

Market Analysis Report: Finished Products Industry in Germany

October 2022

This market research was conducted by OCO Global within the Business Lead Generation Project for Agricultural Commodities implemented by **the USAID Agriculture Program** in cooperation with **Enterprise Georgia** and **Rural Development Agency**



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GERMANY : Market Overview

Germany Key Facts



16 Federal State

Bavaria, North Rhine-Westphalia, Baden-Württemberg, Thuringia, Hesse, Berlin & Hamburg amongst others



Currency

Euro (EUR)



Population

82.9 million



Capital

Berlin



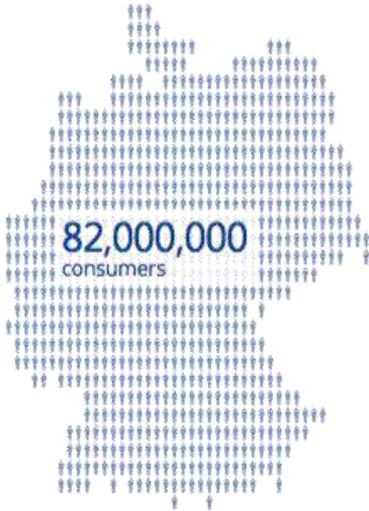
Language

German is the primary language across the country. In general, Germans are experienced in conducting international business and have English language skills.



The world's 4th largest economy & largest national economy in Europe

The German Economy Snapshot



Germany is the **largest economy in Europe**. It constitutes 21% of European GDP and is home to **82m consumers** (16% of the EU population)

The German economy is widely considered the **stabilizing force** within the EU – and particularly within the eurozone due to reliability.

The economic strength is driven by **highly innovative SMEs**, the renowned *Mittelstand* that constitutes 99.5% of all companies (hidden champions) with many being family owned.

GERMANY : Food Industry Overview

The German Food & Drink Industry is Europe's leader



82 m consumers help make Germany the largest retail market for food and beverages in Europe

Germany is both the **third-largest exporter and importer of agricultural and food products** worldwide.

EUR 243 bn in retail sales due to a growing population with higher average income

EUR 180 bn production value demonstrate the sector's significance for the German economy

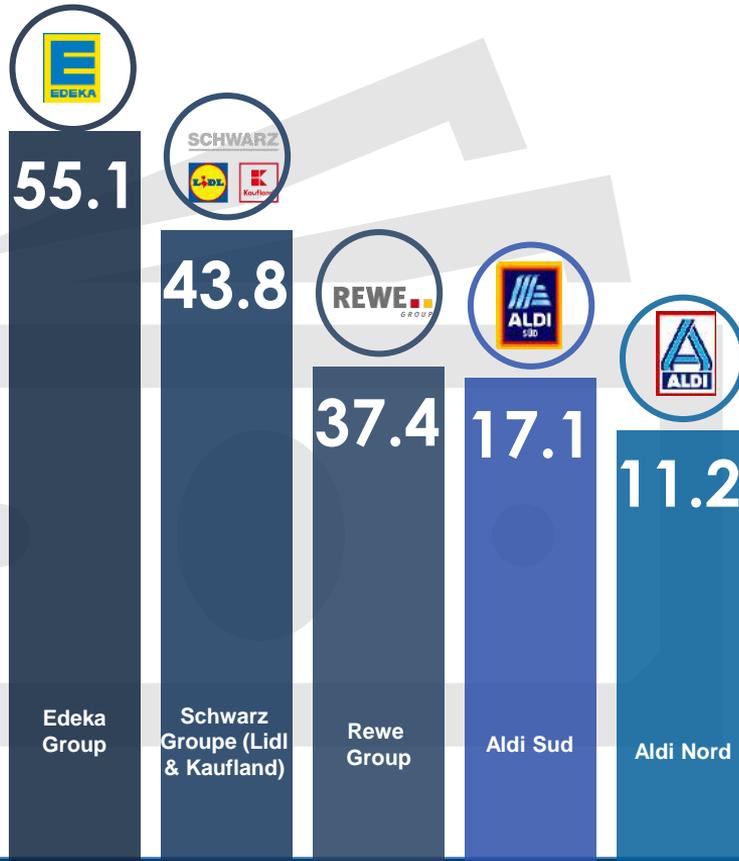


600,000 employees



6,000 businesses

Germany's Leading Grocery Retailers



Leading Retailer in Germany by Net Sales in billion euros (2021)

In 2021, the leading grocery retailer by net sales in Germany was Edeka, with 55.1 billion euros, followed by Schwarz Group with 43.8 billion euros.

By 2026, Net sales of Edeka is forecast to reach 62.1 billion in 2026, Schwarz Group is projected to reach 52.2 billion, Rewe 39.6 billion, Aldi Sud 20.5 billion and Aldi Nord 12.4 billion.

Convenience and health are driving the trends for European consumers as they look to meet the demand for healthier lifestyles whilst becoming increasingly time-conscious



Convenience is Key

Consumers in Europe are increasingly time poor, as longer working hours and an always-on culture have become commonplace.

This has driven a constantly evolving demand for convenience and 'food-on-the-go.' Consumers now prefer to do either standalone daily shops or using them to top up a bigger weekly shop.



Convenient, Yet Healthy

Healthy snacking has been fuelled in part by the rise of bloggers and social media influencers who focus on diet, nutrition and wellbeing. Consumers now expect more from their snacks, requiring them to provide a range of health benefits, from increasing energy and strength to promoting regular sleep patterns. They also pay close attention to the ingredients and nutritional facts.



Improving Quality Alternatives

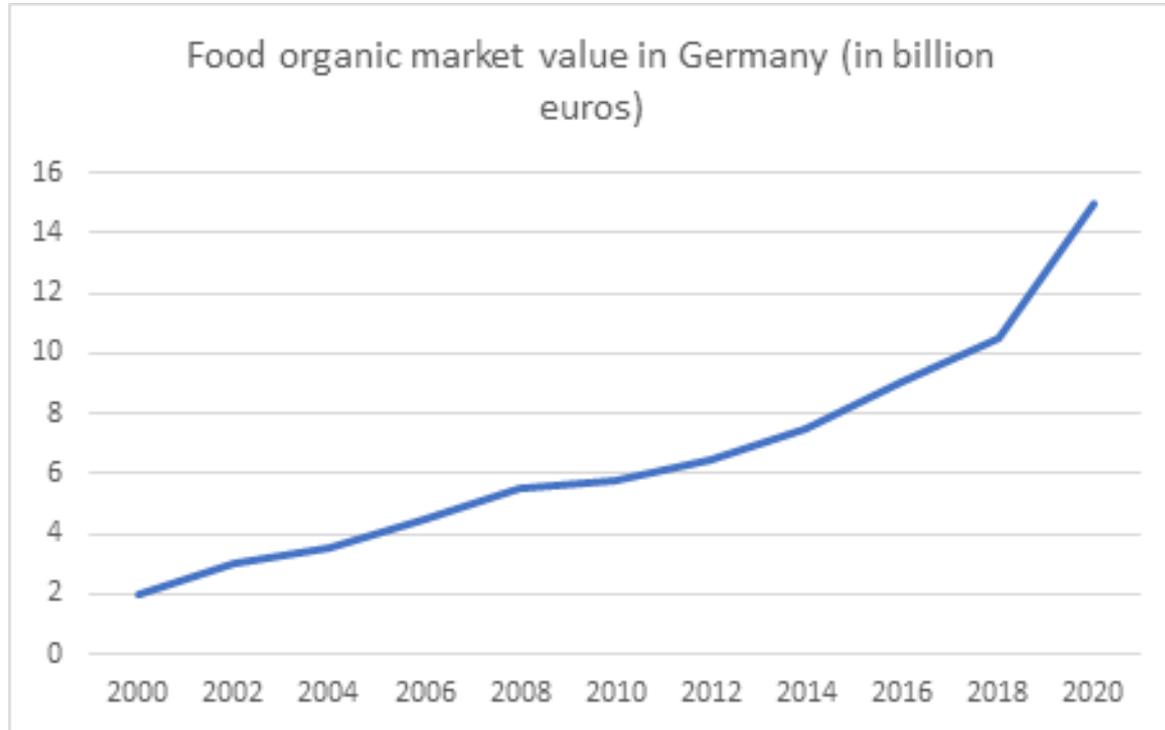
Consumers are increasingly adjusting their diet because of allergies and intolerances. European consumers believe that gluten-free tastes better. Not only are allergies driving the need for a wider variety of diet adjustments, but even those who don't need it are influenced to.



