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Report Name: Food Service - Hotel Restaurant Institutional

Country: Germany

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Report Highlights:

With more than 83 million of the world's wealthiest consumers, Germany is the largest market for food and agricultural products in the European Union. The German market offers good opportunities for U.S. exporters of consumer-oriented food products, particularly nuts, bakery products, organic products, hops and whiskey. The latter two saw a 30 to 35 percent increase in imports from the USA in 2022. Fresh fruit imports from the USA rose by 1,331 percent. German food service sales increased by 15.5 percent in 2022. The main reason being the end of COVID-19 restrictions., Despite the recovery, HRI spending is down 4.9 % from 2019 levels. Full-service restaurants continue to lead in consumer food service sales, cloud kitchens, meanwhile, have become the fastest growing type within the sector. Another sector trend is an increased preference for authentic regional cuisines.

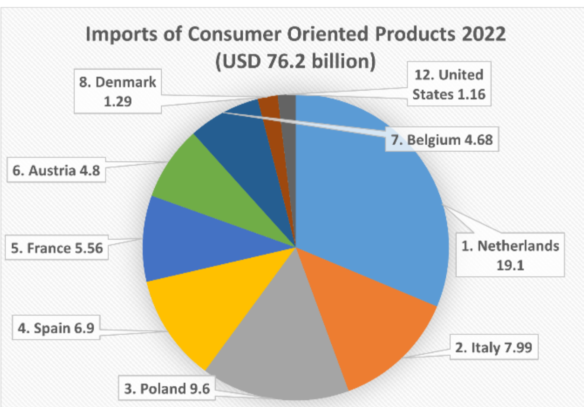
Market Fact Sheet: Germany

Executive Summary

Germany is the largest market for food and beverage products in the EU with more than 84 million consumers. In 2022, Germany's nominal GDP reached USD 4.08 trillion, making it the world's 4th largest economy. Germany is a major producer of food and agricultural products and a leading player in the global marketplace. It is also the third largest importer of agricultural and related products. In 2022, imports reached USD 136.3 billion. While more than 75 percent of these imports originated from other EU member states the United States was the third largest supplier outside the bloc after Brazil and China. Imports of agricultural & related products from the United States totaled USD 2.8 billion in 2022. The macroeconomic situation and key data about the German economy can be found in the 2022 Exporter Guide.

Imports of Consumer-Oriented Products

In 2022, Germany imported USD 76.2 billion worth of consumer-oriented agricultural products. The majority (85 percent) of these originated from other EU member states.



Food Processing Industry

In 2022, the German food processing industry employed around 610,00 people in 6,100 companies. The sector is dominated by small and medium size companies; 90 percent of which have less than 250 employees. In 2021, the sector generated a turnover of roughly USD 220 billion, accounting for 5.2 percent of the German GDP. The largest subsectors by value were meat (22%), dairy (16%), bakery (10%), confectionary (8%), and pet food (7%).

Food Retail Industry

The sector is saturated, highly consolidated, and competitive. The top four retail groups together account for around 76 percent of the total revenue. Small neighborhood retailers continue to face strong competition from modern retailers. Online food sales grew during the pandemic and continue to record an increase. Germans are generally price sensitive, but wealthy consumers are willing to pay a higher price for premium quality products.

Quick Facts CY 2022

Imports of Consumer-Oriented Products
USD 76,238 *(USD million)*

List of Top 10 Growth Products in Host Country

1) Almonds	2) Pistachios
3) Walnuts	4) Seafood Products
5) Distilled Spirits	6) Wine
7) Food preparations	8) Condiments/Sauces
9) Peanuts	10) Bakery Goods

Food Industry by Channels (USD billion) 2022

Food Industry Output	220.3
Food Exports	76.6
Food Imports	69.9
Retail	273.8
Food Service	87.8

Food Industry Gross Sales (USD Billion) 2021
Food Industry Revenues (Domestic market) USD 142.5

