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HONEY IN GERMANY

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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

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]

<table>
<tr><th></th><th>Sales, € mln</th><th>Share of sales, %</th><th>Number of stores</th></tr>
<tr><td>Full-range and convenience stores</td><td>38 282</td><td>68.5%</td><td>6 596</td></tr>
<tr><td></td><td colspan="3">• 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 m² up to 5 000 m². 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 m².
• Nah & Gut is a compact store format, mostly found in smaller municipalities. Sales area of this store format is up to 400m².
• 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.
• SPAR Express (www.spar-express.de) is EDEKA's convenience store format for service stations, airports, railway stations and in high-traffic locations.</td></tr>
<tr><td>Discounters</td><td>15 850</td><td>28.3%</td><td>4 878</td></tr>
</table>

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. • 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 REWE TO GO nahkauf	• 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. • 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. • 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.	• 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.
- 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. **Honey wholesale trade**

With local honey production covering only about 20% of the total domestic demand in Germany, the rest 80% are supplied with imported honey.[34] Also, because German consumers strongly prefer local brands, most of the imported honey is being supplied in bulk, then processed and repackaged by German businesses. This is also often necessary to blend most of the imported poly-floral honey and make table honeys acceptable for German consumers.

Importing and processing industry, as well as retail industry can be reached by different types of wholesale trade channels. A wide coverage of honey distribution channels is recommended to cover smaller specialized wholesalers as well, because honey in Germany is still often sold via specialized retailers rather than just via discounters and supermarkets. This is especially true for organic and fair trade honey specialties.

The key distribution channel of honey are importers of who also act as processors/packers and marketers. These companies usually supply all client categories, including the food processing industry with honey in bulk, as well as other wholesalers and grocery retailers with either already branded products or ensure private-label development. Other wholesale channels are specialized honey and related product wholesalers, who then distribute the honey further along the trade chain, including supply of other smaller

34 Honig-Verband. Honey market in Europe. Available at:
https://www.apimondia.com/congresses/2011/Economy/HONEY%20MARKET%20IN%20EUROPE%20-%20Frank%20Filodda.pdf

wholesalers, retailers, spas, cosmetics industry producers etc.[35] Some of the key honey importers, wholesalers and processors in Germany are Joh. Gottfr. Schütte, Tuchel & Sohn and others (**Error! Not a valid bookmark self-reference.**).

Table 11. Honey importers, wholesalers, processors/packers and marketers

	No. of employees	Category
D. Schumacher	-	Importer/processor
	• D. Schumacher (www.dsc.international) is an importer of honey, as well as of other bee by-products, such as beeswax, propolis, bee pollen and royal jelly. The company also has its own honey processing plant, where it can offer processing and packaging services.	
Joh. Gottfr. Schütte	83	Importer/wholesaler
	• Joh. Gottfr. Schütte (www.jgs.de) is an importer and wholesaler spices, herbs, honey and tea, as well as non-food consumer products. The company supplies European honey producers with unprocessed and untreated beekeeper honey from countries worldwide.	
MODULE	-	Importer/exporter
	• MODULE (www.module-gmbh.de) is a trade company specializing in imports and exports of honey, sweeteners and other raw food ingredients, including organic and fair trade products. The company also offers consultative services and acts as a representative agency.	
Honig-Wernet	10-20	Processor/packer/marketer
	• Honig-Wernet (www.honig-wernet.de) is a processor/packer and marketer of honey with origins in Germany, other EU and non-EU countries. The company's range covers 25 different products, spanning from premium honey to bulk packagers. Company's main customers are food producers, retailers and wholesalers.	
Tuchel & Sohn	41	Processor/packer/marketer
	• Tuchel & Sohn (www.tuchel-sohn.com) is a processor/packer and marketer of honey, as well as related products, such as bee byproducts, agave, maple and different fruit syrups. Company's clients include food producers, wineries, spas, cosmetics industry, etc. The company also offers to develop private-labels.	

More trade contacts can be provided by the German association of honey importers and processors/packers – Honig-Verband, which represents the interests of honey importing and

35 Centre for the Promotion of Imports (2015). CBI Product Factsheet: Organic Honey in Germany. Available at: https://www.cbi.eu/sites/default/files/market_information/researches/product-factsheet-germany-organic-honey-2015.pdf

processing/packing companies.[36] Honig-Verband also is a member of the European Federation of Honey Packers and Distributors, uniting traders across numerous countries. The association can support honey traders not only by connecting foreign producers with local importers and processors, but also by providing market related information and consultations on trade regulations and requirements.

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.[37] 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.[38]

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.[39] 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%.[40] 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.[41]

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. [42]

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

36 Honig-Verband. Home page. Available at: www.honig-verband.de
37 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
38 Trading Economy. Germany GfK Consumer Climate. Available at: https://tradingeconomics.com/germany/consumer-confidence
39 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
40 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
41 GFK (2017). Purchasing power Germany 2018. Available at: http://www.gfk.com/insights/press-release/purchasing-power-germany-2018/
42 Numbeo (2018). Cost of living. Rankings by country. Available at: https://www.numbeo.com/cost-of-living/rankings_by_country.jsp

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[43]

	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.[44]

3.2. Prices of honey

There are three distinctive honey segments in Germany. The largest one is the low-end segment of dark-colored bakery honey used for the industry. The medium-sized segment is that of the middle-range light-

43 Numbeo (2018). Cost of living. Available at: https://www.numbeo.com/cost-of-living/
44 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/

coloured poly-floral honey for table use. The smallest segment is that of the high-end specific flavor honey, such as mono-floral Manuka honey. [45]

Most of the medium quality poly-floral honeys end up as private-label products on shelves of discounters and supermarkets, as they can be offered at cheaper prices. The higher quality mono-floral and single-origin honeys are usually sold as brands, both in supermarkets and specialty stores. However, often the quality of private-label honeys is not that different from that of branded ones, and they can sometimes even come from the same honey batch.