Clean Labelling

Consumers more than ever want food brands and retailers to be honest and transparent about what is in their food and drink, and where it comes from. Clean labelling encourages producers to highlight certain key information in labelling and packaging. Whether good or bad, displaying nutritional facts, origin of produce and sustainability impact to build trust with consumers.

A shift towards health, bio, and organic in German supermarkets

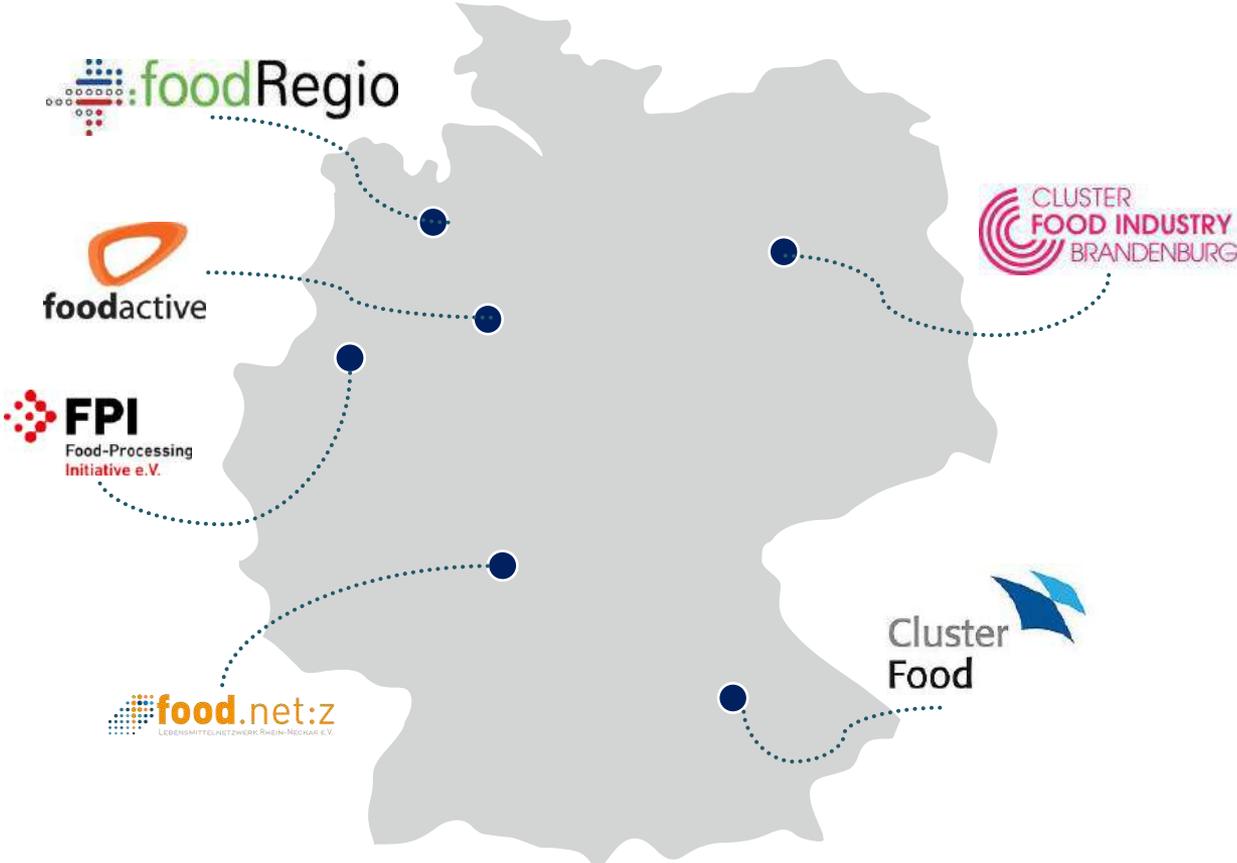


Organic food products already represent a mainstream, well-established trend in Germany.

In 2020, the German organic market accounted for € 14,99 billion (6.4% share of the food market), which represents a market growth of 22.3% (AMI).

It positions Germany as the first European country in the organic sector.

Food Clusters Germany



Relevant Trade Shows in Germany

Name	Date	Location	Info
Internationale Grüne Woche (IGW)	20. - 29. January 2023	Berlin	World's largest exhibition for the Food Industry, Agriculture and Horticulture
Fruit Logistica	08. – 10 February 2023	Berlin	Fair of fresh fruit and vegetables: trade, storage, packaging, distribution, marketing, purchasing, organic products
BIOFACH	14 - 17 February 2023	Nuremberg	World's Leading Trade Fair for Organic Food
Anuga	07. - 11. October 2023	Cologne	World's leading food fair for the retail trade and the food service and catering market

GERMANY : Finished Products Industry

Market Size and Growth

Market Overview

- In Germany the food industry is the fourth largest industrial sector with more than 6,000 companies – 90 percent of companies in the industry are small and medium-sized.
- The most important import goods include milk and dairy products, meat and fish, and processed fruit and vegetables.
- Defying the weak overall economic trend, the food industry again proved its capabilities in 2019, increasing its sales by 3.2 percent to 185.3 billion euros.
- With around 170,000 products, the range of food on offer is higher quality, safer and more varied than ever before. And the demands of consumers are constantly increasing.

Source: BVE e.V. ([Link](#)), Statista 2020



YoY % of Growth

+5.1%



Demographics

over 600,000 employees



Import/export stats

33% export quota



Growth forecast

n/a

Revenue in the German food industry from 2014 to 2019
Revenue in billion €



Germany had a total import value of €1.5bn in 2020, up €18m from the previous year. German Exports of Processed Fruit and Nuts totaled €991m in 2020.

€1.22

Billion EUR
2022
European
Market Value

6.41%

Percent
European
Spreads
Market
CAGR
Growth

Landscape

Germany is the second largest market in the world for imports of Processed Fruit and Nuts, with the most popular source markets being Turkey (19.7%), the Netherlands (18.2%) and Luxembourg (6.7%). The largest export markets are France (17.2%), Netherlands (10.9%) and Austria (10.6%).

The Jams, jellies, chocolate spreads and peanut butter industry is going through shifts in consumer preferences with demand for healthy and clean label products increasing. Aspects such as taste and price are less of a driver for choice, rather the health and wellness aspects of these products are most important.

This is equally true for fruit juice products, with the health benefits such as the high content of minerals and phytochemicals being a driver for consumer's preference

This points to a high potential in the market for finished fruit and nut products.

