BVLH Handelsverband Lebensmittel

28.02.2019

Food Retail in Germany

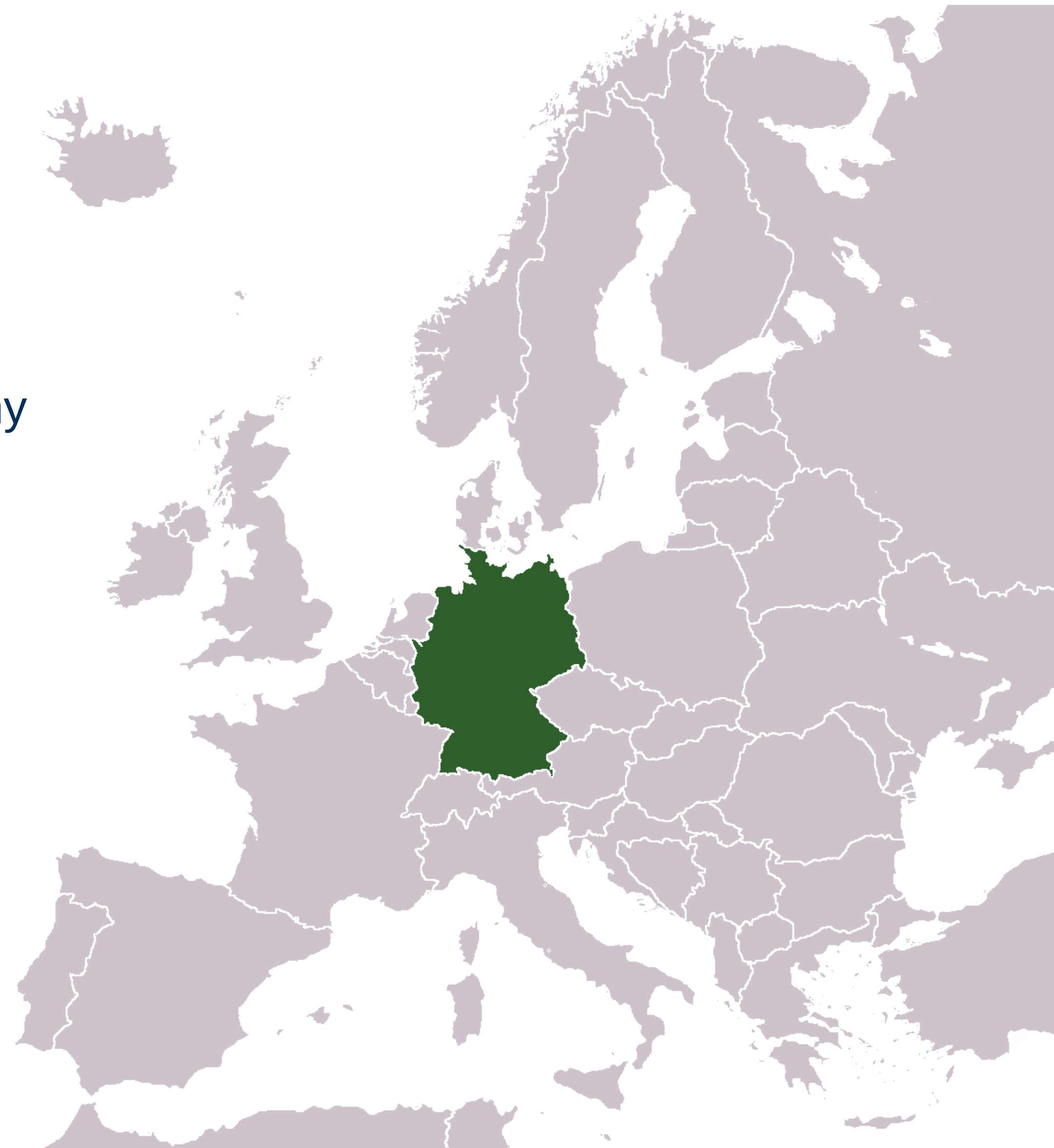
Sector Insights and Trends

BVLH
Handelsverband
Lebensmittel

1 Market summary

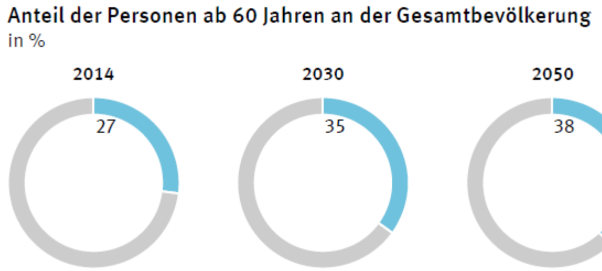
Market summary

- Germany is the biggest market for food & beverages in the EU (82 million consumers)
- Germany is the largest economy in Western Europe
- Germany is a net importer of major categories of food (imports of consumer oriented food products = 75 billion EUR)