Top 10 Host Country Retailers

1) Edeka/Netto	6) Rossmann
2) Rewe/Penny	7) BartelsLangness
3) Schwarz (Lidl/ Kaufland)	8) Globus
4) Aldi North/South	9) Metro
5) dm	10) Transgourmet

GDP/Population
Population *(millions)*: 84.3
GDP *(trillion USD)*: 4.08
GDP per capita *(USD)*: 48,630
Sources: TDM, BVE, Destatis, Lebensmittel Praxis

Strengths/Weaknesses/Opportunities/Challenges

Strengths	***Weaknesses***
Germany is the biggest market in Europe with one of the highest income levels in the world.	U.S. exporters face competition from tariff-free products from other EU member states and FTA partners.
Opportunities	***Threats***
A large, well developed food processing industry requiring a wide range of ingredients, from low-value, unprocessed foods to high-value, highly processed ingredients.	Non-tariff barriers such as phytosanitary restrictions and traceability requirements can make exporting to Germany complicated.

Data and Information Sources:
Federal Statistical Office Germany (Destatis), Federation of German Food and Drink Industries (BVE), Trade Date Monitor (TDM), World Bank
Exchange rate: USD 1.00 = EUR 0.9314 (Sep 2023)

Contact: FAS Berlin, Germany, AgBerlin@usda.gov

SECTION I. MARKET SUMMARY

The German food service sector is large and highly fragmented but can be divided into the commercial and institutional food service markets. The German commercial food service market includes hotels, restaurants, fast food and take-away outlets, bars, cafeterias, coffee shops, and similar channels. The institutional food service market consists of hospitals, universities, nursing homes, and cafeterias.

In comparison to 2021, German food service sales increased by 15.5 percent to USD 87.8 billion in 2022 (USD 76 billion in 2021). The growth was minus 6 percent in the year prior.

The HRI sector is one of the sectors of Germany's economy that was hardest hit by the COVID-19 pandemic. Germany loosened its pandemic control restrictions in February 2022, and lifted all restrictions in May 2022. This led to the recovery of the sector and an overall increase in sales and revenue. However, revenue is still 4.6 percent below what it was in 2019.

Table 1: Annual Turnover in the German HRI Sector

Sales (in EUR Billions)	2019	2020	2021	2022	% Change (2019 to 2022)
Restaurants, Fast Food Outlets	51.3	37.2	36.9	53.6	+4.5
Hotels	33.4	19.8	20.4	33.4	0
Canteens and Caterers	9.9	6.9	7.0	3.3	-66.6
Total	**94.7**	**63.9**	**64.3**	**90.3**	-4.6

Source: DEHOGA (retrieved September 13, 2023)

Despite this recovery, consumer spending in the HRI sector has been impacted by yet another crisis, the war in Ukraine. Following Russia's invasion of Ukraine in February 2022, the entire sector suffered from a surge in energy prices as well as rising costs for raw materials and personnel.

As a result, the German government extended the reduced VAT rate of seven percent on food consumed in restaurants that was originally introduced as a COVID-19 relief measure. This VAT reduction was still in place at the time of writing in September 2023. Prior to this policy, restaurateurs paid 19 percent VAT on food consumed on site.

Full-service restaurants continue to lead in consumer food service sales, and they make up the largest type within the gastronomy branch of the sector. Cloud kitchens (preparation facilities for delivery-only food service), meanwhile, have become the fastest growing type within the sector.

Table 2: Advantages and Challenges of the German Food Service Market

Sector Strengths & Market Opportunities	**Sector Weaknesses & Competitive Threats**
Germany is the biggest market in Europe with one of the highest income levels in the world.	Strong price sensitivity. German consumers demand quality but expect low prices.
Many German consumers are uninformed about the details of sustainability, and there is still room to define a U.S. sustainability message.	Misconceptions about U.S. agriculture.
Germany is among the largest food-importing nations in the world.	EU import regulations and tariffs; EU gives preferential access to products from EU countries.
U.S. style is popular, especially among younger generations; good reputation for U.S. foods like dried fruits, seafood, and wine.	HRI companies rarely import products into Germany on their own, but rather utilize specialized wholesalers.
Germany is the largest EU market for U.S. beef under the EU import quota for high quality beef, which expanded in January 2020.	The quota only applies to beef from animals not treated with growth-promoting hormones.
Large non-German population and Germans' inclination to travel abroad help fuel demand for foreign products. Plus, increased preference for authentic regional cuisines in bigger cities.	The 'regional' trend can work against U.S. products, but also in favor of.

