



2018 Berries in Germany

Market research



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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).¹² 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 indicators³

	2015	2016	2017
<i>GDP at current prices, € bln</i>	3 044	3 144	3 263
<i>GDP per capita at current prices, €</i>	37 260	39 745	38 183
<i>GDP growth rate, %</i>	1.7%	1.9%	2.2%
<i>Inflation rate, %</i>	0.3%	0.5%	1.8%
<i>Unemployment rate, %</i>	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 indicators⁵

	2015	2016	2017
<i>Exports, € bln</i>	1 194	1 204	1 279
<i>Imports, € bln</i>	949	955	1 035
<i>Net trade balance, € bln</i>	+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 indicators⁷⁸

	2014	2015	2016
<i>Total turnover, € bln</i>	172.2	168.6	171.3
<i>Annual turnover growth, %</i>	-1.7%	-2.1%	+1.6%
<i>Number of companies</i>	5 828	5 812	5 940
<i>Number of employees</i>	559 776	569 162	580 030
<i>Change in prices of food and drinks, %</i>	+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).

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

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

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

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

Table 4. Key household expenditure indicators¹⁰

	2014	2015	2016
<i>Total expenditure at current prices, € bln</i>	1 503	1 539	1 578
<i>Expenditure on food and non-alcoholic beverages, € bln</i>	156	163	167
<i>Expenditure on food and non-alcoholic beverages, % of total</i>	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.¹⁵In 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 2017¹⁷

	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%

¹⁵Euromonitor (2017), Grocery Retail in Germany. Available at: <http://www.euromonitor.com/grocery-retailers-in-germany/report>

¹⁶Food Export Association (2017). Germany Country Profile. Available at: <https://www.foodexport.org/get-started/country-market-profiles/europe/germany-country-profile>







¹⁷Lebensmittel 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. Rossmann	6 400	+4.6%	2.3%
10. Globus	5 116	+1.7%	1.9%

Edeka Group¹⁸ 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 2017¹⁹

	Sales, € mln	Share of sales, %	Number of stores
<i>Full-range and convenience stores</i>      	38 282	68.5%	6 596
<ul style="list-style-type: none"> • 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 AktivMarkt 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. 			
<i>Discounters</i>	15 850	28.3%	4 878

¹⁸Edeka 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>

	<ul style="list-style-type: none"> • NettoMarken-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
	<ul style="list-style-type: none"> • 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 Group²⁰ 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 2017²¹

	Sales, € mln	Share of sales, %	Number of stores
Discount supermarkets	24 330	61.1%	3 219
	<ul style="list-style-type: none"> • Lidl (www.lidl.de) stores are unconventional discounters, as they used 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
	<ul style="list-style-type: none"> • 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 Group²² 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 2017²³

	Sales, € mln	Share of sales, %	Number of stores
<i>Full-range and convenience stores</i>   	27 630	71.7%	4 987
	<ul style="list-style-type: none"> • 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 m² to 2 500 m², the smaller REWE CITY stores – 300 m² to 1 000 m², the larger REWE CENTER stores – 2 500 m² to 4 000 m², and the REWE hypermarkets – up to 8 000 m². • 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 area of 1 000 m² to 2 500 m². • Nahkauf (www.nahkauf.de) is the smaller grocery retail chain located in small towns and in the outskirts of cities, with stores run by independent retailers. This store format has a typical sales area of 300 m² to 1 300 m². 		
<i>Discounter stores</i> 	8 170	21.2%	2 160
	<ul style="list-style-type: none"> • 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 have a sales area of 500 m² to 800 m². 		
<i>Other store formats</i>	2 712	7.4%	385

²²Rewe 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 indicators²⁵²⁶²⁷

	Sales, € mln	Employees	Category
<i>Metro</i>	4 715	15 000	Cash & Carry
	<ul style="list-style-type: none"> • 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 		

²⁴Federal Statistical Office of Germany – DESTATIS. Enterprises, persons employed, turnover and other business and economic figures in trade. Available at: <https://www-genesis.destatis.de>

²⁵LebensmittelZeitung. Top 30 Lebensmittelhandel Deutschland 2018. Available at: <http://www.lebensmittelzeitung.net/handel/Ranking-Top-30-Lebensmittelhandel-Deutschland-2018-134606>

²⁶Lekkerland. Lekkerland Deutschland GmbH & Co. KG. Available at: http://www.lekkerland.com/le/en/company/countries/detail_page_2/detail_3142.html

²⁷MWTRIO GROUP. METRO Handelslexikon 2015/2016. Available at: http://www.metro-handelslexikon.de/assets/download/METRO_Handelslexikon-2015-16.pdf

	operates premium foods distributor RUNGIS Express, offers food service through METRO Delivery Service, and manages a hypermarket chain REAL.		
<i>Lekkerland</i>	7 737	2 693	Convenience foods
	<ul style="list-style-type: none"> Lekkerland (www.lekkerland.de) is among the leading food and beverages 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. 		
<i>Bartels-Langness</i>	2 778	15 000	Full-range
	<ul style="list-style-type: none"> 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 addition, the company also operates 85 department stores offering a wide range of fresh products and quality brands. 		
<i>Selgros</i>	1 710	14 000	Cash&Carry
	<ul style="list-style-type: none"> 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 sale areas up to 11 000m². The company also has operations in Poland, Russia and Romania in additional 46 locations. 		
<i>C&C Großmarkt</i>	1 402	5 000	Cash&Carry
	<ul style="list-style-type: none"> 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.

Table 10. Top food service wholesalers and key indicators²⁹³⁰³¹³²³³

	Sales, € mln	Employees	Category
<i>Intergast</i>	2 700	-	Full-range
	<ul style="list-style-type: none"> 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. 		
<i>Edeka Food Service</i>	1 402	5 000	Full-range
	<ul style="list-style-type: none"> 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. 		
<i>Transgourmet</i>	1 300	3 700	Full-range
	<ul style="list-style-type: none"> 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 markets. Transgourmet also owns fresh food service wholesalers 		

²⁸Federal Statistical Office of Germany – DESTATIS. Enterprises, persons employed, turnover and other business and economic figures in trade. Available at: <https://www-genesis.destatis.de>

²⁹Service Bund. The Food Service Company. Available at: <https://www.servicebund-national.de/service-links/english.html>

³⁰EDEKA. Der Großhandel bei EDEKA. Available at: http://www.edeka-verbund.de/Unternehmen/de/edeka-verbund/grosshandel/einleitung_grosshandel/einleitung.jsp

³¹Lebensmittel Zeitung. Top 30 Lebensmittelhandel Deutschland 2018. Available at: <http://www.lebensmittelzeitung.net/handel/Ranking-Top-30-Lebensmittelhandel-Deutschland-2018-134606>

³²Transgourmet. Company profile. Available at: <http://www.transgourmet.de/web/unternehmen/unternehmensprofil.xhtml>

³³Fruchtportal. Die top 30 des lebensmittelhandelsnachgesamtumsatz 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.		
<i>Service-Bund</i>	1 005	3 400	Full-range
	<ul style="list-style-type: none"> Service-Bund (www.servicebund-national.de) is a group of 30 medium-sized regional wholesalers who distribute a wide range of food-assortment to approximately 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. 		
<i>Chefs Culinar</i>	360	-	Full-range
	<ul style="list-style-type: none"> 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. Berry wholesale trade

Low availability of fresh berries in Germany during the winter season (November–March) offers most opportunities for berry producers in developing countries to import their products in Germany. Outside the winter season, European producers and local German producers dominate fresh berry supply in Germany.

The main fresh berry trade in Germany is done via wholesale is done via the importers and wholesalers. In addition to the importers in Germany, specialized importers in the Netherlands and Belgium also supply German retail and food service provider market. Their logistics are efficient enough to compete directly with German importers for the supply of berries to German retailers.