Market summary

- low unemployment rate (5,3 %) (40 million people in employment)
- purchasing power per capita: € 22.949 /year
- consumer spending for food and beverages per household:
  € 348 /month (13,8 % of income)
- share of single-person households: 37,2 % (13,4 million people)
  > the most common type of households in Germany (still growing)
- rising of life expectancy and average age



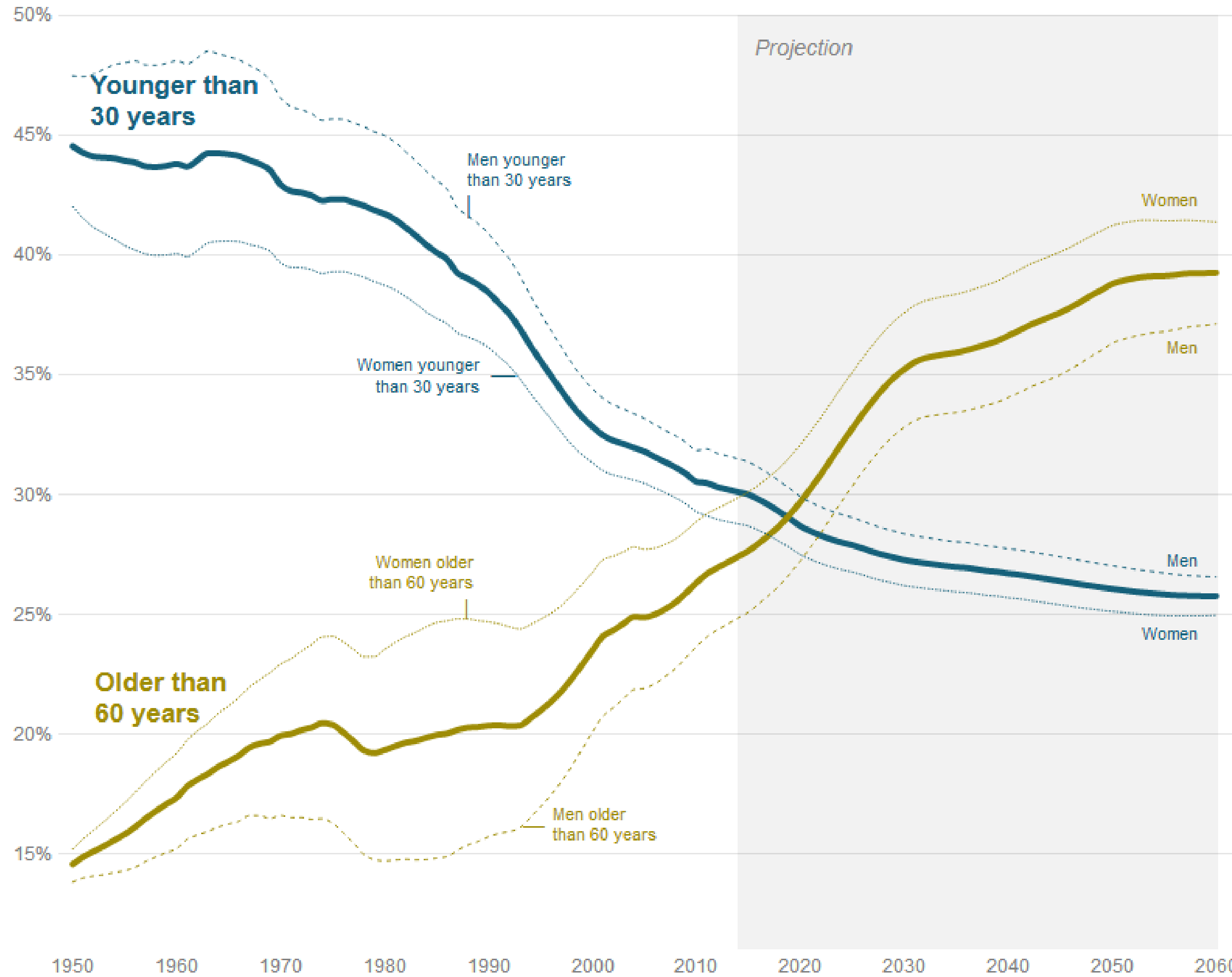
Population ages 60 and above in Germany (share)