Consumption and market size of fruit juices

- Volume sales of fruit drinks have declined annually since 2017, with the sole exception of the first pandemic year (2020), when most drinking occasions moved in-home at the expense of out-of-home sales. Part of the reason for the decline is a move towards smaller portions such as shots and smoothies as well as more premium options.
- Mintel estimates the market size of fruit juices at about € 2.99 billion
- Between 2021 and 2026 there is expected to be a 8.6% decline in volume sales overall

Germany: % annual change in volume sales of fruit juice, juice drinks and smoothies, 2016-21



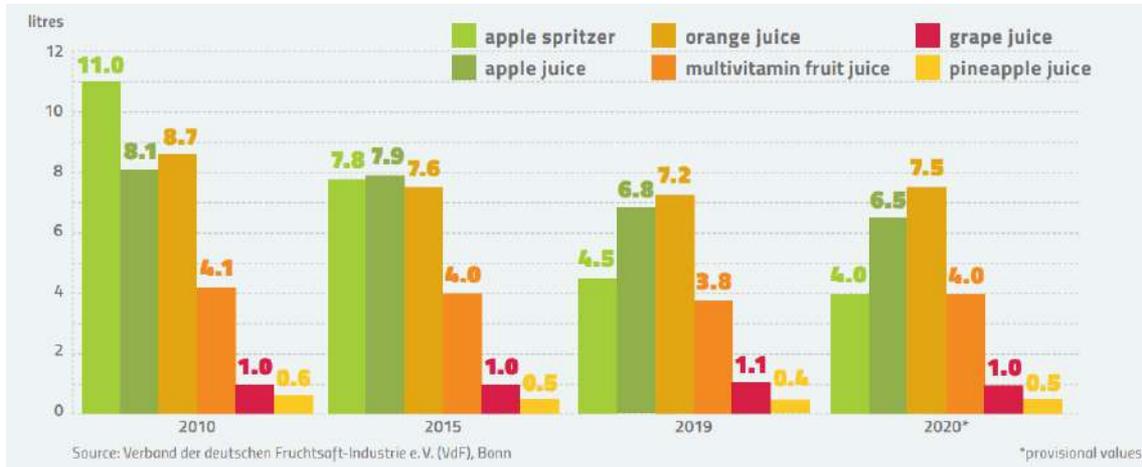
Fruit Juice in Germany

Germans see consumption of fruit juice as a way to intake minerals and phytochemicals.

In Germany, juice manufacturing is almost exclusively done with UHPH technologies which has simplified the process between factory and retail and consumers. The country is currently looking for innovations that increase juice shelf life and ways to extract nutrients from the raw pulp at a higher rate.

Plastic packaging dominates the German juice market (47%) due to its convenience, lightweight, and flexibility. Cartons is the second most common packaging in Germany due to its benefits of long life and protecting freshness. Glass packaging is currently losing market share because it is more costly, rigid, and brittle.

The most popular juices in Germany are Orange, Apple, Flavor Mixes, and Grape. Flavor mixes are especially popular in Germany such as multivitamin.



Fruit Juice in Germany



332 fruit juice producers



3.17 billion turnover



30 litres per capita consumption



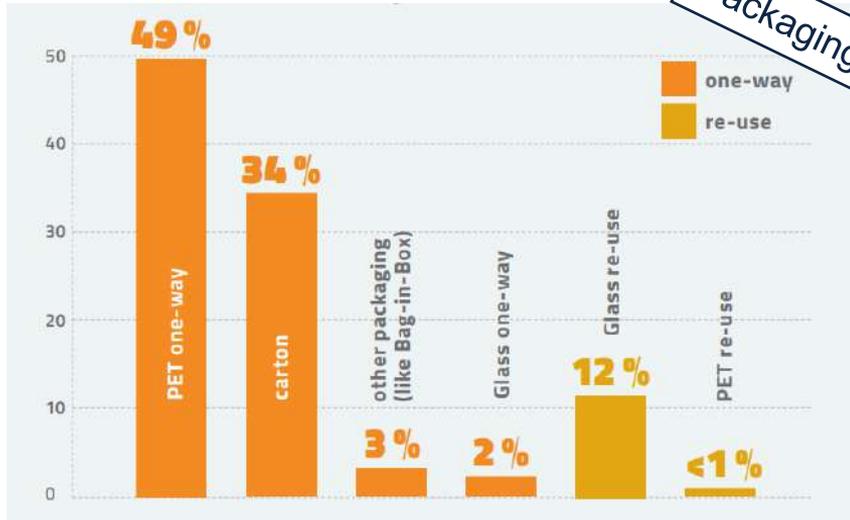
1.47 billion EUR imports



1.14 billion EUR exports

Packaging trends

Most common packaging



- bag-in-box 20 l;
- plastic container 20 l;
- steel drum 200–250 l;
- plastic drum 200–250 l;
- stainless steel container (200–800 l);
- foldable container, usually 1,000 l;
- truck tankers, usually 25,000 l.

Important note on Fruit Juice in Germany

There are very strict rules about what is considered fruit juice (Fruchtsaft) in Germany. Foreign importers should be aware of the **Fruit Juice Ordinance, FrSaftV**. This states that a drink can only be called „fruit juice“ if it contains 100% fruit juice. If it contains less, 25-50%, then it is only considered „fruit nectar“. Importers should be aware that there is a public relations health campaign circulating that urges customers only to drink fruit juice and not fruit drinks or fruit nectars, as these contain more sugar and are seen as unhealthy.

In addition to these rules, colorants and preservatives are not to be used in fruit juice or fruit nectars.

Importers may also prefer juices with pulp in it, as visible pulp is becoming more desirable in Germany as a sign of freshness.

Consumption and market size of tea products

- 9 in 10 Germans drink tea, averaging 28 liters per capita.
- Fruit tea as well as herbal/spice tea are the most consumed tea products by Germans across all age groups.
- The overall market size of tea products amounts for about €1.515 billion.
- In 2020 tea products registered an increase of 8.9% in retail value sales. For the period of 2021-2026 Mintel projects a continuing growth of 14.4%. Change in consumer patterns as well as the outbreak of Covid-19 are seen to be important factors for this trend.

Germany: company retail market share of tea, by value and volume, 2020



Base: based on the retail channels of food retail, drugstores and discounters, which cover approximately 58% of the retail sales in 2020 excluding instant tea

Source: Trade Interviews, Mintel

Tea Market in Germany

Drinking tea is becoming more common in Germany, with the East Frisia region in Germany having the highest per capita consumption in the world.

Black tea is the most popular tea in Germany with green tea quickly rising in popularity. Flavored blends are the most popular type of tea followed by peppermint, fennel, and chamomile. For packaging, herbal and fruit teas are served 90% in tea bags, whereas loose leaf teas are preferred 60% of the time for black and green tea.

In 2019 Germany imported tea worth 237 Million USD, making the country the 10th largest importer in the world.

Germans buy 57% of their tea in grocery and department stores and 12.4% at tea shops, with the most significant increase in channel purchases online at 8.2%

Especially in Germany, the quality standards for tea are extremely high. Consumers are willing to spend more on the teas they consume, resulting in a premiumization of the tea market.

Uniquely German

Not only is Germany a major tea importer, they are also an important exporter. 108 countries were supplied with tea from Germany with the EU and the USA being the top receivers.

Germany has two large seaports that are important for tea trade: Hamburg and Bremen. The German seaport Hamburg is unofficially known as the "tea capital" of Europe. Hamburg is home to major tea trading companies, as well as a large number of service producers such as laboratories and the German Tea Association.

If you supply specialty tea to the German market, make sure you have all relevant information and marketing tools readily available. For example, an elaborate story about your tea garden, your tea variety or brewing techniques.

Compliance with at least UTZ Certified or Rainforest Alliance standards is often necessary to supply the major German tea companies. Additionally, organic certification is most relevant, followed by fair trade certification.



Success Case Study

The trend in Germany is to cater to specialty and high-quality demands. Special interest is given to teas with unique flavors and nice packaging. An example of a successful tea company that has been able to find a niche in the German market is **5 CUPS and some leaves**.

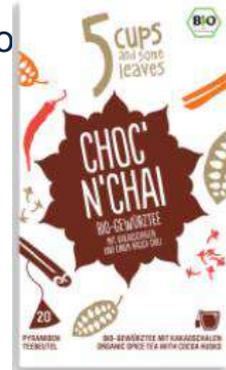


5 Cups and Some Leaves

The company gives consumers the option to buy their own tea blend online.