Importers play a crucial role in channeling fresh berries to both retailers and food service providers, as they are your most important channel to the German market. To ensure the market supply importers source internationally fresh berries year-round looking for high quality berries. This is particularly important for large retail chains that are accounting for most berry sales by importers and offers fresh berries to their clients all year round. In addition importers also supply domestic wholesalers and exporting wholesalers ensuring not only direct import of the berries, but also efficient re-export to the neighboring countries.³⁴





Local importers can also package or repackage the products for retail, as most of the fresh berries for large retail chains are generally sold under the private label of the retailer. The retailer is the owner of the brand

³⁴Practical market insights into your products. Fresh berries in Germany. Available: https://www.importpromotiondesk.de/fileadmin/user_upload/Publikationen/factsheet/obst_gemuese/Fresh_berries_161215_eng.pdf

and specifies packaging and labeling requirements. Besides the private labels, many importers also have their own brand. They supply products under this brand to other wholesalers or to smaller specialized retailers. In a few cases, importers also market the brand of a producer through specific cooperation arrangements.³⁵

The massive business of private-labels in Germany means that the different trade processes are oftentimes combined and executed by one operator for the convenience of clients. A company that imports dried fruits is not just an importer, but most of the time it also acts as a wholesaler, processor, marketer and consultant, and if the company deals with organic specialties, then it sometimes acts as a quality inspector as well. Unification of these services makes it easy and straightforward for clients to develop their own private-labels. Some of the largest specialized berry trade operators in Germany are Ralf Wisser, UNIVEG, Koella, Fairtrada and Dole Europe (Table 11).

Table 11. Top berry importers, wholesalers and processors/marketers

	Turnover, € mln	Category
<i>Zumdieck</i>	92	Importer/wholesaler
	Zumdieck (www.zumdieck.de) is an importer and distributor of both frozen and fresh vegetables and fruits. They also work with berries, such as strawberries, raspberries and other berries.	
<i>Fijol</i>	11	Importer/wholesaler
	Fijol (www.fijol.de) is a direct importer of fruit, vegetables, fruit juice concentrates, canned goods and mushrooms. Company is importing products from Central and Eastern Europe (Poland, Czech Republic, Slovakia, Hungary).	
<i>Ernst Rickertsen Trockenfrucht Import</i>	-	Importer
	Ernst Rickertsen Trockenfrucht Import (http://www.erik.de/) is an international trading partner, they import a wide range of different fruits (as frozen or dried fruits), nut kernels, sweeteners, legumes and seeds.	
<i>Ralf Wisser</i>	-	Importer/wholesaler
	Ralf Wisser (www.ralf-wisser-gmbh.de) is an importer and wholesaler of the fresh vegetables and fruits, including fresh berries. The company is a supplier to local wholesalers, retailers and hotels and restaurants.	

³⁵Ibid.

	Turnover, € mln	Category
<i>Greenyard Fresh Germany GmbH</i> GREENYARD 	3.2 billion	Importer/Distributor
	Greenyard Fresh Germany GmbH (www.greenyardfresh.de) operates 10 trading and service centres as well as 2 procurement organizations close to the customer for its customers in Germany and Austria with a wide range of storage and logistics services for fresh fruit and vegetables.	
<i>KÖLLA</i>	-	Marketer
KÖLLA  THE FRUIT COMPANY	KÖLLA (www.koella.com) - founded in 1921 and has evolved into a globally operating full-service provider. From contract farming to quality assurance, logistics and through to the marketing of fruits and vegetables, the company was able to establish itself successfully and to continuously develop its expertise.	
<i>Fairtrasa</i>	8,09 million	Importer/Wholesale
 fairtrasa ® sustainable fair trade	Fairtrasa (www.fairtrasa.com) is an award-winning global social enterprise and it was founded in 2005 and has grown into a global group of 15 companies in 12 countries, impacting more than 40,000 lives. Sells a wide variety of fresh and processed fruit products	
<i>Dole</i>	3.82 billion	Processor/Marketer
	Dole (www.dole.de) offers the full variety of wholesome. The company is the largest producer of fruit and vegetables in the world, operating with 74,300 full-time and seasonal employees who are responsible for over 300 products in 90 countries.	

More contacts and information related to specialized wholesale trade of fresh berries can be provided by the German national association of wholesale and foreign trade of processed fruits and vegetables – Waren-Verein der Hamburger Börse.³⁶ It stands for the freedom of international trade and supports its members, most of which are suppliers from non-EU countries. The main goal of the association is to represent the interests of importers and wholesalers specializing in peeled, canned, frozen and dried fruits and vegetables, including berries, as well as in seeds and nuts, spices, and organic products. It can support foreign suppliers not only by providing trade contacts, but also by giving detail information regarding import regulations, limits for contaminants, DGHM guidelines, UNECE standards, as well as pre-export checks.

³⁶ Waren-Verein der Hamburger Börse. Home page. Available at: <https://www.waren-verein.de>

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 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.

³⁷Federal 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>

³⁸Trading Economy. Germany GfK Consumer Climate. Available at: <https://tradingeconomics.com/germany/consumer-confidence>

³⁹Federal 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>

⁴¹GfK (2017). Purchasing power Germany 2018. Available at: <http://www.gfk.com/insights/press-release/purchasing-power-germany-2018/>

⁴²Numbeo (2018). Cost of living. Rankings by country. Available at: https://www.numbeo.com/cost-of-living/rankings_by_country.jsp

Table 12. Average food prices in Germany, compared to Georgia and the EU28 in 2018⁴³

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

Consumer prices for fresh berries depend on the specific variety of the criteria, including such as the size of packaging, the origin (local or non-local) and whether they are organically produced. Consumer prices for berries also vary significantly throughout the year.

As Germany is a very price-sensitive market, exports to Germany will thus be difficult during the peak of the local season when prices are low for the local products, and in some cases, tariffs are high for the imported goods. Nevertheless, significant off-peak export opportunities exist.⁴⁵

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

⁴⁴Ama 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/>

⁴⁵CBI Product Factsheet: Fresh berries in Germany. Available: https://gain.fas.usda.gov/Recent%20GAIN%20Publications/Product%20Brief%20Fresh%20Fruits_Berlin_Germany_12-16-2016.pdf

During the season German consumers typically prefer to buy products that are in the season. In addition, the trend to buy locally grown produce gained some traction in recent year. On the other hand many consumers enjoy the variety of fruits and berries, and want their favorite fruit or berry at any time of the year. As a result, some retail markets proudly advertise seasonal produce stocked year round, but prices are higher off-season. Consequently, out-of-season strawberries or cherries can fetch high premiums, but only for small volumes.

Fresh berries are among the most expensive snack categories in Germany, next to dries fruits, nuts and seeds. With Germans being the cost-conscious consumer nation it is, the most popular brands are those with the best value for money (Table 13).

The key market leaders in the berry category are Seeberger, as well as supermarket and discounter own private-labels, such as EDEKA's line EDEKA, REWE's line REWE Best Choice, Lidl's lines Alesto and Belbalke and ALDI's Southern Grove. Price levels of these product lines are similar, but tend to be slightly lower for discounter own-labels. Other popular brands are those offering organic berries, such as Rapunzel, Morgenland, BIO Company and Dorrwerk. Although organic brands tend to have considerably higher price levels, there can be large variations, with Rapunzel being priced similarly to regular berries, while Morgenland and BIO Company being more expensive.