Retail prices of honey in Germany are generally 2.5 - 3 times higher than producer prices due to costs arising from the whole trade chain - logistics, processing, packing, labelling and distributing. However, retail prices can very a lot, as some discounter and supermarket chains do not add any margin for their cheapest honey, while speciality stores can sometimes add more than double. Also, retail price is higher due to VAT, but in Germany VAT for agricultural and food products is reduced to 7%, which is considerably lower than in other EU countries.

There is a wide variety of honeys sold in German supermarkets and specialty stores with major price differences – from €8-20 per kg. Discounters, however, usually offer just a few varieties of honey, mainly of private-labels, so the price differences in discounters are limited. The key factors accounting for different retail prices are the honey variety, origin, brand, packaging type and volume, as well as if the honey is certified as organic and/or fair trade (Table 13). The most commonly sold type of honey in Germany is floral honey, which is also the cheapest, with other types of honeys being more expensive, such as Manuka, acacia and forest honeys, with pine, orange blossom and rapeseed honeys also widely available. Honey's price is also strongly determined by its origin – if the honey is originally produced in Germany, it will be more expensive than imported and repackaged honeys. Also, honeys from certain foreign origins, such as New Zealand and Austria, can often be marketed as being premium and thus will have a higher price. Organic and fair trade certifications also make honey more expensive - organic honey usually has an additional price premium of 5% - 15%[46] If the honey is fair trade, it can be even more expensive. However, German consumers are willing to pay a slightly higher price for honey to be organic, especially if it is locally produced.

Table 13. Prices of honey products in Germany, 2018 (€)[47] [48] [49]

	EDEKA		Allyouneedfresh		Amazon Fresh	
	Per kg	Pack	Per kg	Pack	Per kg	Pack
EDEKA, creamy, organic, jar, 500g	7.98	3.99				
EDEKA, liquid, organic, jar, 500g	7.98	3.99				
EDEKA, creamy, fair trade, jar, 500g	8.58	4.29				

45 Centre for the Promotion of Imports (2015). CBI Product Factsheet: Industrial Honey in Germany. Available at: https://www.cbi.eu/sites/default/files/market_information/researches/product-factsheet-germany-industrial-honey-2015.pdf
46 Centre for the Promotion of Imports (2015). CBI Product Factsheet: Organic Honey in Germany. Available at: https://www.cbi.eu/sites/default/files/market_information/researches/product-factsheet-germany-organic-honey-2015.pdf
47 EDEKA online store. Available at: www.edeka24.de
48 Alltouneedfresh online store. Available at: www.allyouneedfresh.de
49 Amazon Fresh online store. Available at: https://www.amazon.de/b?ie=UTF8&node=6723195031

Rüdiger Feldt, dark buckwheat honey, jar, 500g					9.8	4.9
Bihophar, floral mountain honey with honeycomb, 500 g	9.98	4.99	9.78	4.89		
Alnatura, floral honey, organic, dispenser, 350g	9.97	3.49				
Hoyer, acacia honey, organic, jar, 250g			10	4.99		
Wernet, forest honey, jar, 500g	12.98	6.49				
Wernet, forest honey, organic, jar, 500g	13.58	6.79				
Rüdiger Feldt, rosemary honey from Spain, jar, 500g					13.9	6.95
Bihophar, honey from Northern Germany, jar, 500 g			13.98	6.99		
Langnese, floral mountain honey, dispenser, 250g	13.2	3.29	15.2	3.79		
Bihophar, floral royal jelly honey, jar, 500g	14.98	7.49			14	7
Bihophar, wildflower honey from Portugal jar, 500 g	12.98	6.49			17.96	8.98
Alnatura, acacia honey, organic, dispenser, 350g	15.69	5.49				
Hoyer, meadow blossoms honey, organic, jar, 250g			16	3.99		
Langnese floral fruit honey, dispenser, 250g	14.8	3.69	15.2	3.79	20	5.01
Breitsamer, forest honey, dispenser, 350g			15.69	5.49	19.11	6.69
Hellma, floral honey, sticks, 100 x 8 g					20.42	16.34
Manuka Health MGO 250+, creamy, jar, 250g					122.4	30.59

The most popular honeys in Germany are of local brands, which process and package mostly imported honey, but offer limited locally produced honey as well (Table 13). The key local brand names are Echter Deutscher Honig, Rüdiger Feldt, Hoyer, Bihophar, Breitsamer, Langnese, Alnatura and Wernet. Private labels of supermarkets such as EDEKA and REWE, as well as discounters like Lidl and Aldi are also popular due to being less expensive than brands. Among imported brands, premium honeys and honeys with medical properties are the most popular, such as New Zealand's Manuka Health and Watson & Son from New Zealand, Italy's Rigoni di Asiago, and Austria's Darbo.

4. Imports

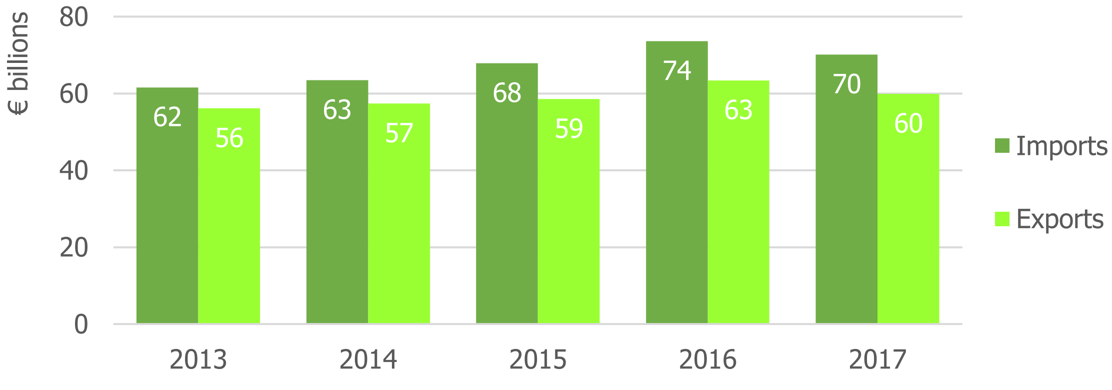
4.1. Worldwide imports

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.[50] 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. [51]

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, 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.