SECTION II. ROAD MAP FOR MARKET ENTRY

a) Market Structure

Purchasing by hotels, restaurants, and institutions is fragmented and competitive. Few of these businesses import products directly from other countries, except for items that they purchase in large quantities. Most HRI companies would rather purchase from central buyers/distributors importing food and beverages. In general, these wholesalers specialize in products or product groups. Some are even experts in food products from a specific country of origin. Specialized importers have an in-depth knowledge of import requirements, such as product certification, labeling, and packaging. They also typically handle shipping, customs clearance, warehousing, and distribution of products within the country. The two major distribution channels for the German food service trade are "cash and carry" wholesalers and specialized distributors/wholesalers.

"Cash and carry" wholesalers operate large stores with food and non-food products. They sell to retailers, restaurants, and other food service operators. Cash and carry stores offer a variety of products at competitive prices and are not open to the average consumer.

Specialized distributors to the food service sector have dry and cold storage facilities with refrigerated/frozen trucks for deliveries. They buy from processing companies, importers, and occasionally, foreign exporters. To cover the entire German food service market, regional distributors have organized in groups, such as Intergast and Service-Bund. Some of those distributors organize in-house food shows once or twice a year, during which their suppliers can showcase their products to potential customers. This is an excellent opportunity for U.S. suppliers to enter the German food service market.

b) Entry Strategy

The German market offers good opportunities for U.S. exporters of consumer-oriented agricultural products. However, there are several challenges U.S. exporters face before exporting to the German market. Success in introducing food products depends largely on market knowledge and personal contact with key decision-makers. The U.S. supplier should analyze German and EU food law, packaging, and labeling requirements, business practices, trade-related laws and tariffs, potential importers, and the distribution system. The FAS Office of Agricultural Affairs (OAA) in Berlin offers guidelines on business practices and import regulations. The FAS Foreign Buyers List gives important information on German buyers of food and beverage products.

Participating in German food trade shows is a proven and cost-effective way to find the right distributor and facilitate direct contact with German food brokers, importers, and wholesalers. Germany offers a wide variety of trade show venues for food and beverage products. Trade shows like Anuga or Internorga enjoy an exceptional reputation and have a wide reach within the global food industry. U.S. exporters who are looking to sell to Germany should consider participating in or visiting the following trade shows.

Table 3: Upcoming International Trade Shows in the HRI Sector in Germany

Trade Show	Date	Description
Anuga	**October 7-11, 2023** Bad Reichenhall	Worlds' largest trade show for food and beverages.
Bar Convent Berlin	**October 9-11, 2023** Berlin	International trade show for bars and beverages.
Vision Nuremberg **(Chefs Culinar)**	**October 19, 2023** Nuremberg	Trade fair for wholesale food trade for restaurant, hotel, and community catering.
Iss Gut! 2023	**November 5-7, 2023** Leipzig	Trade fair for hospitality industry, butchers, and bakers.
Intergastra	**February 3-7, 2024** Stuttgart	International trade fair for the gastronomy and hotel sector.
Nord Gastro & Hotel	**February 12-13, 2024** Husum	Trade fair for hotels and catering.

Internorga	**March 08-12, 2024** Hamburg	International tradeshow for hotel, restaurant, catering, baking, and confectionery trades.

c) Distribution and Sub-Sector Profiles

The German food service sector is highly fragmented and dominated by full-service restaurants, totaling USD 53.6 billion in 2022. Quick service restaurants and cloud kitchens experienced slight growth in 2022. In total, the top five companies only occupy 2.1 percent of market share. International chains like McDonald's, Burger King, and Yum! Restaurants (KFC, Pizza Hut) have a very strong position in the market.