Table 13. Prices of various dried berries in Germany, 2018 (€)⁴⁶⁴⁷⁴⁸

	REWE		Allyouneedfresh		Amazon Fresh	
	Per kg	Pack	Per kg	Pack	Per kg	Pack
<i>Blueberries, 125g</i>	22.3	2.79			22.3	2.79
<i>Raspberries, 125g shell</i>	15.9	1.99	24.4	3.05		
<i>Red currants, 125g</i>	18.3	2.29				
<i>REWEM, Best choice strawberries, 250g</i>	10.8	2.69				
<i>Strawberries, 500g</i>	4.98	2.49				
<i>San Lucar, Blueberries, 125g</i>			24.8	3.09	24.8	3.09
<i>San Lucar, Raspberries, 125g</i>			19.1	2.39	19.1	2.39
<i>San Lucar, Blackberries, 125g</i>			24.8	3.09	24.8	3.09
<i>Organic blueberries, 125g</i>					31.1	3.89
<i>Strawberries from Germany, 250g</i>					10.2	2.55

Although brand and organic claims are the key factors accounting for price differences, other factors also play a key role. One of the most important price determinants is the type of fruit sold (Table 13). The most common berries, such as strawberries, have the lowest prices, ranging from €5-10 per kg. Raspberries and red currants have slightly higher prices, ranging from €16-29 per kg. Less common berries, such as blueberries, have the highest prices, ranging from €25-60 and more per kg. In general, organic berries can be 30% higher priced than regular berries.

⁴⁶EDEKA online store. Available at: www.edeka24.de

⁴⁷Allyouneedfresh online store. Available at: www.allyouneedfresh.de

⁴⁸Amazon Fresh online store. Available at: <https://www.amazon.de/b?ie=UTF8&node=6723195031>

As a rule, smaller packaging sizes almost always will be more expensive in terms of price per unit. Most berries in Germany are sold package in 125 grams small plastic bags. Also, price per unit is even lower when products are offered in multipacks, which is particularly characteristic for Amazon.

4. Imports

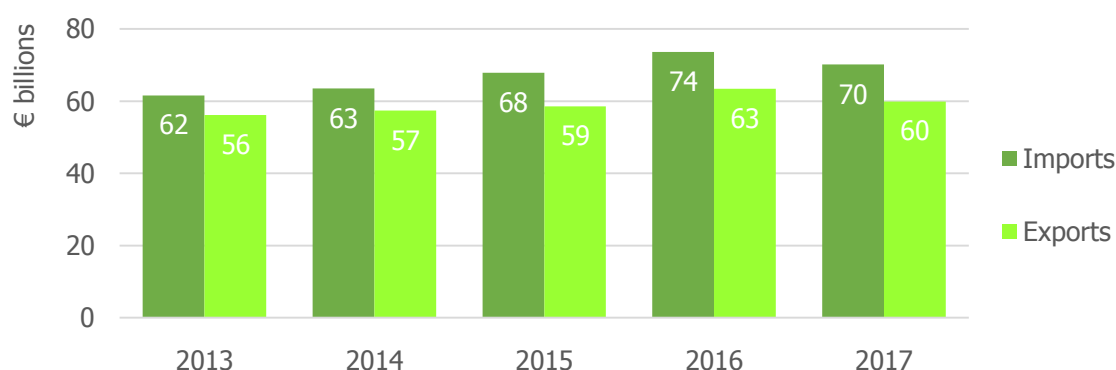
4.1. Worldwide imports

4.1.1. Food and beverage imports

Germany, being the productive powerhouse it is, is well-known for as a net exporter. In 2017, Germany imported goods in value more than €953.8 billion and exported more than €1 205.5 billion, resulting in a positive trade balance of €251.7 billion.⁴⁹ 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 2017.⁵⁰

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, €billions⁵¹



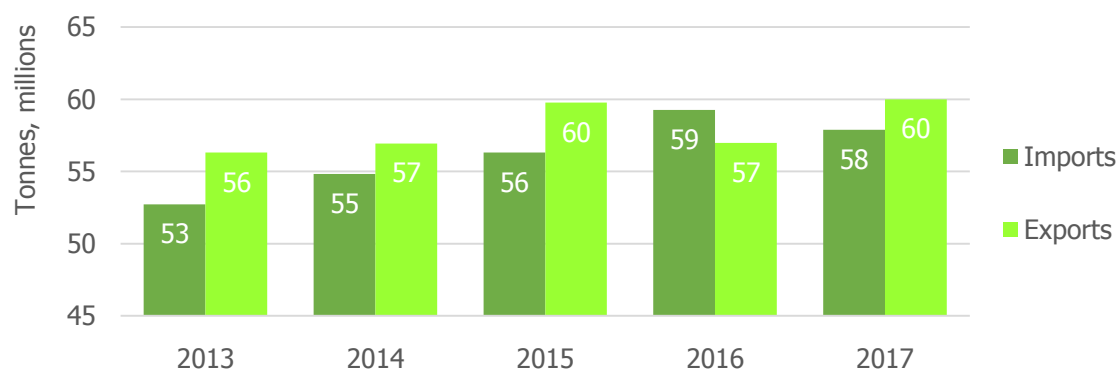
49 Eurostat database (2018). DS-018995 - EU Trade Since 1988 By SITC. Available at: <http://epp.eurostat.ec.europa.eu>

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

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

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

Figure 2. Food and beverages trade volume dynamics in Germany, million tonnes⁵²



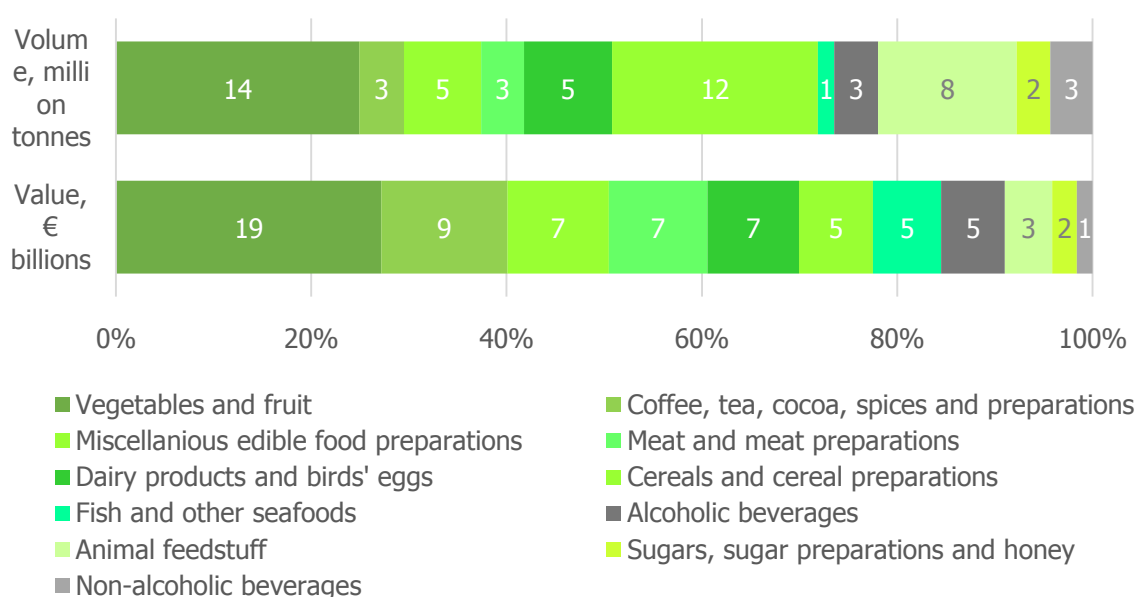
An in-depth look at the Germany's key import trade partners indicate that food and beverages are most commonly being imported from geographically nearby countries. In 2017, 80% of all food and beverages imports in terms of value in Germany originated from the EU, and just 20% - from the non-EU countries. 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.⁵³

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.