Four keys to their success:

- Making tea an experience
- Surprising mixtures
- 100% organic
- Sustainable packaging

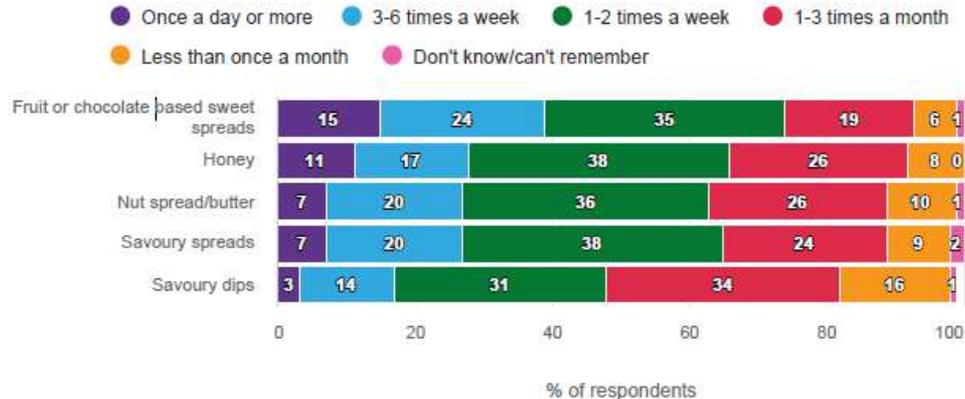


In addition, the company is adaptable and can sell to both retail customers as well as HORECA customers.

Consumption and market size of jams, jellies, marmalades in Germany

- About 86% of German consumers use sweet spreads, including jams, jellies, marmelades and honey.
- Market size in 2020 was estimated to be €1.99 billion in retail value
- Due to the outbreak of Covid-19 a strong increase of 11.4% was registered in 2020.
- Between 2020 and 2025 Mintel estimates however a small decline of 1% in market size.

Germany: frequency of eating/using spreads/dips, January 2021



Base: internet users aged 16+ who have eaten/used selected spreads/dips in the last three months

Source: Lightspeed/Mintel

Classification and Distinction

Marmelade (Marmelade): European and German law mandates that only citrus-based preserves may officially be called Marmelade

Konfitüre (Jam): Common term for all jams, but usually has bits of fruits fruits or berries that are visible

Gelee (Jelly): Can only be made from 100% fruit juice

Fruchtbutter or –mus (fruit butter): A thick spread made from lots more fruit in weight



Uniquely German

Most German, Austrian or Swiss quality brands use between 45% and 55% fresh fruit for all fruit jams. This is important because the EU regulation only mandates 35% - but the German consumer preference is a higher percentage. However, berries that are too sour are usually reduced to 25%.

In Germany, it is also not common to use corn-derived sweeteners (which are common in the US and in Asia). Instead, German brands use GMO-free sugar beets, fruit pectin for gellant and lemon juice as a preservative. This means that German jams and jelly are healthier as well as taste different in taste and texture to imported products. This is important for competitors to know and possibly adapt to.

German Business Culture



- German business people are **experienced** in conducting international business
- German business culture is marked by **organisation, planning and perfectionism**
- Evident characteristic of **uncertainty avoidance** across the German business culture
- **Management** style especially in family-owned SME's (99.5% of all German companies) has a reputation for being **risk-averse**
- Germany has a culture that likes **task-orientation, forward-thinking** and is very **process-driven** and **detailed**, with each aspect of a project being examined in great detail

The German Business Culture-Communication

- Germany is one of the so-called "**low-context**" cultures. All details are transmitted **explicitly**
- **Written business** communication, both to **back up decisions** and to **maintain a record** of decisions and discussions
- German business people prefer **contracts and written agreements** of all types
- Germans are **reserved and direct** at the same time – very straightforward without “window dressing”
- It may ease business decisions with German business partners if one can **reduce the perceived risk** and uncertainty for them in embracing these points

The German Business Culture- Influencing

- German business executives might **not easily recognise** and respond to **verbal subtleties** (indirect hints, messages 'between the lines')
- **Concentrating** much more **on the actual business**, and less on formalities and rituals (e.g. gift-giving)
- Business relations are **very formal**, and they reflect German values of **order, privacy and punctuality**
- Follow the established **protocol** and respect the **formality** of communication style
- Germans **do not need a personal relationship** to do business; work and personal lives are rigidly divided

The German Business Culture - Negotiating

- A **strict vertical hierarchy** is established & respected
- Decision-making is held **at the top**
- Meetings without an **agenda** are a rare event
- Serve a German business partners' **central idea**, aiming their preparation toward a comprehensive/governing **concept**
- During negotiations, the German businessman likes to go over **all the details** → need for preparation
- It is highly unusual to get into an oral contract. German business people prefer all the terms & agreements **written and signed into a legal format**.

There are several regulations to be aware of when seeking to export to the European Union

The European Union, through its various institutions, such as the European Parliament and Commission, typically drafts and implement minimum standards regulation on behalf of all member states in an attempt to alleviate trade frictions.

However, it is important to recognize that **each country** is free to draft more **stringent legislation, should they wish to do so.**

Generally speaking, there are several forms of regulatory barriers that companies need to be aware of, when exporting food related produce into Europe, this includes:

- **Packaging and labelling legislation**
- **Mandatory regulations**
- **Tariffs and other related barriers**
- **Other additional, non-mandatory certifications**

However, we would encourage prospective exporters to look at the **relevant regulatory bodies and legislation at a national level**, in order to ensure compliance.

When exporting to the EU, Georgian exporters must conform to EU Food labelling and packaging requirements

Labeling Requirements

Nuts and other related products that are being exported to the EU must conform to their food labeling requirements.

This including various aspects, such as:

- ✧ font-size **standards**, and **language**
- ✧ identification of **genetically modified ingredients** and relevant **nutrition information**.

Moreover, labels must not be misleading and display, at a minimum:

- ✧ **Country of origin** and manufacturers information
- ✧ **Specifications** and **description**
- ✧ Weight, volume, quantity or other **dimensions**
- ✧ **Ingredients** and nutritional composition
- ✧ Relevant hazard **warnings**, such as allergen information
- ✧ Best before, use by and sell by **dates**
- ✧ Cooking and storage **instructions**
- ✧ Indication of **substitute ingredient** for 'imitation' foods
- ✧ Indication of **defrosted or preserved** products.

Packaging Requirements

Georgian companies that are exporting foodstuffs to the EU must make sure that packaging complies with EU requirements for **food contact materials**.

EU regulation requires that materials and articles intended to come into contact with foodstuffs (e.g. packaging materials etc.) must be **safe** and must be manufactured so that they are both **recyclable** and **do not transfer their constituents to food**. They must also **appropriately protect the integrity of the foodstuffs themselves** from **contamination** from outside sources and from **potential damage** during transportation or handling.

With respect to **jams**, suppliers are required to **dhere to national regulations** on how they are **categorised or defined**, as some may **prefer the terms “marmalade” or “jelly”** instead of **“jam”**. Additionally, the **fruit composition and content** must also be **explicitly specified**. With respect to **Fruit Juices**, they must comply with the **food information to consumer act** and state if the product is **“Fruit Juice” “concentrated fruit juice” or “fruit nectar”**.

There are some Tariff Barriers applied to finished product imports to the EU

As previously mentioned, the **European Union** determines **general legislation** on behalf of all of its **members**, which includes Germany.

A key element of the **EUs International Trade Regulation is protectionism**. This is where the **Bloc imposes tariffs** and other related **trade restrictions** on foreign importers in an attempt to protect domestic industries.

The **tariffs** themselves typically take the form of **ad valorem tariffs**, however **specific nominal tariffs** and other import controls, such as **quotas, licences and documentation** can also come into effect.

With respect to **importing various finished products**, such as **Jams or Juices**, the **EU imposes up to a 15% tariff or duty**, which is **applicable for “third countries”**. However, as **Georgia** falls within **The Deep and Comprehensive Free Trade Area (DCFTA)** with the European Union, it actually receives **preferential tariff treatment**, hence there are currently **no tariff barriers** in place pertaining to the **trade of finished products** between **the EU and Georgia**.

For more information on tariff lines, please see [here](#).