Demographic change

- By 2019, there will be fewer Germans under 30 years old than there are Germans that are 60+ years:

- At the same time growing diversification of lifestyles

Share of Germans **younger than 30** and **older than 60 years**.



Projections are from 2015

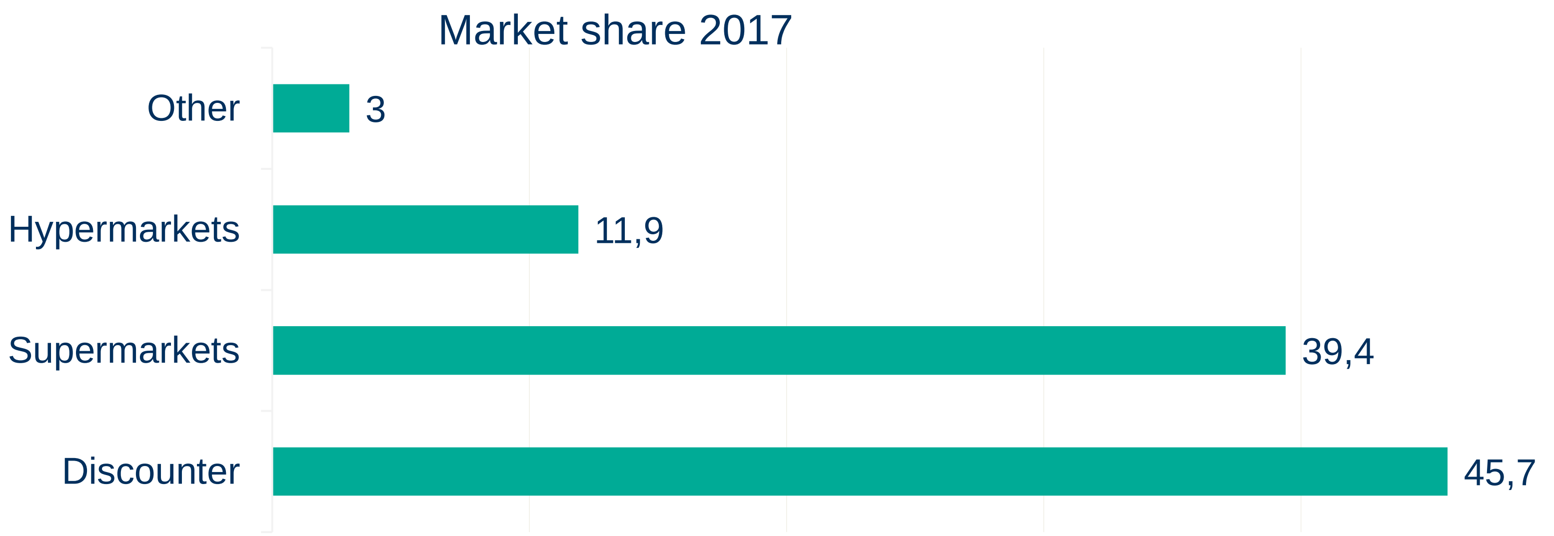
BVLH
Handelsverband
Lebensmittel

2 Leading Retail Companies

BVLH Handelsverband Lebensmittel

Market summary

- The German retail market is highly concentrated with high market saturation
- Germany: highest share of discounter in the world
- very competetive market:
  → thin margins
  → large number of private labels