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

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

Figure 3. Breakdown of Germany's import of food and beverages in 2017⁵⁴



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.⁵⁵

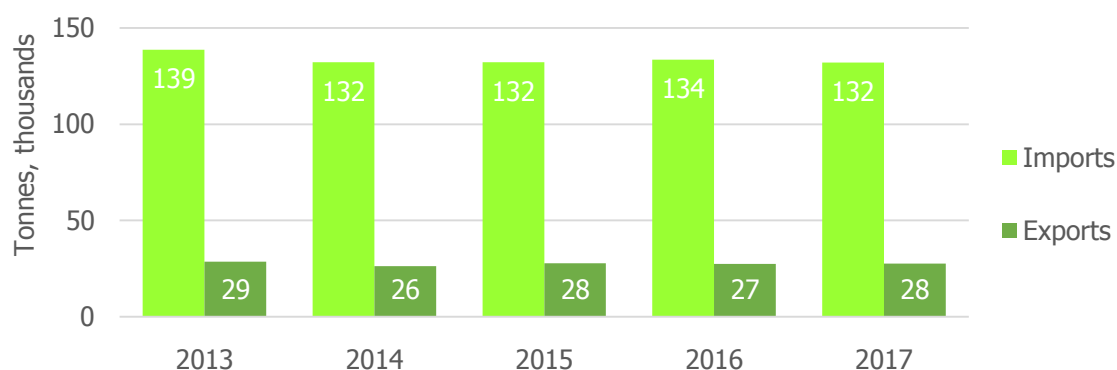
4.1.2. Berry and dried fruit imports

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

Overall, Germany is the largest importer of dried fruits in the EU in terms of both volume and value. It is also the 2nd largest net importer of dried fruits in terms of volume after the UK.⁵⁶ In 2017, Germany imported 132 thousand tonnes of dried fruits and exported 28 thousand tonnes, which is just a fifth of imports (Figure 4). Nevertheless, not all of imported dried fruits are consumed locally. Germany is a large re-exporter of dried fruits, being a transit point to Europe. There are numerous dried fruit processing companies that import products in bulk from third world countries, and, after repackaging and marketing them, are able to export these products as branded for further consumption in the EU.

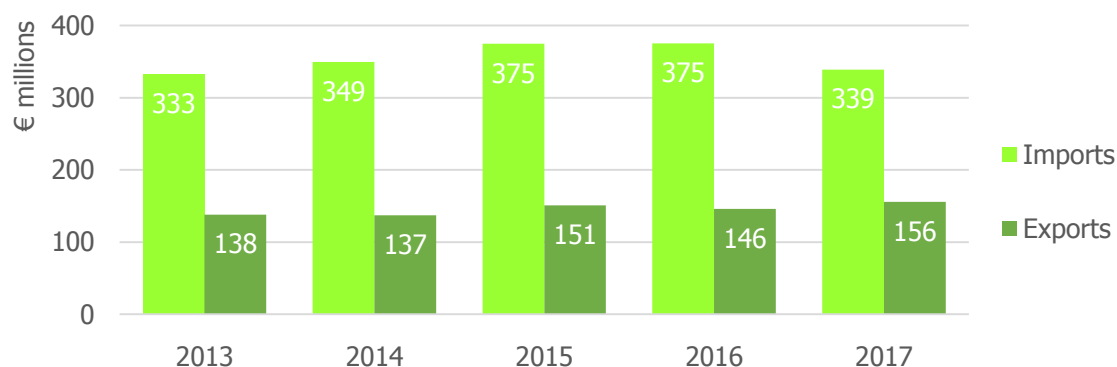
⁵⁴ Eurostat database (2018). DS-018995 - EU Trade Since 1988 By SITC. Available at: <http://epp.eurostat.ec.europa.eu>
⁵⁵ Eurostat database (2018). DS-018995 - EU Trade Since 1988 By SITC. Available at: <http://epp.eurostat.ec.europa.eu>
⁵⁶ 56

Figure 4. Dried fruit trade volume dynamics in Germany, thousand tonnes⁵⁷



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

Figure 5. Dried fruit trade value dynamics in Germany, € millions⁵⁸



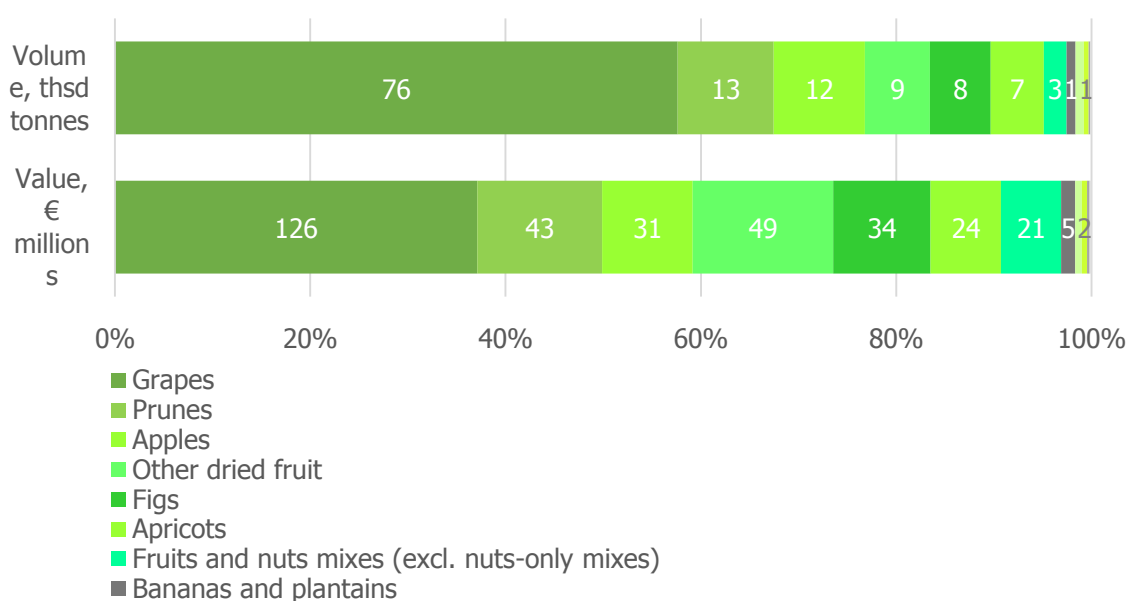
The largest dried fruit group that Germany imports in terms of volume are grapes, mostly raisins and sultanas. Although not available in the collected data, dates are the second largest imported dried fruit group,⁵⁹ followed by prunes, apples, figs and apricots (Figure 6). Although grapes are also the largest import group in terms of value, they are significantly lower priced than other dried fruit groups, so their share in import value is not as major. Instead, prunes, apples, figs and apricots make up a larger share of import value.