There are a number of additional non-tariff barriers namely regulations that are in place, that must be considered...



Food Safety

The **General Food Law Regulation** ([EC No178/2002](#)) sets out the **overarching** and coherent **framework** pertaining to **general food hygiene and safety** in the EU. The legislation covers a wide variety of topics, from **minimum standards** to **maximum levels of substances** that can be used in food. This is **regulated and enforced** in conjunction by the [European Food Safety Authority](#).



Special Requirements

A significant number of **fruit and vegetables originating outside the EU**, including berries, are **subject to special requirements or treatment**. In this instance, fruit and vegetables may have to **undergo inspections, treatments or have accompanying declarations** stating that there are **no pests, soil or chemical residue present** in the goods. More information on special requirements can be found [here](#).



Traceability and Responsibility

Food Traceability is **regulated** somewhat under the EUs **General Food Law**, however, as it becomes **more important**, it is almost now treated separately. The **laws themselves mandate traceability and transparency throughout the entire supply chain**. With respect to fresh fruit, traceability, particularly within the “**cold chain**”, is required to ensure they are **suitable for consumption**.



Fruit Juice Quality Requirements

The **composition and quality of fruit juices** are legislated by a **specific piece of regulation**, known as the [European Fruit Juice Directive](#). The laws outline the specific **characteristics of fruit juices** and fruit-based drinks in order to **guarantee their quality**. This includes **what fruits can be used, the quantities, the ingredients and other substances that cannot be added**.

In addition to the mandatory regulations imposed by the EU, there are some voluntary accreditations that suppliers may wish to obtain...

EU-Eco Labels



The EU Eco-Label is a **voluntary label** that **demonstrates environmental excellence**. The label itself can be **affixed to goods**, and **guaranteeing and conveying to consumers** that the producer has had a **low environmental impact**. In order to obtain this, producers must meet **high environmental standards throughout the supply chain**, from farming, to harvesting, through to processing and distribution.

Certified Organic



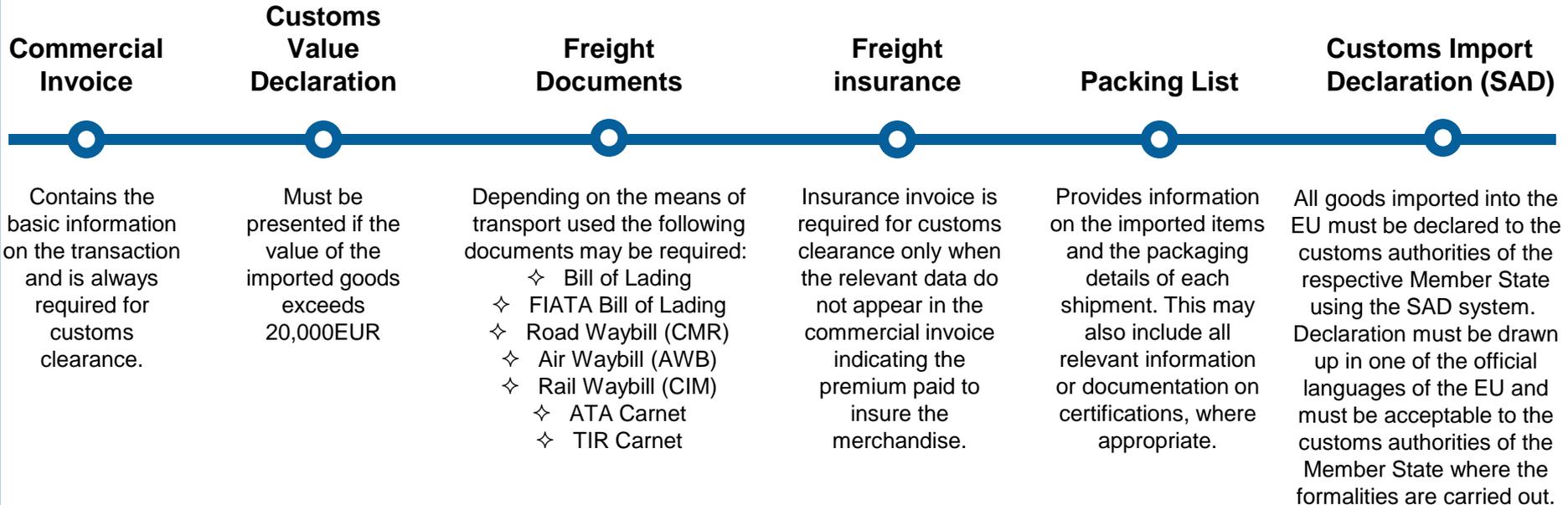
Organic Certification is another **voluntary logo** that producers can obtain in order to **signal to prospective consumers** that their goods are **all natural** and that they **have maintained very high standards**, from production, through to processing, transportation and storage. These labels typically **command a price premium**, and in some instances, **buyers are now expecting suppliers to have such accreditations**.

Other Standards



There is a wide range of **other voluntary accreditations** or standards that suppliers can meet or obtain, e.g. the **International Featured Standards** for food safety, the *Global GAP* which regulates agricultural practices, the **Sedex Members Ethical Trade Audit**, which focuses on working conditions, The **Rainforest Alliance** and **Fairtrade**, which focus on the environment and sustainability among others.

As Georgia is not a member of the European Union, certain documentation must accompany all products passing through customs into the bloc, including...



Covid Restrictions

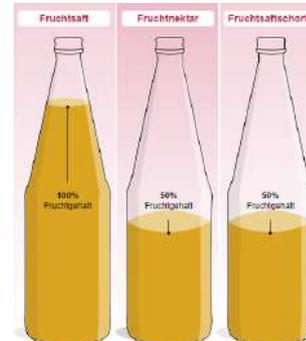
As of Saturday, June 11, 2022, all COVID-19 entry restrictions to Germany were lifted.

From this date, entries to Germany are permitted for all travel purposes (including tourism and visiting trips).

At the time of writing, proof of negative pre-departure COVID-19 test result is not required and proof of COVID-19 vaccination is also not required.