Source: www.handelsdaten.de

Grocery Retailers in Germany

Supermarkets:
Edeka (EUR 38 billion), **Rewe** (EUR 28 billion), **Tegut** (EUR 1 billion)

Discounter:
Aldi (EUR 30 billion), **Lidl** (24 billion), **Netto** (EUR 14 billion), **Penny** (EUR 8 billion)

Hypermarkets:
Real (EUR 8 billion), **Kaufland** (EUR 15 billion), **Globus** (EUR 3 billion)

BVLH
Handelsverband
Lebensmittel

3 Trends in food retailing


Convenience Food
Trading up (supermarkets and discounter)
Trends in german food retailing
eCommerce with FMCG
Sustainability regional, organic, animal welfare

BVLH
Handelsverband
Lebensmittel

Trading up

- 2018 growth of food retail mainly driven by fresh product category
- more fresh fruits and vegetables + ultra fresh products, convenience

Trading up

- supermarkets offer more high class and premium products, e.g.
  - dry-aged-beef
  - premium wine selection etc.

BVLH
Handelsverband
Lebensmittel

Trading up

- discounter follow this trend to a certain extend:

BVLH
Handelsverband
Lebensmittel

Convenience Food

Food to go

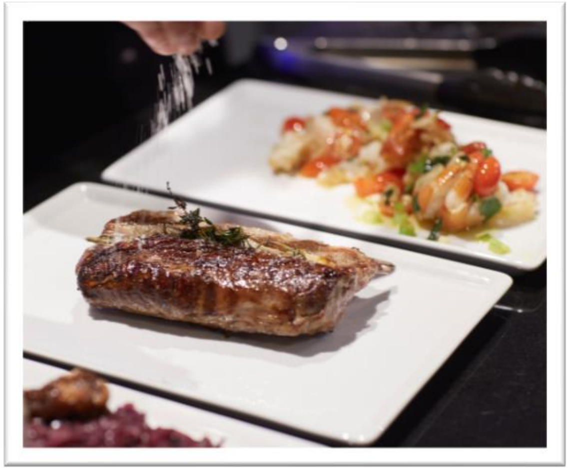

MEAL DEAL MAIN
10% MORE TUNA
The co-operative
LOVED by us
Tuna & Sweetcorn

BVLH Handelsverband Lebensmittel

Urban Concepts

Grocerants (In-store dining)

- mainly supermarkts offer more space for in-store dining
- good potential for breakfeast and lunch