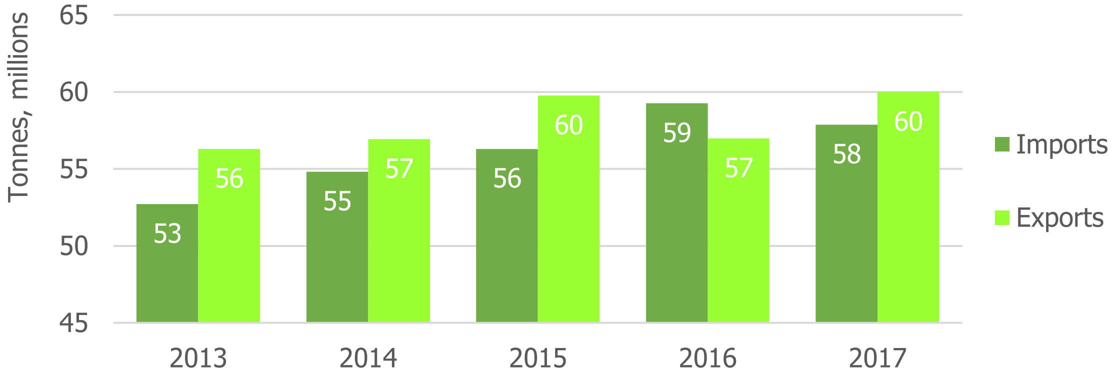
Figure 1. Food and beverages trade value dynamics in Germany, € billions[52]



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.

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

Figure 2. Food and beverages trade volume dynamics in Germany, million tonnes[53]

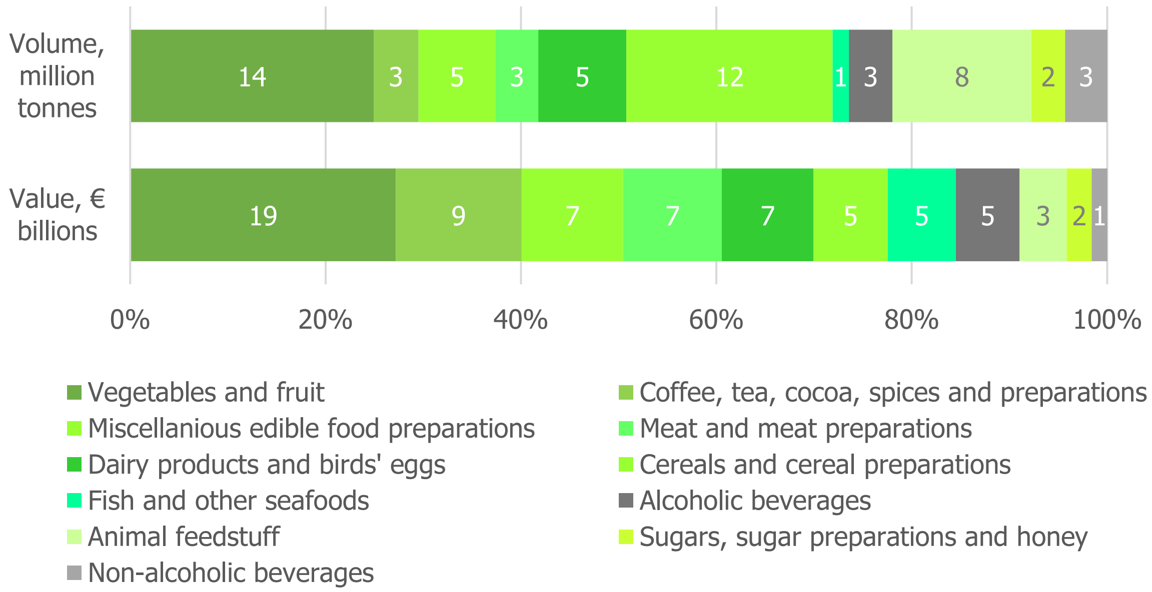


An in-depth look at the Germany's key import trade partners indicate that food and beverages are most commonly being imported from geographically nearby countries. In 2017, 80% of all food and beverages imports in terms of value in Germany originated from the EU, and just 20% - from the non-EU countries. 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 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.[54]

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.

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

Figure 3. Breakdown of Germany's import of food and beverages in 2017[55]



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. [56]

4.1.2. Honey imports

Honey imports in Germany are in high demand, as local production covers only about 20% of the total domestic consumption.[57] Germany is the largest importer of honey in the EU in terms of both volume and value. It is also has the largest net imports of honey in the EU. In 2017, Germany imported 90 thousand tonnes of honey, of which net imports accounted for more than two thirds or 66 thousand tonnes (**Error! Not a valid bookmark self-reference.**). Such import amount makes up around a quarter of total honey imports in the EU.