⁵⁷ Eurostat database (2018). DS-045409 - EU Trade Since 1988 by HS2, 4, 6 and CN8. Available at: <http://epp.eurostat.ec.europa.eu>

⁵⁸ Eurostat database (2018). DS-045409 - EU Trade Since 1988 by HS2, 4, 6 and CN8. Available at: <http://epp.eurostat.ec.europa.eu>

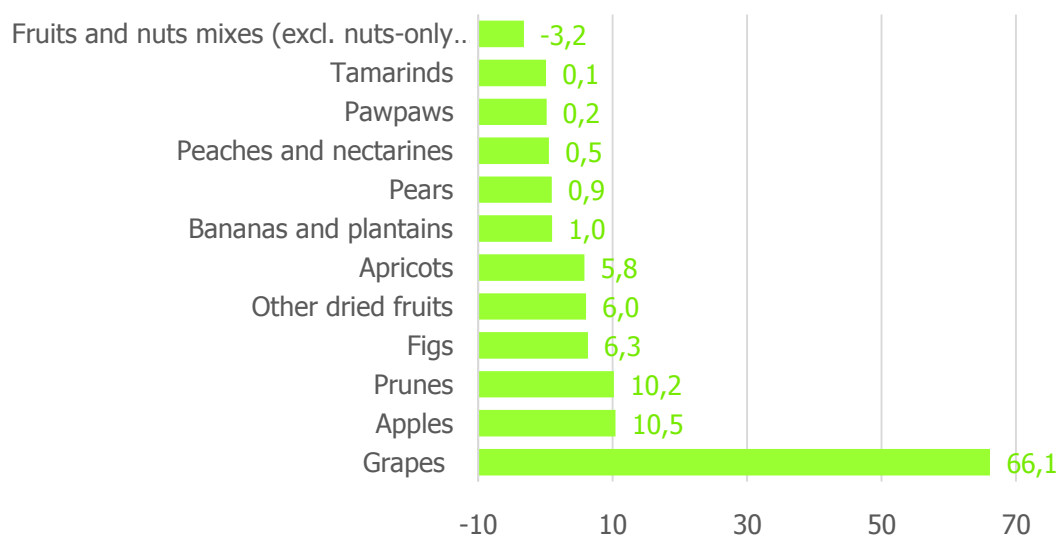
⁵⁹ International Nut & Dried Fruit Council (2017). Nuts and Dried Fruits. Statistical Yearbook 2017/2018. Available at: https://www.nutfruit.org/files/tech/1524481168_INC_Statistical_Yearbook_2017-2018.pdf

Figure 6. Breakdown of Germany's imports of dried fruits in 2017⁶⁰



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

Figure 7. Germany's net import volume of dried fruits in 2017, thsd tonnes⁶¹



Most dried fruits in Germany are imported from non-EU countries. In 2017, 76% of all dried fruit imports in terms of volume originated in countries outside the EU, while in terms of value – 68%. Dried fruit imports from the EU accounted for 24% of the volume, but 32% of the value. This reveals the higher import price

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

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

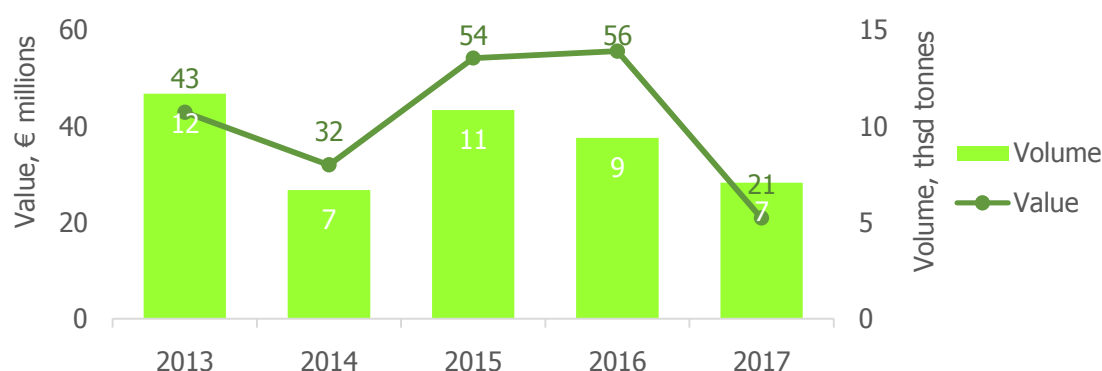
point of dried fruits from the EU in contrast to non-EU countries, most likely due to larger share of branded products. Germany's largest dried fruit import partners both in terms of volume and value at the same year were Turkey, United States, South Africa, Netherlands, Chile, Belgium, China and Austria, France and Poland, which together made up 86% of all import volume and 85% of import value. However, Germany's main import partner was Turkey, who contributed 39% of all country's dried fruit import volume and 30% of import value.⁶²

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 8).

Figure 8. Germany's import dynamics of food and beverages from Georgia⁶⁴



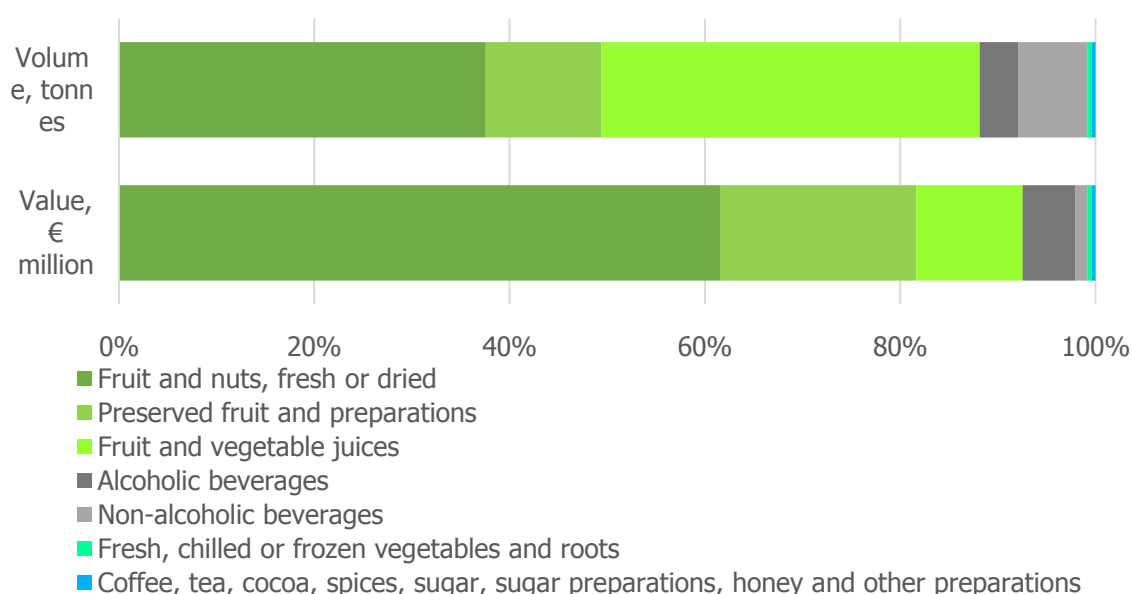
Most Germany's food and beverages imports from Georgia constitutes of fresh and processed fruit and vegetables (Figure 9). In 2017, fruits and vegetables represented 93% of all Germany's food imports from Georgia in terms of value and 88.7% in terms of volume. Fresh or dried fruits and nuts made up 61%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

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

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

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

Figure 9. Breakdown of Germany's imports of food and beverages from Georgia in 2017⁶⁵



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.

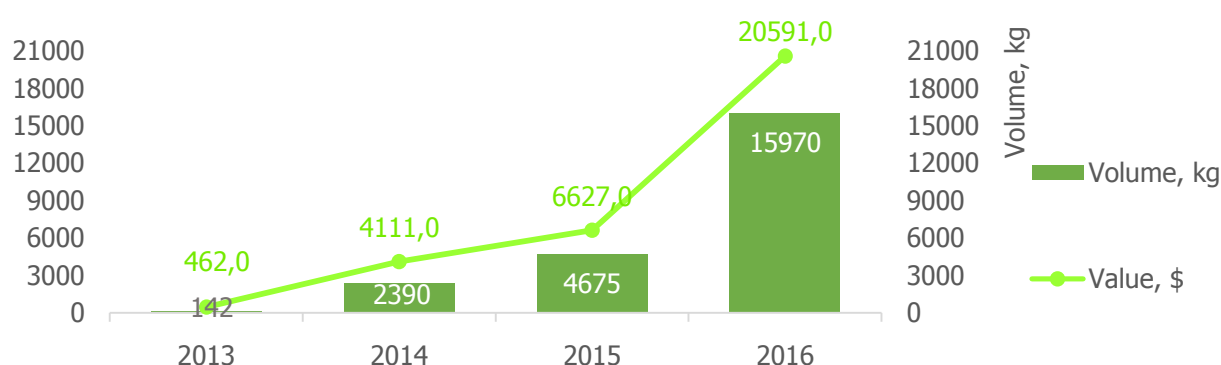
4.2.2. Berry import

Fresh berries are increasingly offered as a convenient and healthy snack, seducing shoppers into buying them. Although German producers are expanding their production, demand is much higher than German production. Especially during the German winter, imports from developing countries are filling the gap. German demand for fresh berries has grown by more than 10% annually in the past five years.