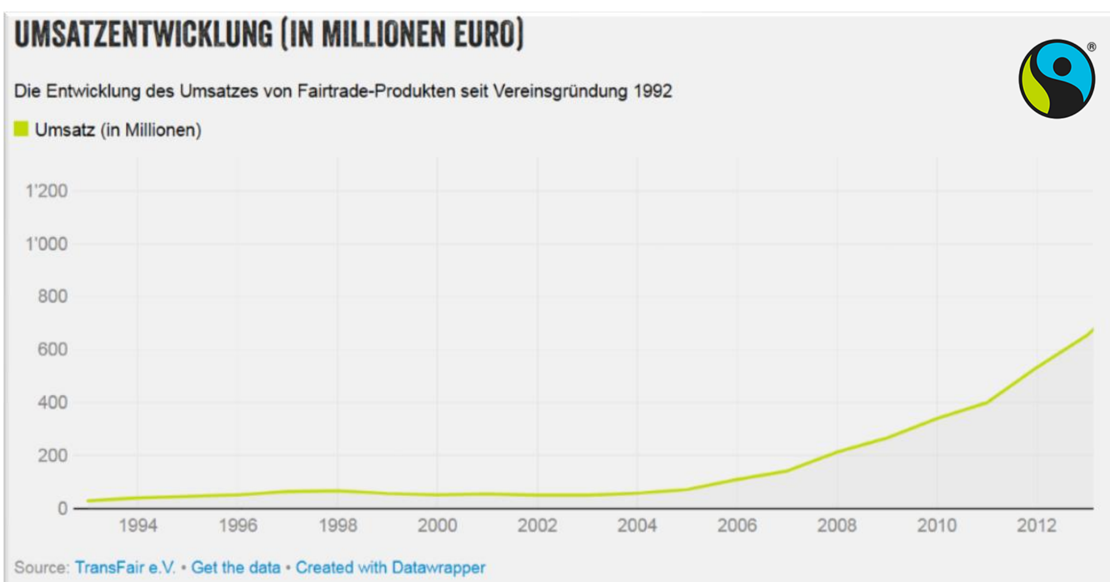


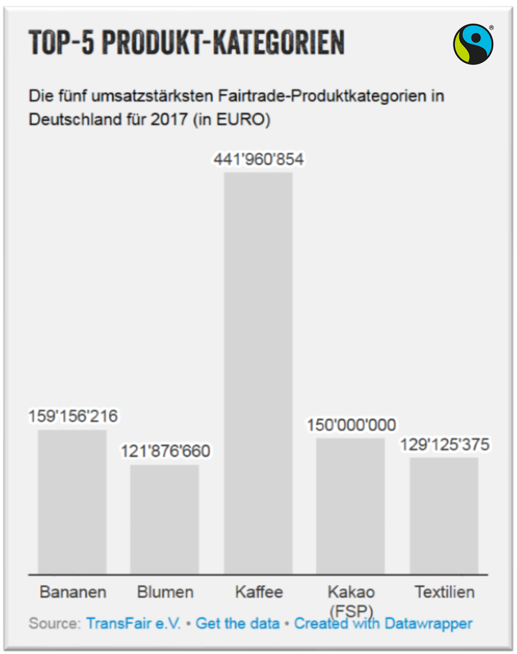
Being green

- Germans are proud of „being green“

➢ increasing demand for organic, convenience, health (free range), sustainable (eg. regional or locally sourced), wellness;
but also: new innovative and luxury products

- Fair Trade: € 1.3 billion turnover (+ 19 %) in 2017





Being green

- Animal Welfare:
  - Private initiative „Animal-Welfare Label“

  - Labelling different forms of animal farming

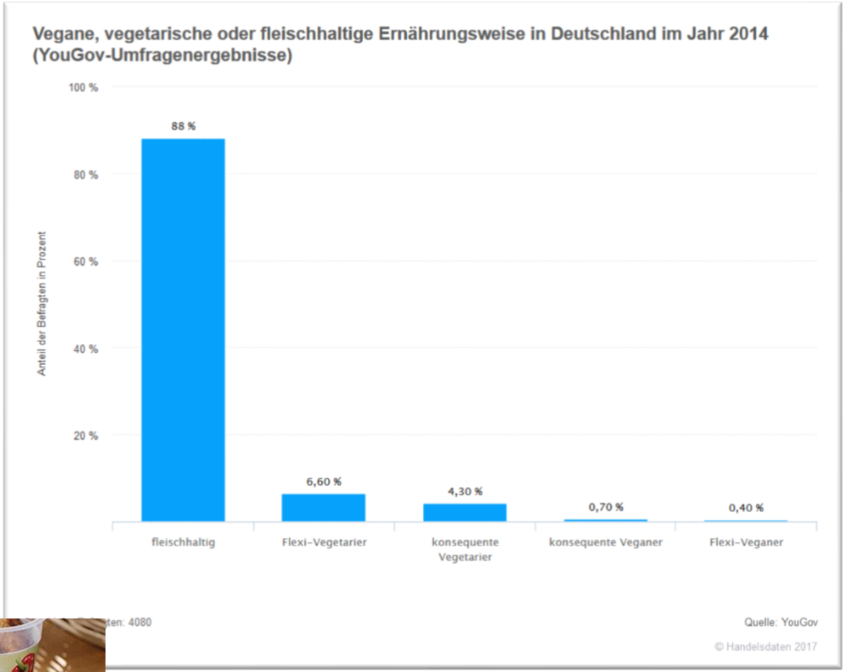
Being green

- Increasing purchasing decisions as a political or life-style statement (non-GMO, vegetarian or vegan diet, organic food).
- GMO-free Labeling
  Retailer increase the non-GMO range of dairy and meat products and highlight this in advertisements