55 Eurostat database (2018). DS-018995 - EU Trade Since 1988 By SITC. Available at: http://epp.eurostat.ec.europa.eu
56 Eurostat database (2018). DS-018995 - EU Trade Since 1988 By SITC. Available at: http://epp.eurostat.ec.europa.eu
57 Honig-Verband. Honey market in Europe. Available at: https://www.apimondia.com/congresses/2011/Economy/HONEY%20MARKET%20IN%20EUROPE%20-%20Frank%20Filodda.pdf

Figure 4. Honey trade volume dynamics in Germany, thousand tonnes[58]

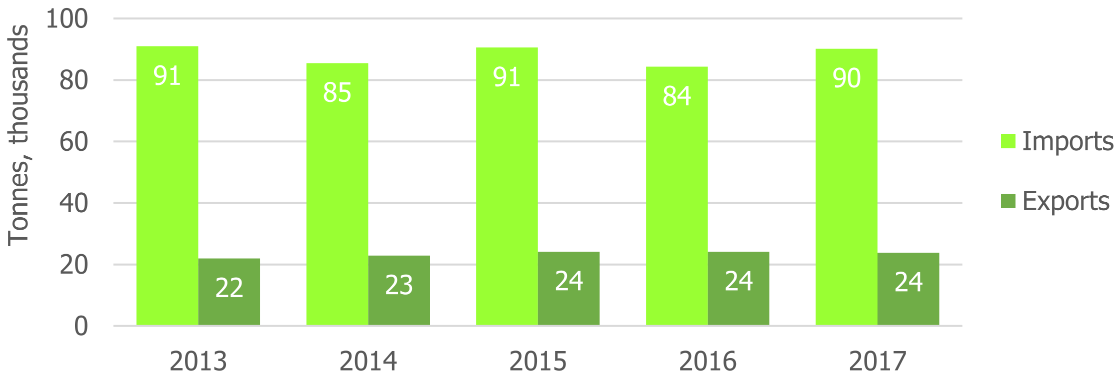
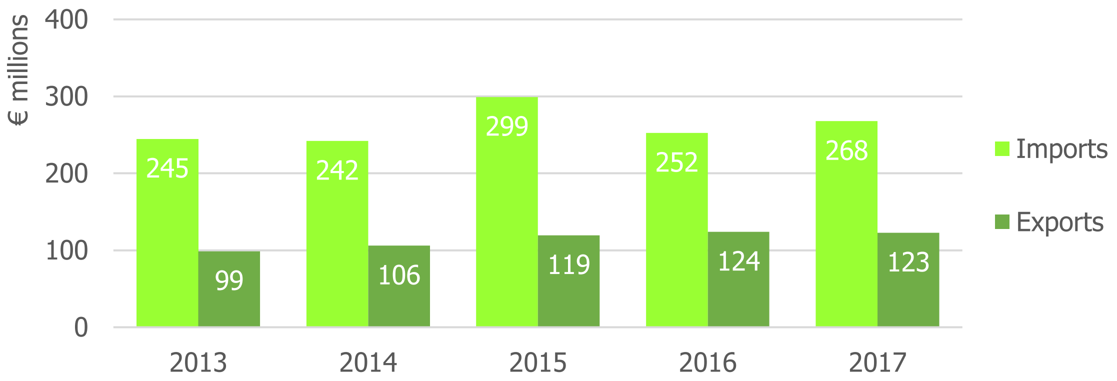


Figure 5. Honey trade value dynamics in Germany, € millions59



Most of honey imported in Germany originates from non-EU countries. In 2017, non EU-countries contributed to 66% of honey import volume and 58% of import value, while the EU countries – 34% of import volume and 42% of value. The difference between import volume and value stems from higher prices per unit for imported honey from the EU countries versus non-EU countries.

In 2017, Germany's largest honey import partners in terms of volume were Argentina, Mexico, Ukraine, Hungary and Cuba, accounting for over a half or 56% of imports. In terms of value, the largest import partners were Mexico, Argentina, Ukraine, Spain and Hungary, making up 49% of Germany's imports.[60] Although Argentina is still the leading import partner, changes within import structure have been occurring for the past few years due to decreased honey production in Argentina, which caused price growth for buyers. Because of this, German buyers have partly turned to China, but this has not been a viable option for many, as Chinese suppliers present structural quality problems. Ukraine has become a good alternative for German buyers, especially since the EU introduced duty-free quota for Ukrainian honey. [61]

Although Germany is a major net importer of honey, further import growth in terms of volume seems to be limited. This has been caused by the increased activity in the local beekeeping industry, which has recorded a rapid growth for the past few years, recovering from the decline trend which began in the 90s.

58 Eurostat database (2018). DS-045409 - EU Trade Since 1988 by HS2, 4, 6 and CN8. Available at: http://epp.eurostat.ec.europa.eu
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 Centre for the Promotion of Imports (2015). Product factsheet: Organic honey in Germany. Available at: https://www.cbi.eu/sites/default/files/market_information/researches/product-factsheet-germany-organic-honey-2015.pdf

Particular increase in the number of beekeepers, bee colonies and volume of honey production was experienced in 2017, when the local industry produced 29 thousand tonnes of honey, a third more than in previous year.[62] Moreover, projections for future development of Germany's beekeeping industry are very positive, which will create even more competitive market environment.

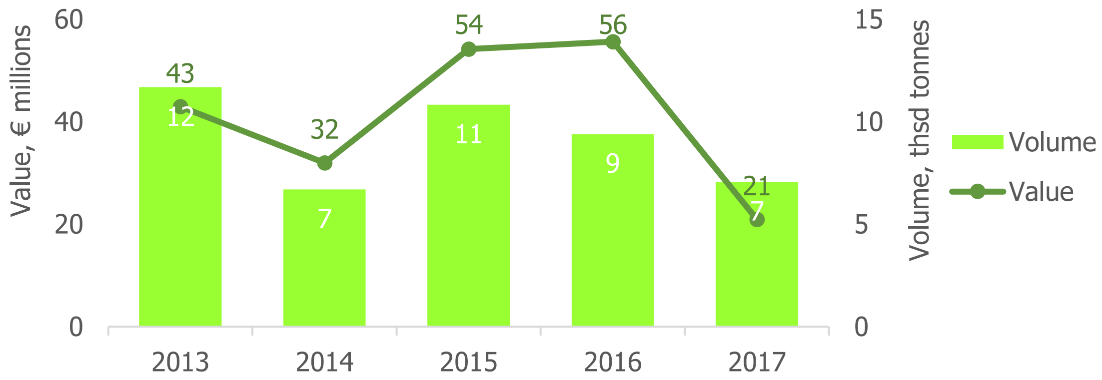
However, German local producers are still only able to meet just a fifth of the domestic consumption, so the key challenge in case of a stable, but stagnating import demand, is the competition with the current import partners. The structural import changes within the past few years provide new opportunities, as German buyers are looking for alternatives of cheap honey due to growing prices for honey from Argentina. While cheap prices are one of the key factors for buyers, quality is also very important, so suppliers from European countries have significant advantages. Although there is no data on honey imports in Germany from Georgia, Georgian honey suppliers have good prospects in this market segment.