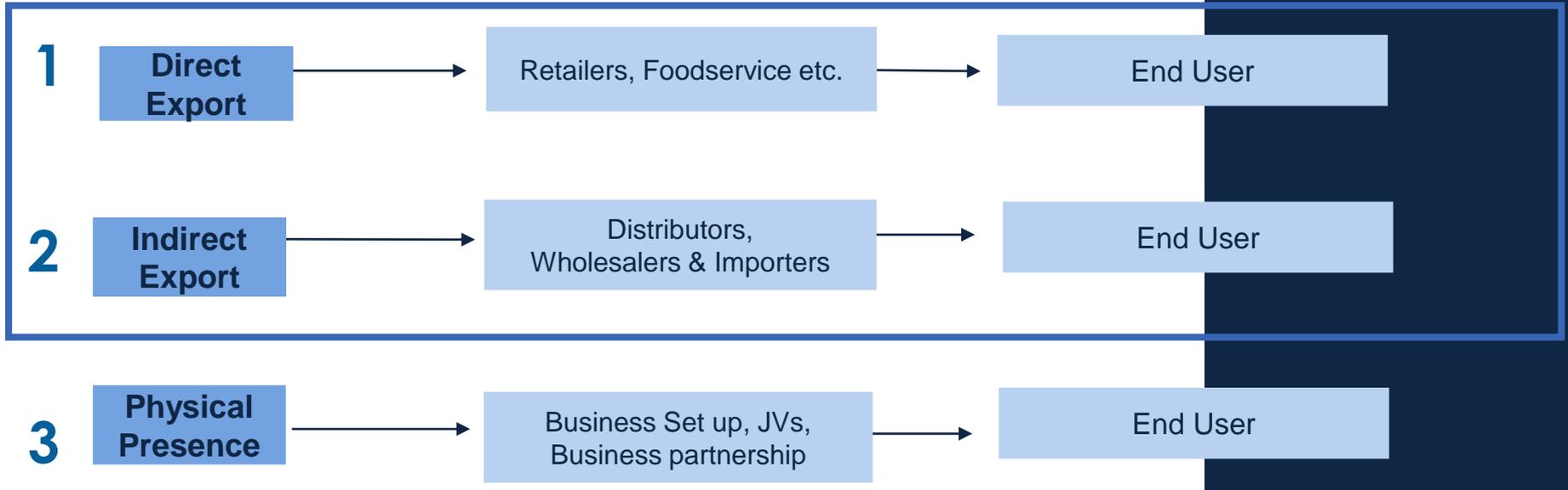
Opportunities

- Import demand is increasing in Poland, Denmark, and Spain. This means that a foot in the door through Germany (the largest European market for jams, jellies, and marmalades, offers access to other markets in the future.
- Jams and jellies are important breakfast staples in Germany and are growing in importance as cooking and baking ingredients, creating more demand for finished berry products.
- Compares to other markets, Germany imports less citrus and tropical juices, focusing instead on apple, berry, and exotic fruit juices.
- The German Juice Association has started a campaign to educate consumers that juices are made from 100% fruit and that additives are not allowed. This is increasing the consumption of juices.
- Tea consumption (black and green) increased in Germany due to the pandemic – both for health reasons and due to work from home.



Routes to Market

There are typically 3 routes to grow in the German market:



In order to enter the German market, building brand recognition in-market by targeting distributors/ wholesalers and end-users (retailers/ supermarkets) is recommended. Gaining access to the end user buyer can be difficult as access is often built on relationships. Thus, utilizing good distributor/ importer networks may help break down these barriers and create a steppingstone for growth.

Direct Export

Direct to End User

The direct to end-user (e.g. retail/ supermarket) route to market is one where sales are driven entirely in the domestic market directly to key buyers in target retailers. This route does allow for greater control of sales and marketing/ branding activity, as it does not rely on a third-party partner to represent the company.

However, in order to build effective brand awareness, attendance at trade shows and undertaking frequent missions would be recommended.

PROS	CONS
<ul style="list-style-type: none">• Absolute control over sales and marketing activities (depending on retailer approval)• Greater margin as no commission or fees to third parties (but still margins to retailers)	<ul style="list-style-type: none">• Gaining access to retailers/ supermarkets can be difficult without a solid referral from wholesale partner.• No in-market presence so harder to respond to changing trends.• Required to build own network and (potentially) organise own warehousing• Learning curve to understand new culture• Travel and time costs for senior staff to build brand awareness

End Users by Type



Multiple Retailers

Major, discount and conventional retailers are the basic community grocery stores or supermarkets offering a range of food items. These maintain low profit margins, relying on large sales volume to earn a profit.



Specialty Retailers

These retailers specialise in specific offerings for specific target consumer. For example, an organic food shop that provides solely organic food for its customers. This type of retailer also extends to cover farm shops, food halls and high end retailers.



Convenience Retailers

In the past 5 years, support for local and independent shops have rapidly grown through the globe, starting in Europe. These shops are small, local and possess a strong loyal customer base. They are more likely to be found in smaller towns and cities, although they are still active and present in bigger cities and areas.



Online Retailers

Hitting the market over the past decade, brick and mortar stores started to have their own online stores. Other than that, there are online only Retailers. These stores have shown high demand especially since the global pandemic.



Food service

Germany is one of the EU's top foodservice markets. In 2019, (pre pandemic) German foodservice sales increased by 3.1% to US\$99.5 billion, with all three major market segments—hotel, restaurant and catering/institutional—enjoying increased sales.

Examples of end users in the German Market

Multiple Retailers



Specialist Retailers



Online Retailers



Foodservice Companies



Indirect Export

Via Distributor or Importer

This route to market offers many benefits for initial market entry. This route essentially allows in-market representation without the costs or risk associated with Investment. A key potential benefit of partners is the ability to support customers on the ground in their own time zones, resulting in greater customer satisfaction. However, it does come with its challenges such as exclusivity agreements and the reliance on a third party to offer continuity on branding and sales and marketing.

Importers and distributors also usually have good market knowledge, and many importers are also packers and engage in trading and wholesale activities. The challenge is to establishing long-term relationships with well-known importers, as they usually already work with selected suppliers. As a new contact, very often you would need to offer the same quality but possibly better prices than your competitors, at the start of the relationship.

PROS	CONS
<ul style="list-style-type: none">▪ Can provide access to new markets/ customers and key buyers in retailers/ supermarkets▪ Cover multiple target industries▪ Complementary product lines offer greater opportunities for system or bundling strategies▪ Can advise on changing trends on products and packaging▪ Potential warehousing partner to reduce lead time to retailer▪ Partner on the ground proactively selling products▪ Country cultural alignment	<ul style="list-style-type: none">• Commission fees• Less control of sales and marketing/ branding activities than direct sales

Examples of potential partners in the German market



Lekkerland is among the leading food and beverages wholesalers in Germany. Lekkerland supplies mostly convenience foods, such as drinks, confectionery, snacks, nuts 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.
www.lekkerland.de

The logo for Linda is the word "Linda" written in a large, elegant, red cursive script font, followed by a registered trademark symbol (®).

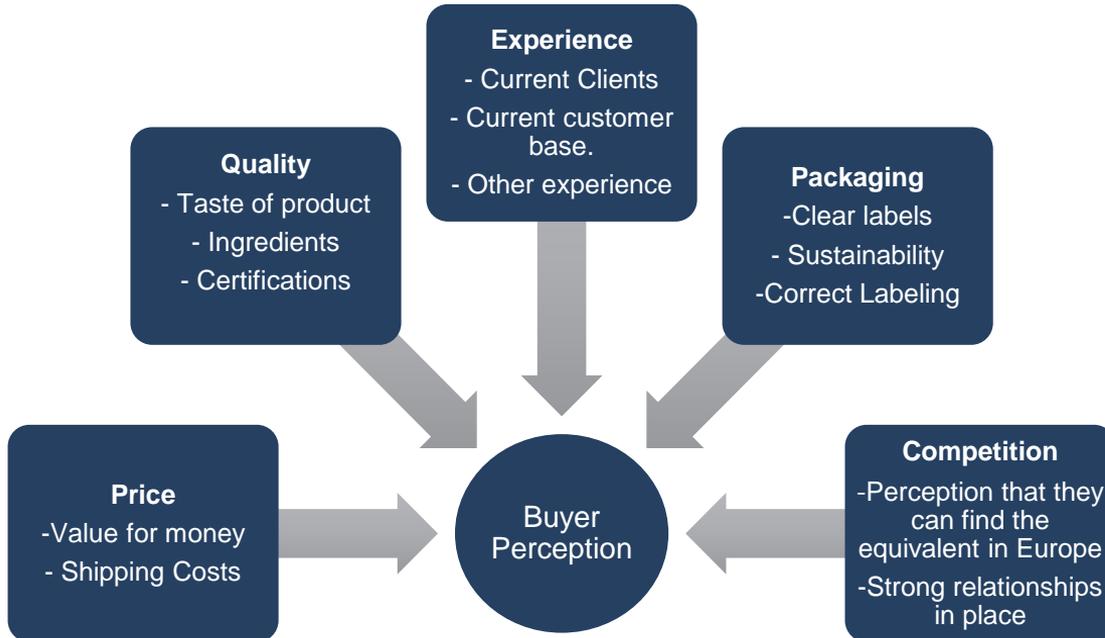
The Linda Food company was founded in 1980. Linda is an importer and distributor of over 600 products including wines, dried fruit and canned goods. Linda supply manufacturers in the food industry as well as wholesale suppliers and retailers of food service and the catering market.
www.linda-food.com



Importhaus Wilms is a German marketer and distributor in the food and drink sector. Product range includes jams/sweet spreads, organic products, juices, syrups, sauces, and international specialties. Importhaus Wilms services includes sales, logistics, and marketing.
www.importhaus-wilms.de

Finding Buyers in Germany

German buyers are often very price sensitive. Consequently, price is an important competitive factor, but quality, timely delivery and service remain equally important. The following diagram details some of the key factors that will influence buyers:



Tips for Finding a Buyer

1 Define your offer

Before engaging with buyers, it is important to define the product you are offering. This includes factors such as product description, exact quality, quantity, relevant technology, certificates, prices and delivery terms. Secondly, your USP (unique selling proposition) show your buyers why your offer is unique and different from your competition

2 Understand the Buyer

Consider factors such as market growth, level of competition, common buyer requirements, legal requirements, price competitiveness and trends influencing demand

3 Find the best Fit

Buyers can be classified into several categories. E.g., those that trade with a range of products or specialised importers/distributors of your finished product.

