fruits are highly imported in Germany, the vast majority of imports come from non-EU countries and have claims toward organic certifications, which has made quality inspections even stricter. Nevertheless, the segment has great future growth prospects due to consumers having busy lifestyles and turning to healthier foods supplemented with dried fruits and nuts, as well as consuming dried fruits on their own as snacks. Recently, however, Germany has increased its own dried fruit production and prices for imported dried fruits have slightly declined due to tight competition, so the opportunities for importers might be limited. Despite this,

122 Transport Information Service. Cargo information. Fruit, dried. Available at: http://www.tis-gdv.de/tis_e/ware/inhaltx.htm

Germany is still a major net importer of dried grapes, dates, prunes, apples, figs and apricots with good prospects in all of these categories.

Taking into account the specifics of the German market, several key entry models for Georgia's dried fruit producers have been distinguished according to the type of imported product, such as direct export to producers and retailers, and indirect export via importers/wholesalers/distributors (Figure 15).

**Table 15. Key market entry models for Georgia's dried fruit producers**

| | Entry Model | **Advantages** | **Disadvantages** | **Suitability** |
|---|---|---|---|---|
| *Branded products* | Direct export to retailers | • Unique selling point, if there is a strong brand<br>• Ability to compete with lower prices due to cutting out middlemen<br>• Full control over the supply process<br>• An in-depth knowledge of the client needs | • Difficult to establish connections<br>• Must have good knowledge of German consumers and trade requirements<br>• Need to have a strong brand to compete<br>• Low variety of stocked dried fruits in discounters, usually just private-labels<br>• Packaging and marketing related costs<br>• Specific purchase and delivery requirements (e.g. multi-trio Euro pallets) | Medium |
| *Branded products* | Indirect export via importers/ wholesalers/ distributors | • Good accessibility for foreign importers<br>• Local knowledge and contact network<br>• Assistance with marketing and promotion<br>• Assistance with trade requirements | • Need to have a strong brand to compete<br>• Packaging and marketing related costs | High |
| *Bulk products* | Direct export to producers | • High demand in healthy snack and convenience food segments<br>• Ability to compete with lower prices due to cutting out middlemen<br>• Full control over the supply process<br>• An in-depth knowledge of the client needs | • No unique selling point, must mainly compete with the price<br>• Must have good trade requirements<br>• Specific purchase requirements | High |

| | | | | |
|---|---|---|---|---|
| *Bulk products* | Direct export to retailers | • High demand in private-label segment<br>• Ability to compete with lower prices due to cutting out middlemen<br>• Full control over the supply process<br>• An in-depth knowledge of the client needs | • Difficult to establish connections<br>• Must have good knowledge of trade requirements<br>• Have specific needs for private-labels<br>• No unique selling point, must mainly compete with the price | Medium |
| *Bulk products* | Indirect export via importers/ wholesalers/ distributors | • Good accessibility for foreign importers<br>• Local knowledge and contact network<br>• Assistance with marketing and promotion<br>• Assistance with trade requirements | • No unique selling point, must mainly compete with the price | High |

By comparing main advantages and disadvantages of each model for Goergia's dried fruit producers of both branded and bulk products, it was determined that the most suitable models would be indirect export via importers/ wholesalers/ distributors, as well as direct export to producers, as there are less barriers – it is easier to establish these trade connections than relationships directly with retailers, also there are lower costs associated with marketing and the competition is not as much based on strength of the brand. Direct export to retailers would be a better option for later stages, when producer has a better knowledge of the local market, trade regulations, is able to ensure fulfilment of various specific requirements, as well as is ready to invest more into marketing.

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ABOUT EDA:

EDA was founded in 2012 with the mission to help Georgian enterprises grow and diversify their exports through advocacy, advisory and promotion. EDA is a member-driven association uniting up to 100 Georgian export-oriented producers and service providers. EDA offers Georgian exporters building capacity, develop an export marketing plan, provide export management service, select target export market and break down the barriers to trade. Most of EDA members are in production sectors, but EDA also affiliates tourism industry representatives. We offer permanently updated product/market briefs for exporters and Inspire Georgian companies to engage in exporting to expand their business horizons and grow internationally. Our key expertise is identification and execution of market entry strategies.

ABOUT GATEWAY & PARTNERS:

Gateway & Partners, formerly GatewayBaltic, was established in 2004 and is specialized in developing local exporters internationally. The mission is to boost customers' export sales by introducing them into new markets and discovering vital market information. Throughout the years Gateway & Partners has carried out projects for more than 1000 customers across various industries. Clients are individual local exporters, trade promotion agencies and clusters. Gateway & Partners works in any market where their clients wish to grow, as close as the Nordics and Europe and as far as Mexico and China.

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