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.[63] 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 6).

Figure 6. Germany's import dynamics of food and beverages from Georgia[64]

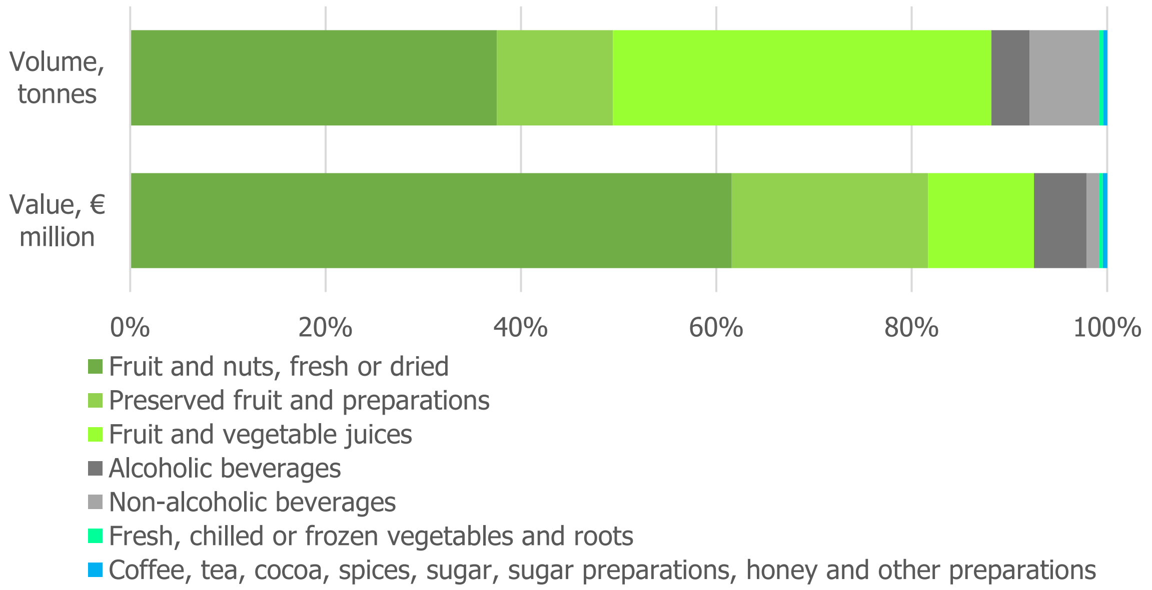


Most Germany's food and beverages imports from Georgia constitutes of fresh and processed fruit and vegetables (Figure 7). In 2017, fruits and vegetables represented 93% of all Germany's food imports from Georgia in terms of value and 88.7% in terms of volume. Fresh or dried fruits and nuts made up 61% of import value, but just 37.3% of import volume, preserved fruit and fruit preparations – 19.9% of import

62 Deutscher Imkerbund E.V. (2017). Imkerei in Deutschland. Available at: http://deutscherimkerbund.de/161-Imkerei_in_Deutschland_Zahlen_Daten_Fakten
63 Eurostat database (2018). DS-018995 - EU Trade Since 1988 By SITC. Available at: http://epp.eurostat.ec.europa.eu
64 Eurostat database (2018). DS-018995 - EU Trade Since 1988 By SITC. Available at: http://epp.eurostat.ec.europa.eu

value and mere 11.8% of import volume, fruit and vegetable juices – 10.8% of import value, but 38.5% of import volume.

Figure 7. Breakdown of Germany's imports of food and beverages from Georgia in 2017[65]



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 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.

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

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

power.[66] 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-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.[67] [68]

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.[69] 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.[70] Health-consciousness is the most significant factor for the changing German diet.

5.2. **Consumption of honey**

Germany is among the Top 5 leading consumers of honey in the world with the annual domestic consumption of 95 thousand tons in 2017 and the average consumption per capita of 1.1 – 1.2 kg per year.[71] [72] This is significantly higher than the world average. The consumption of honey in Germany is largely based on consumption of honey as a bread spread, which is a part of traditional German breakfast.[73] 2015 and 2016 estimates reveal that around 50% of all Germans eat honey on bread several

66 Germany Trade & Invest. Available at: http://www.gtai.de/GTAI/Navigation/EN/Invest/Industries/Consumer-industries/consumer-markets-retail.html
67 Euromonitor (2017). Packaged Food in Germany. Available at: http://www.euromonitor.com/packaged-food-in-germany/report
68 Euromonitor (2017). Consumer Lifestyles in Germany. Available at: http://www.euromonitor.com/consumer-lifestyles-in-germany/report
69 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
70 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
71 Statista (2017). Pro-Kopf-Konsum von Honig in Deutschland in den Jahren 2008 bis 2017 (in Gramm). Available at: https://de.statista.com/statistik/daten/studie/422472/umfrage/pro-kopf-konsum-von-honig-in-deutschland/
72 RTL. Honig im Test: Jedes zweite Produkt beinhaltet Pflanzengifte. Available at: https://www.rtl.de/cms/honig-im-test-jedes-zweite-produkt-beinhaltet-pflanzengifte-2091781.html
73 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

times a month. At the same time, other bread spreads, such as marmalades and jams remain more popular, being consumed by 75% of all Germans.[74]