4 Help Buyers find you

Make sure your website and social channels are active.

5 Attend Industry Events

Visit trade fairs such as Biofach, Anuga, and ISM Cologne to raise your profile in the German Market and build connections for long term growth.

Product Price Points

Price still remains a barrier to consumption

- Germany, having one of the largest economies in Europe, is wealthy both in terms of GDP and the average personal income.
- Average food prices in Germany are significantly higher than in Georgia for practically all food products. However, many Germans are still concerned with price and value for money.
- Keeping grocery prices low is important to Germans as they view this as essential costs of living that should not be too affected by external forces (energy prices, etc...)

Pricing by Market Segment

INDICATION OF PRICE RANGES AND MARKET SEGMENTS

Before setting a price, you will need to determine who your target customer is for example, there will be major price differences between those in lower market segment vs. the premium market as explained below:

Premium: Premium quality and additional standards from processing to consumer packaging.
Main sales channel: Specialist retail

Mainstream retail: Good quality and standard retail requirements
Main sales channel: General Retailers/
Supermarket

Bulk product for the food industry:
Average to good quality for use as food ingredient
Main sales channel: Foodservice



Pricing – Finished Products



- Finished products from Nuts, such as peanut butters and hazelnut spreads, are segmented together with the preservatives and jams made with the berries. There is a large variety of Jams and preserves, both from local and international companies – showing potential for international companies to enter the market.
- Finished fruit juices are varied by both brand and ingredients. There is a wide variety of various fruit juices showing there is potential for a Blueberry juice.

Pricing – Finished Products



Blueberry
Yoghurt

Price - €1.89

Size - 500g



Hazelnut &
Whey Spread

Price - €4.99

Size - 200g



Organic Grape
Juice

Price - €3.99

Size - 750ml

- There is a large variety of finished products of both Berries and Nuts – with the most popular being Jams & Preserves and Natural Fruit Juices.
- Organic products in both juices and spreads command a higher price.
- Although there is little blueberry juices stocked - There may be potential across a variety of finished products including Yogurts and Jams.

There are some key considerations when thinking about setting a price and working out margins

Trading Terms

- When does the retailer or distributor assume ownership of the product?
- **Logistics** - Do they collect from you? Do you deliver to them? Do you have to pay for storage at their 3rd party storage? Do they operate timed deliveries with penalties?
- What promotional support do they expect in the year ahead from you?
- Are you being asked to fix the price for a term?

Setting a Price

- Actual cost of finished product to you including any changes to packaging, labelling etc for this product
- Cost of any testing for the product .
- Logistics, delivery insurance
- Marketing
- What will your margin be? What does the retailer expect?

Setting an 'RRP' is a key element to enter the German market and will form an important part of discussions with buyers and distributors

Recommended

Retail

Price

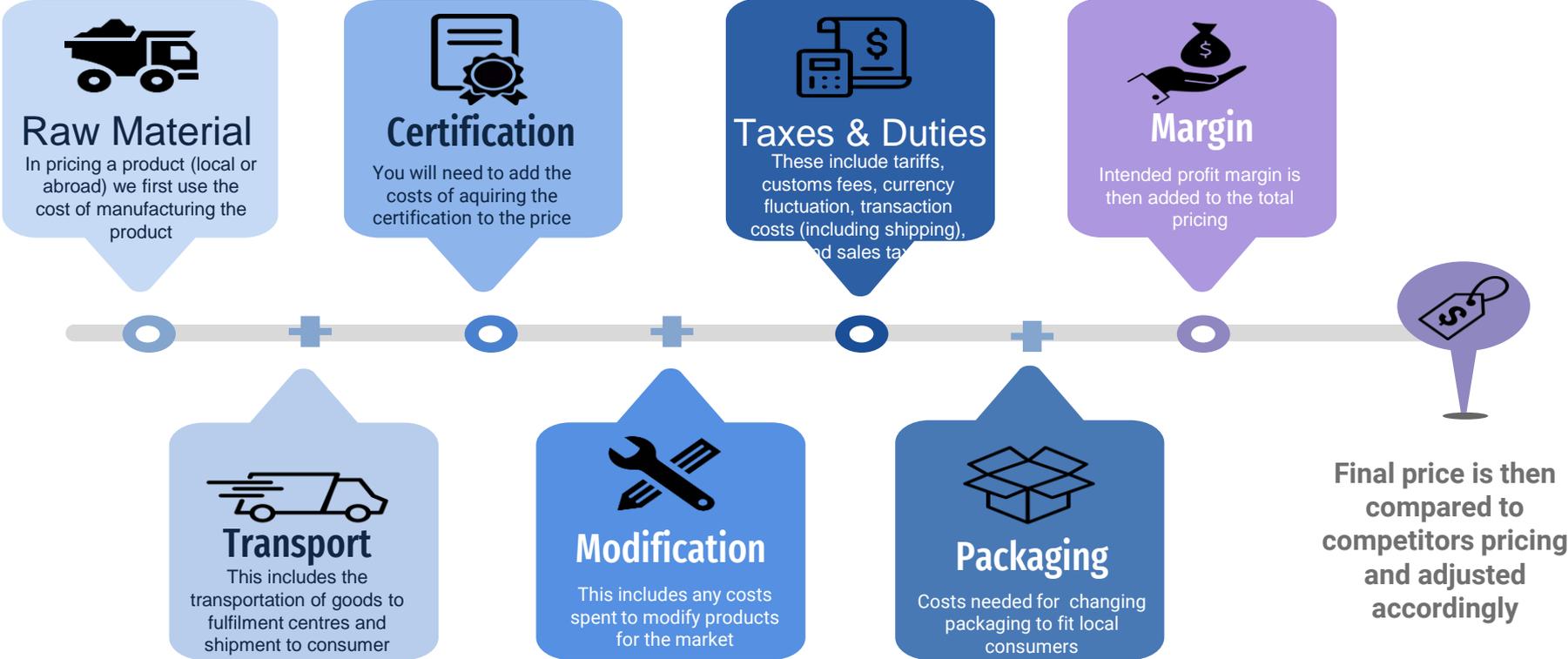
A RRP is the price sellers suggest the reseller should sell the item in question for.

It's important to clarify that the manufacturer's suggested retail price is NOT the following:

- It's not the minimum price you're allowed to ask for a product
- It's not the true cost of manufacturing of the item

Manufacturers research what the best recommended retail price should be, because they want the item to perform well in the market. They already calculate mark-ups into the RRP's, keeping in mind that any sale must benefit the reseller in order to give them a reason to act as distributor and keep on ordering more stock.

The Pricing Roadmap



Georgia exporters have a number of options to transport goods from Georgia to Germany

The best transport mode will depend on a number of factors including **cost-effectiveness** of transportation, **availability** and **frequency** of transportation mode, **type of product**, **shelf life** and well as the **customers demand** and requested **timeline for delivery**.

Many exporters have used multiple transportation modes to deliver their good to a market. **Multimodal** combines the best features of all modes and multiple uses.



Air

The major cargo airport in Germany is Frankfurt/Main airport who saw the largest amount of cargo transported in 2021, at around 2.27 million tons. Followed by Leipzig/Halle and then Cologne/Bonn airport.

It is the **costliest** transport method available and is not ideal for transporting in bulk.