Hotel sales increased from USD 24.2 billion in 2021 to USD 33.4 billion in 2022, reaching pre-pandemic levels. The COVID-19 pandemic has increased the trend for regional tourism.

Institutions are the smallest sector in food service, with sales of USD 3.3 billion in 2022. Most of the institutional food service market is covered by caterers, of which Compass, Aramark, Sodexo, Klüh, and apetito are among the largest in Germany. They usually cater to in-house company restaurants, hospitals, retirement homes, schools, and universities.

SECTION III. COMPETITION

Trade within the EU27 bloc is significantly easier for Germany than trading outside the bloc, so it comes as no surprise that the top exporters of most products to Germany are typically other European countries. The United States ranked twelfth of all countries in exports of consumer-oriented agricultural products to Germany in 2022 (one rank up compared to 2021), but when accounting for the single market EU27, the United States is a much larger source for imported customer-oriented products. Therefore, the biggest competition for German market share is with Switzerland, Turkey, and China which exported slightly more to Germany last year, and the United Kingdom, Vietnam, Thailand, and Brazil, who exported less than the United States.

Table 4: Overall Competitive Situation for Consumer-Oriented Products (2022)

Product category Total German Import	Main suppliers in percentage	Strengths of Key supply countries	Advantages and Disadvantages of Local Suppliers
Tree Nuts (HS 0801 +0802 +200819) MT 495,809 USD 3.2 billion	1. **USA – 25.7%** 2. Turkey – 18.1% 3. Netherlands – 8.9%	1) USA is the leading supplier of almonds, pistachios, and walnuts. 2) Turkey has the lead in hazelnuts. 3) Netherlands is a large re-exporter of cashew nuts.	Domestic production is minimal. Germany is a leading producer of marzipan.

Fish & Seafood (HS 03 + HS 16) MT 1.121 million USD 6.4 billion	1. Poland – 21.4% 2. Netherlands – 14.8% 3. Denmark – 10.9% **12. USA – 2.6%**	1-3) Proximity and availability. 12) USA is Germany's third largest supplier of Alaska Pollock fillets.	Tradition in seafood trading and processing. Fish is popular.
Wine & Beer (HS 2203, 2204, 2205, 2206) Liters: 2.072 billion USD 3.5 billion	1. Italy – 32.1% 2. France – 27.4% 3. Spain – 11.0% **8. USA – 2%**	1-3) Proximity, reputation, climatic conditions for wine growing.	Wine only grows in southern part of country. Insufficient domestic supply.
Food Preparations (HS 210690) MT 491,415 USD 2.26 billion	1. Netherlands – 18.4% 2. Poland – 11% 3. France – 9.1% **14. USA – 1.8%**	1-3) Proximity and availability.	Strong domestic food industry.
Peanuts (HS 1202) MT 127,116 USD 199.7 million	1. Netherlands – 50.7% 2. Argentina – 22.5% **3. USA – 11.3%**	1) Volumes consist of re-exported peanuts from Argentina, USA, Brazil	No local availability, high demand from well-established snack food industry.
Dried Prunes (HS 0813 20) MT 9,952 USD 47.1 million	1. Chile – 40.2% **2. USA – 23.3%** 3. Netherlands – 11.6%	1) Product pricing, zero duty access through EU-Chile FTA 2) Good reputation for quality, California origin adds value	No local availability
Raisins (HS 0806 20) MT 67,413 USD 134.2 million	1. Turkey – 46.9% 2. South Africa – 22.2% 3. Netherlands – 7.7% **6. USA – 3.6%**	1) Pricing	No local availability
Meat (HS 02) MT 2.056 million USD 7.9 billion	1. Netherlands – 26.1% 2. Poland – 15.6% 3. Belgium – 11.1% **25. USA - 0.1%**	1-3) Proximity and availability. 25) U.S. imports consist of hormone-free beef under Hilton beef quota.	Focus on pork rather than beef production.
Sauces and Preparations (HS 2103) MT 385,855 USD 879.4 million	1. Italy – 27.9% 2. Netherlands – 23.8% 3. Poland – 7.9% **10. USA – 2.4%**	1-3) Proximity and availability. USA is well known as a supplier of BBQ sauces.	Strong domestic food industry.
Snack Foods excl. nuts (HS 1905 + 1704) MT 1.2 million USD 3.9 billion	1. Poland – 18.4% 2. Netherlands – 17,5% 3. Italy – 11.9% **28. USA – 0.15%**	1-3) Proximity and availability. 2) Volumes also consist of re-exports from China, Thailand, & USA.	Tradition in snack food production. Germany is one of the global market leaders in snack foods.