The consumption of honey as a bread spread is a strong tradition in Germany, however, it is threatened by the changing breakfast habits of Germans, which often skip the meal at home and instead, opt to stop by foodservice outlets on their way to work or eat at cafeterias at their work place. Also, German consumers are increasingly replacing the traditional meals snacking on-the go, choosing convenient products like snack bars, muesli bars or pastries. This has reflected in the decline in retail volumes and stagnating value growth in all bread spread categories in 2017 – honey, chocolate spread, jams, marmalades and similar products.[75]

Furthermore, the high sugar content of most spreads diverts German consumers from bread spreads due to the strong health and wellness trend. Although honey consists of naturally occurring sugars, it is still high in sugars and thus its consumption is either avoided or severely reduced by many health-conscious consumers. Another factor adding to reservations of consumers, are honey contamination risks, as from time to time German media warns consumers on potential health hazards of honey, such as pesticides, genetically modified ingredients and toxic alkanoids that have been found in local and imported honey brands, as well as on lack of transparency of honey's origin.[76] This is also why so many German consumers prefer to pay premium for certified organic honey, as it is believed it has stricter quality control.

However, honey still has an overwhelmingly positive image in Germany, as it is a natural sweetener and has many perceived healthy features. This promotes the use of honey as a replacement of sugar and other sweeteners, both to sweeten drinks and in cooking by end-consumers, and in new product development by food producers, especially for sweetened products being marketed as natural and healthy, such as breakfast cereals, snack bars, whole-grain biscuits and even drinks.

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.[77] However, vegetarian and vegan sectors are growing also because of the general trend towards natural, unprocessed and wholesome 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.[78]

74 Bienen Journal. So beliebt ist Honig aufs Brot. Available at: https://www.bienenjournal.de/aktuelles/meldungen/so-beliebt-ist-honig-aufs-brot/
75 Euromonitor (2017). Spreads in Germany. Available at: http://www.euromonitor.com/spreads-in-germany/report
76 RTL (2016). Honig im Test: Jedes zweite Produkt beinhaltet Pflanzengifte. Available at: https://www.rtl.de/cms/honig-im-test-jedes-zweite-produkt-beinhaltet-pflanzengifte-2091781.html
77 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
78 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

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. [79] 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 (Figure8).

Figure 8. 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. [80]

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.[81] [82]

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 from 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

79 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
80 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
81 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
82 Euromonitor (2017). Organic Packaged Food in Germany. Available at: http://www.euromonitor.com/organic-packaged-food-in-germany/report

vegetable oils, poultry, potatoes, fruits and vegetables.[83] 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.[84]

Most of organic food sales in Germany are made by supermarkets – 57.5%, and natural food stores and markets – 30.1%.[85] 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.[86]

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 9).

Figure 9. Symbols for organic food products - Euro Leaf, Demeter and Bio-Siegel

Organic certification is especially common for honey products. As German consumers are continually being warned by media on contamination risks of honey, such as pesticides, genetically modified ingredients and toxic alkanoids, they often opt for table honey labelled as organic as such certification indicates on stricter

83 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
84 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
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
86 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

quality control and provides a certain guarantee honey is uncontaminated and beekeeping activities are being inspected. However, organic table honey still remains just a niche product, somewhat influenced by the fact that the local production of organic honey is very low due to lack of suitable beekeeping areas and other factors.[87] At the same time, organic certification is less common within industrial segment, as honey for industrial use is often of lower quality than honey for table use, but the trend is steadily gaining popularity among industrial buyers as well.[88]

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.[89] 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.[90] 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.

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87 Centre for the Promotion of Imports (2015). CBI Product Factsheet: Organic Honey in Germany. Available at: https://www.cbi.eu/sites/default/files/market_information/researches/product-factsheet-germany-organic-honey-2015.pdf
88 Centre for the Promotion of Imports (2015). CBI Product Factsheet: Industrial Honey in Germany. Available at: https://www.cbi.eu/sites/default/files/market_information/researches/product-factsheet-germany-industrial-honey-2015.pdf
89 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
90 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

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.[91] Germany has one of the highest shares of private-label sales in Europe, due to the strong 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.[92] 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.[93] 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.[94]

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.[95] [96] 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%.[97]

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

91 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
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 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
94 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
95 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
96 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
97 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

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 .[98]

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 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.[99] [100] 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.[101]

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.[102] 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

98 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
99 Euromonitor (2016). Grocery Retailers in Germany. Available at: http://www.euromonitor.com/grocery-retailers-in-germany/report
100 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
101 Germany Trade & Invest. Available at: http://www.gtai.de/GTAI/Navigation/EN/Invest/Industries/Consumer-industries/consumer-markets-retail.html
102 Lebensmittel-, Bedarfsgegenstände- und Futtermittelgesetzbuch (Lebensmittel- und Futtermittelgesetzbuch - LFGB). Available at: https://www.gesetze-im-internet.de/lfgb/LFGB.pdf

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.

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)[103], 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).[104] 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.

103 Bundesanstalt für Landwirtschaft und Ernährung. Available at: www.ble.de
104 Bundeszollverwaltung. Available at: www.zoll.de

However, in such case, importers will need to obtain a special permit, issued by the Federal Office of Consumer Protection and Food Safety (BVL).[105]

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. [106]

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)[107], 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. [108]

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

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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 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
107 Julius Kühn Institut - Bundesforschungsinstitut für Kulturpflanzen. Available at: www.jki.bund.de
108 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

consumer. In case of large packaging volumes (50-80 tonnes), responsible authorities must be warned and the waste must be recycled.[109]

6.2. Honey trade regulations

6.2.1. Import regulations

As most honey consumed in Germany is imported from non-EU countries, fulfilment of EU requirements for product quality are of the highest importance. Honey is predominantly used as food and thus the EU regulations for food applies. Honey-specific regulations are laid out in EC Directive no. 110/2001, which includes definitions of terms, labelling requirements and quality standards for honey, including composition criteria regarding fructose and glucose content, moisture content, hydroxymethylfurfural and other parameters.[110]

In addition, German buyers would expect suppliers to conform to other international quality standards, such 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. The CODEX standards contribute to the safety and quality products, as well as fairness of international food trade, and the corresponding standard for honey products is CODEX STAN 12-19811.[111]

Buyers in Germany are not only rigorous in terms of expected quality standards, but also demand straightforward and transparent information on their potential partners and products they import. This includes clear and elaborate documentation, including product specifications (quality specifications, price indication, packaging), production capacity (turnover, number of employees), processing capabilities (certificates, quality management), as well as company structure (history, mission, vision and activities). Additional documentation, such as health certificates, should be provided for customs.