Road

This route is highly **flexible**, **low cost**, and is best for bulk and finished goods. However, there are size and weight restrictions and can be affected by **weather**, **road conditions** and **traffic**.



Sea

Key Ports Germany include Hamburg, Duisburg and the port of Bremerhaven.

Less expensive than air and plays a major role, with specialized vessels such as **refrigerated cargo**. Typically the **slowest** method of transportation.



Rail

This route has **limited flexibility**. This is the **best for bulk and finished goods**. Rail can carry **larger volumes** over greater distances.

Due to their geographic nature, shipments by sea and air are the common methods of shipping between Georgia & Germany

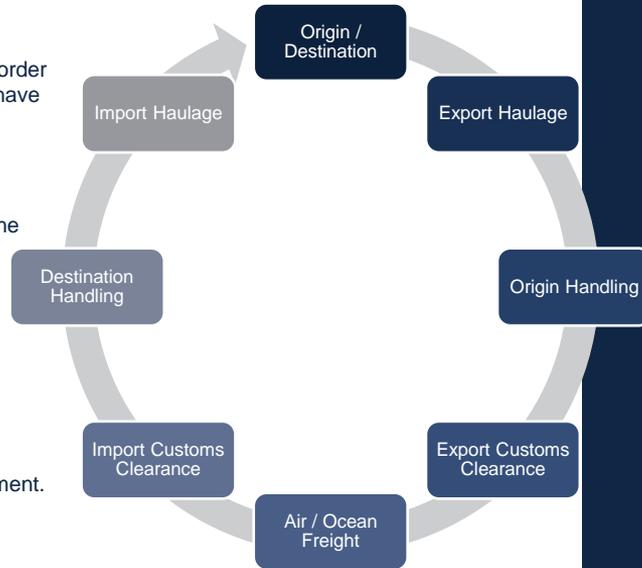
When thinking about logistics:

- Are you flexible on quantities? Do you have an approach to minimum orders, shared logistics, or mixed pallets?
- What certification is required to export to that country
- What is the customs process?



Logistics: The Process in Practice

1. Export Haulage
Relates to the movement of cargo from the exporter to the freight forwarders premises.
2. Export Customs Clearance
Prior to shipments leaving a country, customs clearance is required in order to ensure products meet the appropriate regulatory requirements and have the correct documentation. This step typically occurs before the cargo enters the forwarders origin warehouse.
3. Origin Handling
Origin Handling encompasses all physical handling and inspection of the cargo from when it first arrives at the origin warehouse and until it is transported and loaded into containers.
4. Freight
Refers to air and sea transportation from the country of origin to its destination country.
5. Import Customs Clearance
A declaration of the products entering the country, which enables the appropriate authorities to levy the relevant customs duties on the shipment.
6. Destination Handling
Transfer of the container from the destinations port to the forwarders warehouse.
7. Import Haulage
Includes the actual delivery of the cargo.



Competitors

Jellies, Jams, Marmalades		
Tea		
Fruit juices		

Competitors: Jams

Andros



Andros is headquartered in Biars-sur-Cère, France and is specialized in fruit and dairy product making.

The company has a global footprint with 40 factories in the world, including in Asia, Europe, and North America. They are one of the largest producers of finished products with 7400 employees and over 2.4 billion EUR revenue in 2020.

The main products include:

- Fruit juice, jam, compotes, biscuits, and candies

The most well known Brands are:

- Bonne Maman, Andros Chef, Saint-Michel, Mamie Nova



Key Selling Points:

- Large selection of certifications: BIO, ISO 9001, ISO 50001, IFS Food
- Certifications include BIO, EMAS
- Wide array of products
- Located in the largest retailers in Europe

Website: <https://www.andros.fr/>

Competitors: Jams

Darbo *d'arbo*
Seit 1879

The company is based in Stans, Austria and is one of the market leaders in Europe.

The company produces:

- Jams, fruit jelly, fruit preparation, honey and syrup

The company supplies both its own brands and private label manufacturing.

Products from d'arbo are packaged in many ways for a variety of uses: for HORECA, for retailers, for wholesale.



Key Selling Points:

- Certifications include IFS Food, ISO 9001, ISO 14001
- Wide array of products
- Located in the largest retailers in Europe
- Suited for the retailer, HORECA, and wholesale markets

Website: <https://b2b.darbo.at/de/>

Competitors: Tea

Bünting Tee



Bünting Tee has 200 years of experience in the Tea industry. The company continually creates new product lines and currently offers:

- Tea bags, loose leaf tea, pyramid bag tea, organic tea, and bottled tea

The company produces the following types of tea:

- Roobios, blossom, fruit, herbal, organic, black, green, and east Frisian.



Key Selling Points:

- Present in German retailers such as REWE and Edeka
- Main growing areas are India, Sri Lanka, France, and China
- Certified with BIO Organic
- Have an online shop where consumers can purchase directly from the company

Website: <https://www.buenting-tee.de/>

Competitors: Tea

Teekanne



The company is based in Düsseldorf, Germany and is one of the world's leading tea bag companies. They package 7.5 billion tea bags every year.

Teekanne has subsidiaries throughout Europe and the USA.

The company produces:

- Tea capsules, cold tea bags, warm tea bags, bottled tea

Flavors of tea include:

- Lemon, Green, Black, Fruit, Holiday flavors, herbal, and medicinal

The company has an e-commerce site in order to sell directly to consumers.

Products are packaged in many ways for a variety of uses: for HORECA, for retailers, for wholesale.



Key Selling Points:

- Certifications include the Rainforest Alliance, BIO,
- Wide array of products
- Located in the largest retailers in Europe
- Entire section on website dedicated to ESG and sustainability

Competitors: Juices

Eckes-Granini **ECKES granini** the best of fruit

Based in Nieder-Olm, Germany, Eckes-Granini is the leading supplier of fruit juices and beverages in Europe.

The company mainly supplies under their own brand, but has the following brands as well: Granini, hohes C, Sio, Paga

With a turnover of 873 million EUR (2021), the company has a large product portfolio including juices that are fully organic, 100% fruit, made from concentrate, or have unique flavors.

Product range includes:

- fruit juice, nectar, fruit juice drinks, carbonated juice and spritzers, and smoothies



Website: <https://www.eckes-granini.com/de/>

Key Selling Points:

- Well known brands such as hohes C, granini, paga
- Selling to consumers in over 80 countries
- Certifications include BIO, EMAS
- Wide array of products
- Located in the largest retailers in Europe

Specific and General Enquiries on Ad-Hoc Basis

Economic, Social, Technological & Environmental factors



Social and health market drivers: Across Europe, a combination of increasing time-pressures, a faster pace of life, and a need for convenience is driving consumer demand for snack products that are 'wholesome and deliver sustainable energy'. In addition, increasing **health consciousness** has led to consumers trading their sweets and biscuits for healthier snack products. Linked to this health trend is the importance of product quality and product safety, with certification high on consumers and buyers agenda. Naturalness is also key area of interest. Product nut launches marketed as "organic", "natural" "additive-/preservative-free" featured strongly, while "fibre", "protein" and "low sodium" claims are also popular.



Technological market drivers: Innovation will continue to be crucial for manufacturers in order to stay ahead of the competition. The industry is innovating with new flavours, new textures and new packages. Further, online food shopping is continuing to grow, in conjunction with the importance of social media in communicating new products, ideas for recipes and flavour combinations.



Economic market drivers: Germany is a very price sensitive market, and both consumers and retailers are looking for top quality at a discount price. Cost and value for money is a significant driver of consumption in German and often trumps other drivers and consumer values.

Environmental Factors: German consumers are particularly environmentally conscious in terms of recycling and disposal of packaging.

Market Restraints



- Germany is a very price sensitive market, and both consumers and retailers are looking for **top quality at a discount price.**



- The potential source of allergens and product recalls challenges the growth of the industry.



- Locally or nationally sourced products are often associated with perceived higher quality. The demand for local European foods could acts as a market restraint.