Being green

Veggie:

- 4 % vegetarian + 6 % flexi-vegetarian => 10 % consumers
- new products like meat free burger and sausage

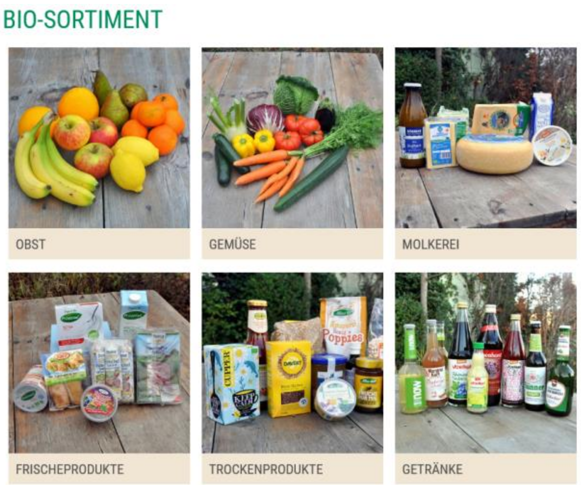


BVLH
Handelsverband
Lebensmittel

Being green

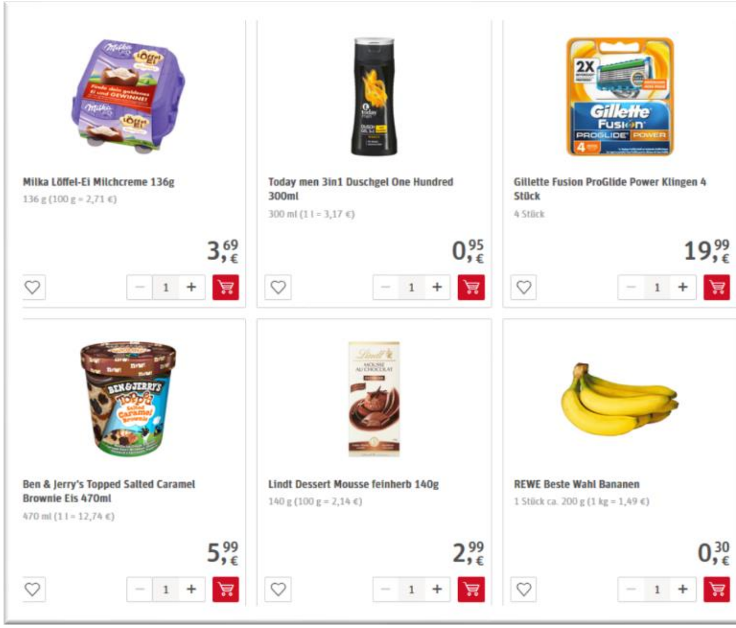
Organic Food:

- Germany is second biggest organic food market in the world
- market is splitted into traditional and specialist organic food stores
- traditional retailers acount 59 % (2018) of the organic market
- upward trend continues in 2018:
  total sales € 11 billion (+ 5,5%)
- trend is mainly driven by traditional retailers (+ 8,6 %), due to product range expansion
- specialised food stores grow with + 0,8%



BVLH
Handelsverband
Lebensmittel

Online Food Retailing



- not <u>stationary</u> versus <u>online</u>, it is **emotional** vs. **non-emotional**
- online food retailing segment keeps growing (low level)
- focusing on metroplitan areas / large cities

BVLH Handelsverband Lebensmittel

Online Food Retailing

- mainly supermarkets (Rewe and Edeka) offer online options
- new players (e.g. Picnic)
- eCommerce will continue to grow; retailers will develop multichannel delivery options