Usually, German buyers also demand honey samples from each imported batch for an analysis at accredited independent laboratory before authorising the shipment, such as Intertek and QSI in Germany. This implies that exporters with a small homogenisation capacity of less than 20 tonnes will need to supply multiple samples per shipment. Quality analysis by the honey suppliers is generally not accepted as an adequate proof of the quality of honey.[112]

Overall, German buyers are quite traditional and reluctant to change suppliers, which means additional market penetration challenges for new supplying countries.

109 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
110 The Council of European Union. Council Directive 2001/110/EC of 20 December 2001 relating to honey. Available at: http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2002:010:0047:0052:EN:PDF
111 Food and Agriculture Organization of United Nations. Codex Standard for Honey. Available at: http://www.fao.org/input/download/standards/310/cxs_012e.pdf
112 Centre for the Promotion of Imports (2015). CBI Product Factsheet: Organic Honey in Germany. Available at: https://www.cbi.eu/sites/default/files/market_information/researches/product-factsheet-germany-organic-honey-2015.pdf

6.2.2. **Food safety and hygiene**

Food safety and hygiene regulations for honey and its products in Germany comply with the general EU legislation for food products, such as EC Regulation no. 852/2004 on hygiene of foodstuffs.[113] All operators involved in the honey processing chain must comply with the general requirements, such as ensuring clean production environment and personnel trained in hygienic handling of honey. In addition, they should also implement procedures based on Hazard Analysis Critical Control Point (HACCP) principles and it is recommended to have a certification of HACCP, although it is not a legal requirement. HACCP is one of the most commonly used certificates in Germany, providing the company with a risk management tool for food safety risks. ISO 22000 is another highly regarded certification scheme, appreciated by German honey buyers.[114]

Although not a mandatory requirement, The German Beekeepers association (DIB) has set an industry standard which stipulates additional requirements concerning the quality of honey, with criteria such as moisture content, diastase activity and Hydroxymethylfurfural content being stricter than the criteria set out in EU legislation.[115]

Also, for importers of honey 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. It iis important to ensure that the country of origin of products is not misrepresented. Additionally, health certificates should be ensured to be provided for customs.

6.2.3. **Labelling and packaging**

Labelling of honey 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[116]. As stated in the regulation, labelling of consumer packs cannot contain any toxic ink or glue. Honey-specific labelling requirements are set out in the EC Directive no. 110/2001.[117] It is required that honey suppliers label every batch to ensure product traceability in case of food safety problems. The key information that must be included on the labelling is as follows:

- Name of the product;
- Gross and net quantity/weight;
- Date of minimum durability;
- Any special conditions for storage or use;
- Name and address of the producer or packager or EU buyer/retailer;

113 The European Parliament and the Council of the European Union. Regulation (EC) No 852/2004 On the hygiene of foodstuffs. Available at: http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2004:139:0001:0054:en:PDF
114 Centre for the Promotion of Imports (2015). CBI Product Factsheet: Organic Honey in Germany. Available at: https://www.cbi.eu/sites/default/files/market_information/researches/product-factsheet-germany-organic-honey-2015.pdf
115 BMEL. Neufassung der Leitsätze für Honig. Available at: http://deutscherimkerbund.de/userfiles/downloads/satzung_richtlinien/LeitsaetzeHonig.pdf
116 European Commission. Regulation (EU) No 1169/2011. Available at: https://eur-lex.europa.eu/legal-content/EN/ALL/?uri=CELEX%3A32011R1169
117 The Council of European Union. Council Directive 2001/110/EC of 20 December 2001 relating to honey. Available at: http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2002:010:0047:0052:EN:PDF

- Country of origin;
- Lot marking, preceded by the letter "L";
- Batch number;
- Certification and/or retailer private-label logo, when applicable.

The use of nutrition and health claims on labeling is regulated by EC Regulation no. 1924/2006.[118] 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 STAN 1-1985[119] and Guidelines on the Nutrition Labelling CAC/GL 2-1985.[120]

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 most brands of honey emphasize such messages. Also, if the honey is labelled as organic, supporting certification is a legal requirement. 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, 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 honey sold in German retail stores are 250g and 500g glass jars, across all price segments (**Error! Reference source not found.**). P lastic squeeze dispensers for more convenient use are also common, usually of 350g, but this packaging type is mostly used for middle-range honeys, they are very rarely used for high-end honeys (**Figure 6**).