According to available data, in 2013, Germany's total fresh berry imports volume from Georgia amounted to 142 kg and value – to 462 US \$. (Figure 10) Overall, it can be seen that during the 2016 fresh berry import from Georgia had rapidly grown in both – volume and value. In 2016, total fresh fruit import volume amounted to almost 16 tonnes and value – almost 21 thousand US \$. The fresh berry import from Georgia is expected to be increased even more during 2017.

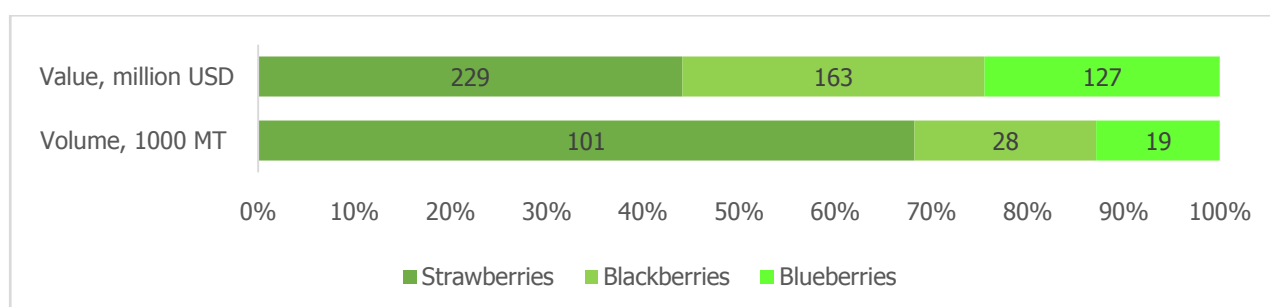
⁶⁵ Eurostat database (2018). DS-018995 - EU Trade Since 1988 By SITC. Available at: <http://epp.eurostat.ec.europa.eu>

Figure 10. Germany's import dynamics of fresh berries from Georgia⁶⁶



When analysing more in-depth fresh fruit – strawberry, blackberry and blueberry import in Germany, it becomes clear that the key product group is strawberries (Figure 11). In 2015 import of these products accounted 45% of the selected fresh fruit product groups in terms of value and almost 70% in terms of volumes. However, because of the lack of the available detailed data regarding the fresh berries import from Georgia, the data includes Germany's import of the product groups, but also including information from other countries exporting their products to Germany.

Figure 11. Breakdown of Germany's imports of fresh fruits by value and volume in 2015⁶⁷



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.

⁶⁶UN Comtrade Database (2018). Available at: <https://comtrade.un.org/data/>

⁶⁷Product Brief Fresh Fruits (2016). Available at: https://gain.fas.usda.gov/Recent%20GAIN%20Publications/Product%20Brief%20Fresh%20Fruits_Berlin_Germany_12-16-2016.pdf

Consumption is also being influenced by the ageing population in the country. In Germany, consumers aged 50+ is the largest and the fastest growing target group holding over 50% of per capita purchasing power.⁶⁸ However, old stereotypes regarding this age group do not apply anymore, as today these consumers are more active as ever before, and, with the high mobility of younger generations, home-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.⁶⁹⁷⁰

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

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

5.2. Consumption of fresh berries

In the EU trade, Germany, the UK and France are the largest final destinations. In 2014, European countries exported €7.9 billion in fresh fruits to Germany, the UK and France. Around 44% of the European export volume of fresh fruit and vegetables has one of these three countries as its final destination. Another 17% of EU exports is consumed or redistributed by Belgium or the Netherlands.

In consumption by country, northern nations are the biggest consumers of berries, especially the UK and Germany, consuming over 10% more than other European countries. Strawberries remain the most widely

68 Germany Trade & Invest. Available at: <http://www.gtai.de/GTAI/Navigation/EN/Invest/Industries/Consumer-industries/consumer-markets-retail.html>

69Euromonitor (2017).Packaged Food in Germany. Available at: <http://www.euromonitor.com/packaged-food-in-germany/report>

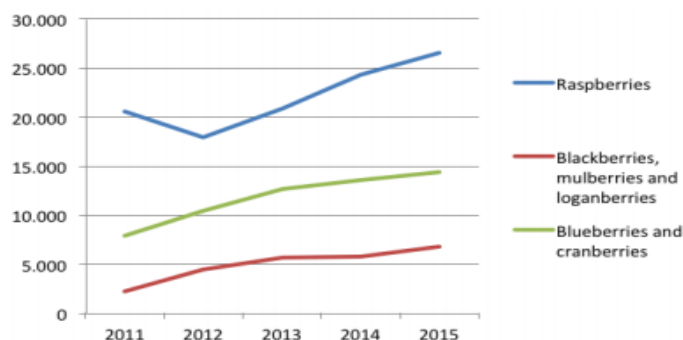
70Euromonitor (2017).Consumer Lifestyles in Germany. Available at: <http://www.euromonitor.com/consumer-lifestyles-in-germany/report>

71Federal 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>

72Federal 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>

consumed berries, accounting for 75% of total red berry consumption. Germany offers many opportunities for berry producers as this is the largest consumer of fresh berries in Europe with a fast growth in consumption. German consumption of fresh raspberries, blueberries and blackberries is estimated at around 50 thousand tonnes in 2015. Between 2011 and 2015, consumption increased by more than 10 % annually. (Table 14) The strong growth of consumption was mainly driven by the health trend.

Table 14. Consumption of fresh berries in Germany from 2011 till 2015⁷³



In Germany people love fresh fruits and consume an average of almost 200 pounds per capita every year. But German consumers typically prefer to buy products that is in season. In addition, the trend to buy locally grown produce gained some traction in recent year, aided by several "regional" seals. On the other hand many consumers enjoy the variety of fruits and want their favorite fruit at any time of the year. As a result, some retail markets proudly advertise seasonal produce stocked year-round, but prices are higher off-season. Consequently, out-of-season strawberries or cherries can fetch high premiums, but only for small volumes. For example, the local German strawberry season lasts from mid-Mai until the beginning of August, while small volumes are being sold year round.

German consumers frequently choose environmentally-friendly foods and packaging over others. Accordingly, consumption of organic products is rising steadily in Germany. Conventional products that convey a natural image are also viewed positively. For example, many consumers prefer to buy individual or bulk fruits rather than those in what is considered to be extraneous plastic packaging. Some consumers even avoid fruits labeled with a plastic PLU code sticker. However, the proportion of prepackaged fruits on the market is increasing, especially in the convenience and the discount sectors.

The most important sectors of the food industry in 2016 were meat products and dairy, poultry and egg, sweet and baking products, alcoholic and non-alcoholic beverages, the processing of juices, and fruits and vegetables. Also, fair trade and organic products have become more important on the German Berlin grocery market. Worth USD \$9.6 billion in 2015, Germany is the second largest organic market in the world and presents good prospects for exporters of organic products.

⁷³ Fresh berries in Germany (2016). Demand of fresh berries in Germany. Available at: https://www.importpromotiondesk.de/fileadmin/user_upload/Publikationen/factsheet/obst_gemuese/Fresh_berries_161215_eng.pdf

5.3. Key market trends

5.3.1. Vegetarian and vegan foods

The vegetarian and vegan sectors are 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.⁷⁴ 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.⁷⁵

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.⁷⁶ Following the trend, grocery retailers have rapidly adapted and developed their own private-label vegetarian and vegan products.