118 European Commission. Regulation (EU) No. 1924/2006. Available at: https://eur-lex.europa.eu/legal-content/EN/ALL/?uri=CELEX%3A02006R1924-20121129
119FAO. 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
120 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%252BGL%252B2-1985%252FCXG_002e.pdf

Figure 10. Example of a typical medium to high-end range class honey packaging and labelling in Germany (Hoyer, organic forest honey in a glass jar, 500g)[121]

Figure 6. Example of a typical low to mid-range honey packaging and labelling in Germany (Biozentrale, organic acacia honey in a plastic dispenser, 350g)[122]

Bulk packaging is required to contain product of the same commercial type and are ought to have a uniform net weight. For industrial honey of large volumes the typical packaging are steel or plastic drums of 100-200 litres, with German buyers preferring the steel packaging, as plastic is less durable and more permeable, allowing for easy contamination. The drums must be painted on the outside and lined on the

121 Amazon. Hoyer, organic forest honey. Available at: https://www.amazon.de/Hoyer-Bio-Waldhonig-2er-Pack/dp/B00R18JV72/ref=sr_1_25?s=amazonfresh&ie=UTF8&qid=1525756923&sr=1-25&fpw=fresh

122 Amazon. Biozentrale, Organic acacia honey. Available at: https://www.amazon.de/bioZentrale-Biozentrale-Akazienhonig-350-g/dp/B0158IBUAW/ref=lp_364781031_1_11?ie=UTF8&qid=1525756292&sr=1-11&fpw=fresh

inside, e.g. with beeswax or plastic bags. For industrial honey of smaller volumes metal tins or plastic buckets ranging from 2-15kg are used (Figure 7). [123]

Figure 7. Examples of a typical bulk honey packaging for industrial use in Germany (Wernet Honig, industrial honey in a plastic bucket, 12.5kg, and poly-floral honey in a metal tin, 2.5kg) [124] [125]

Some customers might request pre-packaging of the product into smaller portions, such as 250g or 500g glass jars, ready for retail sale. All types of used packages should ensure adequate protection against humidity during storage and transport of the product. Any material used inside the package should be new, waterproof and harmless to human health.[126]

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

123 Centre for the Promotion of Imports (2015). CBI Product Factsheet: Industrial Honey in Germany. Available at: https://www.cbi.eu/sites/default/files/market_information/researches/product-factsheet-germany-industrial-honey-2015.pdf
124 Wernet Honig, Industrial honey in a bucket. Available at: https://www.honig-wernet.de/en/products/bakershoney-179
125 Warnet Honig. Honey in a metal tin. Available at: https://www.honig-wernet.de/en/products/blossomhoneymetalltin-169
126 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

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.

Honey segment presents particularly attractive opportunities for foreign importers, as Germany is the largest importer of honey in the EU in terms of both volume and value. Although local honey production in Germany is growing, it still covers only around one fifth of the total domestic consumption. Most of honey imported in Germany originates from non-EU countries, with the key purchasing factor being the price, but not compromising the quality. The competition from foreign honey producers is strong, but there are good prospects for new suppliers from Georgia due to structural changes in honey imports for the last few years which have been occurring due to decline in production and price increase for honey from Argentina, Germany's largest honey import partner. This is why German buyers have been increasingly looking for other cost-effective alternatives from nearby countries, such as Ukraine.

There are risks, however, particularly because further import growth in Germany in terms of volume is limited due to increasing local industry activities and changes in German lifestyles. Consumers are often skipping traditional meals at home, which have led to decline of the traditional honey consumption as a bread spread in breakfast. Also, turning to healthier lifestyles means that many consumers are cutting the consumption of products high in sugars, whether artificially added or naturally occurring. Nevertheless, the image of honey in Germany is still strongly linked to its perceived health benefits; therefore, it is being more often used as an alternative source of sugar, both in cooking by end-consumers and in new, healthy product development by food producers. In addition, demand is growing for organic and fair-trade table honey, providing great niche prospects.

Taking into account the specifics of the German market, several key entry models for Georgian honey 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.

Table 14. Key market entry models for Georgia's honey producers

	Entry Model	**Advantages**	**Disadvantages**	**Suitability**
Bulk products	Indirect export via importers/ wholesalers/ distributors	• High demand from honey importers which also act as processors • Good accessibility for foreign importers • Local knowledge and contact network • Regional reach • Assistance with marketing and promotion • Assistance with trade requirements	• No unique selling point, must mainly compete with the price	High
Bulk products	Direct export to producers	• Growing use of honey as a healthier sweetening ingredient as sugar • Ability to compete with lower prices due to cutting out middlemen • Full control over the supply process • An in-depth knowledge of the client needs	• Difficult to establish connections • Must have good trade requirements • No unique selling point, must mainly compete with the price • Specific purchase requirements	High
Bulk products	Direct export to retailers	• Unique selling point, if there is a strong brand • Ability to compete with lower prices due to cutting out middlemen • Full control over the supply process • An in-depth knowledge of the client needs	• Difficult to establish connections • Must have good knowledge of German consumers and trade requirements • Need to have a strong brand to compete • Consumers prefer local brands • Low variety of stocked honey in discounters, usually just private-labels • Packaging and marketing related costs • Specific purchase and delivery requirements	Medium
Branded products	Indirect export via importers/ wholesalers/ distributors	• Good accessibility for foreign importers • Local knowledge and contact network • Regional reach • Assistance with marketing and promotion • Assistance with trade requirements	• Need to have a strong brand to compete • Consumers prefer local brands • Packaging and marketing related costs	Medium

Branded products	Direct export to retailers	• Unique selling point, if there is a strong brand • Ability to compete with lower prices due to cutting out middlemen • Full control over the supply process • An in-depth knowledge of the client needs	• Difficult to establish connections • Must have good knowledge of German consumers and trade requirements • Need to have a strong brand to compete • Consumers prefer local brands • Low variety of stocked honey in discounters, usually just private-labels • Packaging and marketing related costs • Specific purchase and delivery requirements	Medium

By comparing main advantages and disadvantages of each model for Georgia's honey producers of both branded and bulk products, it was determined that the most suitable models are export models based on trade in bulk honey, particularly – direct export to producers, as well as indirect export via importers/ wholesalers/ distributors, who also act as honey processors and marketers. These trade models present less barriers, as German consumers mainly consume local honey brands and the foreign brand has to be either premium or with an added value, such as medicinal properties. Also, in these models there are no additional costs associated with marketing and the competition is based more on the price. Export of branded honey would be a better option for later stages, when producer has a better knowledge of the local market, 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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