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

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



It is highly advisable to obtain the rights to use this symbol, as it will improve the product visibility, especially for lesser-known foreign brands. The most promising vegetarian and vegan products to offer in the German market are meat substitute products, alternative milk products, as well as breakfast dishes (muesli, corn flakes, various curds, etc.) and non-gluten products.⁷⁷

⁷⁴Mintel (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>

⁷⁵USDA 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

⁷⁶Mintel (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>

⁷⁷USDA 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

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 - €47.⁷⁸⁷⁹

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 vegetable oils, poultry, potatoes, fruits and vegetables.⁸⁰ 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.⁸¹

Most of organic food sales in Germany are made by supermarkets – 57.5%, and natural food stores and markets – 30.1%.⁸² 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.⁸³

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 AlnaturaProduktions. 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

78 Germany Trade and Invest (2016). The food & Beverage Industry in Germany. Available at: [http://www.euromonitor.com/organic-packaged-food-in-germany/report](https://www.gtai.de/GTAI/Content/EN/Invest/_SharedDocs/Downloads/GTAI/Industry-overviews/industry-overview-food-beverage-industry-en.pdf?v=779Euromonitor (2017). Organic Packaged Food in Germany. Available at: <a href=)

80 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>

81 Germany Trade and Invest (2016). The food & Beverage Industry in Germany. Available at: [http://orgprints.org/31200/7/schaack-2017-organic-market-germany-biofach2017.pdf](https://www.gtai.de/GTAI/Content/EN/Invest/_SharedDocs/Downloads/GTAI/Industry-overviews/industry-overview-food-beverage-industry-en.pdf?v=782Agricultural Market Information Company (2017). The organic market in Germany - highlights 2016. Available at: <a href=)

82 Agricultural Market Information Company (2017). The organic market in Germany - highlights 2016. Available at: <http://orgprints.org/31200/7/schaack-2017-organic-market-germany-biofach2017.pdf>

83 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>

as the EU's organic logo Euro Leaf, which is mandatory for all organic pre-packaged food produced within the EU in order to make organic products easily identifiable by the consumers (Figure 13).

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



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.⁸⁴ 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 super food products, such as super grains, dried super fruits and super seeds. According to Market Research Company Mintel, Germany is the 2nd most innovative market for new super food launches, following the lead of the US. In 2017, 9% of global food and drink launches carrying a super food claim occurred in Germany, up from a 6% share in 2016.⁸⁵ 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 super food ingredients. Dried super fruits, 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

⁸⁴Euromonitor (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>

⁸⁵Mintel. 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>

from strong brand recognition, similar to that of traditional brands, as well as consumer appreciation of products with a good value-for-money.

5.3.4. Private labels

One of the growth factors of German grocery retail sales is the increased focus on private-label products. Half of German consumers believe that buying private-label products is something that savvy shoppers would do.⁸⁶ 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.⁸⁷ 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.⁸⁸ 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.⁸⁹

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.⁹⁰ 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%.⁹²

86Yumda.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>

87Agriculture 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>

88 Nielsen. Rise and Rise Again of Private Label. Available at: <http://www.nielsen.com/content/dam/nielsen-global/ru/docs/2018.02%20-%20Global%20-%20The%20Rise%20and%20Rise%20Again%20of%20Private%20Label.pdf>

89Euromonitor (2015). Private label in Western Europe: Developments and future prospects.

Available at: https://www.wabel.com/sites/default/files/market_data/Euromonitor_Grocery%20SUMMIT.pdf

90Agriculture 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>

91IGD (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>

92Kantar 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>

Although online shopping still accounts for a low share of the total grocery retail sales in Germany, considerably less than in other European countries, it is continuing to increase its share due to obvious time-saving benefits and convenience factor. It has been estimated that in 2017, around 15% of German consumers purchased more than half of their groceries online and this proportion is due to increase in 2018, as 20% of consumers are planning to do so in the next 12 months.⁹³

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.⁹⁴⁹⁵ 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.⁹⁶

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.

93 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

94 Euromonitor (2016). Grocery Retailers in Germany. Available at: <http://www.euromonitor.com/grocery-retailers-in-germany/report>

95 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

96 Germany Trade & Invest. Available at: <http://www.gtai.de/GTAI/Navigation/EN/Invest/Industries/Consumer-industries/consumer-markets-retail.html>

The key legal foundation regulating food production, import and trade in Germany is the German Food, Commodities and Feed Act.⁹⁷ The Act covers all stages of the food value chain, and applies to food, beverage, feed and cosmetics goods with the main aim to regulate actions of manufacturers, dealers and distributors by ensuring traceability throughout the production and processing stages, as well as guaranteeing safety and quality of the goods. The Act consists of ordinances on topics such as hygienic and veterinary requirements, labelling, packaging, as well as numerous rules for special product groups.

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)⁹⁸, 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).⁹⁹ 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

⁹⁷ Lebensmittel-, Bedarfsgegenstände- und Futtermittelgesetzbuch (Lebensmittel- und Futtermittelgesetzbuch - LFGB). Available at: <https://www.gesetze-im-internet.de/lfgb/LFGB.pdf>

⁹⁸ Bundesanstalt für Landwirtschaft und Ernährung. Available at: www.ble.de

⁹⁹ Bundeszollverwaltung. Available at: www.zoll.de

chain, including producers, importers, distributors and retailers, are all responsible for products they place on the market. However, even if products do not comply with the national requirements, they can be imported to ensure free movement of goods, as long as they are legal in another EU member state. However, in such case, importers will need to obtain a special permit, issued by the Federal Office of Consumer Protection and Food Safety (BVL).¹⁰⁰

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.¹⁰¹

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 Kühn Institute (Julius KühnInstitut - Bundesforschungsinstitut für Kulturpflanzen)¹⁰², overseen by the Federal Ministry of Food and Agriculture.

6.1.3. Labeling and packaging

Companies exporting products to Germany also must take into account 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.¹⁰³

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,

100 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>

101 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>

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

103 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>

secondary and commercial packaging, must be collected including all additional packs that reach the consumer. In case of large packaging volumes (50-80 tonnes), responsible authorities must be warned and the waste must be recycled.¹⁰⁴

6.2. Berry trade regulations

This section provides information on legal requirements and trade standards regarding quality, packaging and labelling for fresh berries in Germany. For specific information on quality requirements it is always advisable to contact your buyer.

6.2.1. Import regulations

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

The European Union (EU) has set General Marketing Standards for Fruit & Vegetables (GMS). Compliance with these GMS is obligatory according to Commission Implementing Regulation (EU) No. 543/2011. In addition to the GMS, German buyers commonly require that your berries comply with the quality standard for berries of the United Nations Economic Commission for Europe (UNECE). Minimum requirements Both the GMS and UNECE standards require that your berries are:

- Intact
 - Sound – produce affected by rotting or deterioration such as to make it unfit for consumption is excluded
 - Clean, practically free of any visible foreign matter
 - Practically free from pests
 - Practically free from damage caused by pests
 - fresh in appearance
 - free of abnormal external moisture
 - Free of any foreign smell and/or taste. The development and condition of the berries must be such as to enable them to:
 - withstand transportation and handling
- Arrive in satisfactory condition at the place of destination.

6.2.2. Food safety and hygiene¹⁰⁵

A number of food scandals in Europe in recent years involving various commodities – including fresh produce – and pressure from NGOs have prompted the food industry to come up with various programs to ensure the safety of the traded food. For fruits and vegetables, two main programs evolved in Germany:

¹⁰⁴Deutscher 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

¹⁰⁵ Product Brief Fresh Fruits (2016) Available at: https://gain.fas.usda.gov/Recent%20GAIN%20Publications/Product%20Brief%20Fresh%20Fruits_Berlin_Germany_12-16-2016.pdf

the Q+S and GLOBALG.A.P. While Q+S is a 3-tier system that involves every participant along the production chain from the farmer to wholesalers and logistics, GLOBALG.A.P mainly focuses on the producer level and is often supplemented by the IFS (International Food Standard) on the wholesale level. A major component of both systems is the extensive documentation requirement for all stages of the production process.

Both systems are not restricted to German producers but also open to international producers. Also a combined certification for both Q+S and GLOBALG.A.P at the same time is possible at the producer level. Non-certified produce is still accepted. However, U.S. exporters should monitor the issue closely because some European retailers are requiring certification.

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- Fresh in appearance
- Free of abnormal external moisture
- Free of any foreign smell and/or taste.
- The development and condition of the berries must be such as to enable them to:
- Withstand transportation and handling
- Arrive in satisfactory condition at the place of destination.

Berries must be sufficiently developed and display satisfactory ripeness according to the species but must not be overripe. The development and state of maturity of the products must be such as to enable them to continue their ripening process and to reach a satisfactory degree of ripeness.¹⁰⁶

European Council Directive 2000/29/EC contains provisions concerning compulsory plant health checks for products entering the EU. The checks consist of documentary, identity and physical plant health checks to verify compliance with EU import requirements.

6.2.3. Labeling and packaging

The labelling requirements for bulk exports of fresh berries to Germany are also set in the European Union's General Marketing Standard. All labels for fresh berries subject to European Union's marketing standards must state the following information:

- Nature of produce and name of variety (for example: raspberries of *Rubus idaeus* L.)
- Country of origin
- Commercial specifications (for example: Class I, UNECE standard for fresh berries); mention 'wild' when the berries were wild-collected.

If the produce is sold pre-packaged, labelling must comply with the rules in EU Regulation No. 1169/2011 on the provision of food information to consumers. The following additional information has to be stated on the product label of prepacked berries:

- Name and address of packer including the country of origin
- Weight or number of items in the package
- Lot number
- Size.

If company packages products for the consumer market, they also need to put a label in German language on their product. However, if company works with suppliers or retailers, the buyer usually provides these consumer labels. In addition, any certification logo, or retailer logo in the case of private-label products, should be displayed on the label.¹⁰⁷

¹⁰⁶Fresh berries in Germany (2016). Demand of fresh berries in Germany. Available at: https://www.importpromotiondesk.de/fileadmin/user_upload/Publikationen/factsheet/obst_gemuese/Fresh_berries_161215_eng.pdf

¹⁰⁷Centre for the Promotion of Imports (2016). CBI Product Fact Sheet: Fresh berries in Germany. Available at: https://www.cbi.eu/sites/default/files/market_information/researches/2016_cbi_ipd_pfs_fresh_berries_for_the_german_market_-_final_1.pdf

The purpose of packaging is twofold: the boxes protect the berries from mechanical damage and rotting and represent the company's image. The UNECE standard for berries specifies packaging requirements.

- Berries must be packed in such a way as to protect the produce properly.
- The materials used inside the package must be clean and of a quality such as to avoid causing any external or internal damage to the produce. The use of materials, particularly of paper or stamps bearing trade specifications, is allowed, provided the printing or labeling has been done with non-toxic ink or glue.
- Packages must be free of all foreign matter, except for incidental leaves and twigs of wild berries.

In Germany, recyclability of packaging materials is another important requirement. The Packaging and Waste Avoidance Law / the Green Dot (Verordnung über die Vermeidung und Verwertung von Verpackungsabfällen, or VerpackV) establishes recyclability requirements for packaging material. The German legislation is based on Directive 94/62/EC of the European Union. The Green Dot symbol is found on the packaging material of virtually all retail products in Germany.

The packaging material for most brands is non-see-through plastic, but see-through plastic, paper and a combination of those is more common for organic brands, as natural materials in packaging provides more distinctive message on environmental-friendliness, but has higher associated costs (Figure 14) (Figure 15).

Figure 14. Example of a typical berries' import package, packaging and labelling in Germany (Driscolls, various berries)



Figure 15. Example of a typical organic berries packaging and labelling in Germany (SanLucar, Raspberries and Strawberries, 125g)¹⁰⁸



Packages of berries in bulk are required to contain product of the same commercial type and are ought to have a uniform net weight – usually, packaged in carton boxes in weight from 5kg up to 12.5kg. Some customers might request pre-packaging of the product as well into smaller 200g size packs ready for retail sale. All types of packages, such as cartons, bags and boxes, should ensure adequate protection against humidity during storage and transport of the product. Any paper or other material used inside the package should be new, waterproof and harmless to human health.¹⁰⁹

Figure 16. Example of a typical import package of dried fruit in Germany (Tilouche Fruit Import, washed and chopped Tunisian dates, 7kg/10kg)¹¹⁰



More details on requirements on product information and packaging for the transport of dried fruits are provided on the Transport Information Service website.¹¹¹

¹⁰⁸SanLucar.Fresh fruits. Available at: <https://www.sanlucar.com/>

¹⁰⁹Centre 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

¹¹⁰Tilouche Fruit Import. Products. Available at: <http://tilouche-fruchtimport.com/produkte/>

¹¹¹Transport Information Service. Cargo information.Fruit, dried. Available at: http://www.tis-gdv.de/tis_e/ware/inhaltx.htm

7. Conclusions and recommendations

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

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

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

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

Berries segment is among the most demanding ones in the fresh fruit industry. Although berries are highly imported in Germany, the vast majority of imports come from non-EU countries and have claims toward certifications, which has made quality inspections even stricter. Nevertheless, the segment has great future growth prospects due to consumers having busy lifestyles and turning to healthier foods supplemented with berries.

Taking into account the specifics of the German market, several key entry models for Georgia's berries 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).

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

	Entry Model	Advantages	Disadvantages	Suitability
<i>Branded products</i>	Direct export to retailers	<ul style="list-style-type: none"> • 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 	<ul style="list-style-type: none"> • Difficult to establish connections • Must have good knowledge of German consumers and trade requirements • Need to have a strong brand to compete • Low variety of stocked dried fruits in discounters, usually just private-labels • Packaging and marketing related costs • Specific purchase and delivery requirements (e.g. multi-trio Euro pallets) 	Medium
<i>Branded products</i>	Indirect export via importers/wholesalers/distributors	<ul style="list-style-type: none"> • Good accessibility for foreign importers • Local knowledge and contact network • Assistance with marketing and promotion • Assistance with trade requirements 	<ul style="list-style-type: none"> • Need to have a strong brand to compete • Packaging and marketing related costs 	High
<i>Bulk products</i>	Direct export to producers	<ul style="list-style-type: none"> • High demand in healthy snack and convenience food segments • 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 	<ul style="list-style-type: none"> • No unique selling point, must mainly compete with the price • Must have good trade requirements • Specific purchase requirements 	High
<i>Bulk products</i>	Direct export to retailers	<ul style="list-style-type: none"> • High demand in private-label segment • 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 	<ul style="list-style-type: none"> • Difficult to establish connections • Must have good knowledge of trade requirements • Have specific needs for private-labels • No unique selling point, must mainly compete with the price 	Medium
<i>Bulk products</i>	Indirect export via importers/wholesalers/distributors	<ul style="list-style-type: none"> • Good accessibility for foreign importers • Local knowledge and contact network • Assistance with marketing and promotion • Assistance with trade requirements 	<ul style="list-style-type: none"> • No unique selling point, must mainly compete with the price 	High

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

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ABOUT EDA:

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

ABOUT GATEWAY & PARTNERS:

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



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