Source: Trade Date Monitor, Products ranked according to value of U.S. products (retrieved September 14, 2023)

SECTION IV. BEST PRODUCT PROSPECTS CATEGORIES

The following tables present products with good sales potential, good current sales, and products not available in the German market.

a) Products present in the market that have good sales potential

Product Category	Total German Imports 2022 [USD]	Total German Imports from the USA 2022 [USD]	% Change from 2021	% Change from 2018	Market Attractiveness for USA
Tree Nuts	$3,207,950,128	$821,165,300	+8%	+12.5%	The USA is consistently the leading exporter of almonds, pistachios, and walnuts to Germany. Demand is strong for tree nuts, particularly for snacking and confectionery.
Hops	$83,052,838	$33,217,521	+27.9%	+30.9%	German demand for imported hops has doubled in the past six years, with the USA being the leading exporter.
Sweet Potatoes	$57,833,234	$1,019,995	-48%	-57.4%	German demand for imported sweet potatoes has doubled in the past ten years and peaked in 2021. Sweet potatoes are becoming more popular in processed snacks and in cooking.
Pulses	$181,647,770	$6,258,280	-2.7%	+8.1%	Increased interest in pulses as an alternative protein source.
Fish and Seafood	$6,534,240,900	$163,471,059	-28%	-12%	Demand in Germany is growing each year. Good prospects for high-value products.
Whiskey	$566,375,221	$111,004,112	+35%	+8.8%	The USA is the second-largest exporter of whiskies to Germany, after the UK.

Source: Trade Date Monitor (retrieved September 14, 2023)

b) Germany top 5 consumer-oriented products imported from the world

Product	Total German Imports 2022	Total German Imports from the USA (USD)	U.S. Import Growth (2021-2022)
Dairy	$11,074,449,231	$7,519,531	+77.9%
Fresh Fruit	$7,391,790,077	$469,434	+1331%
Fresh Vegetables	$5,925,962,514	$328,824	-7.6%
Bakery Goods, Cereals, & Pasta	$5,045,527,884	$4,921,473	+0.9%
Chocolate & Cocoa Products	$3,687,761,144	$3,066,222	-9.5%

Source: Trade Date Monitor (retrieved September 14, 2023)

c) Products not present in significant quantities but which have good sales potential

- High-quality beef
- Cranberries and cranberry products
- Innovative sauces, condiments, and confectionery products
- Products featuring "sustainable" or other social issue-based marketing labels

d) Products not present because they face significant barriers

- Food additives not approved by the European Commission
- Red meat and meat products with hormones
- Most poultry and eggs (non-tariff barrier)
- GMO-derived products that are not approved in the EU

SECTION V: KEY CONTACTS AND FURTHER INFORMATION

Major Regulatory Agencies

Name	Contact	Info
Bundesministerium fuer Ernaehrung und Landwirtschaft (BMEL) (Federal Ministry of Food & Agriculture) Rochusstr. 1 53123 Bonn, Germany	Tel: +49-228 – 99 -529-0 Fax: +49-228 - 99-529-4262 Website: https://www.bmel.de/EN/Home	

Bundesamt für Verbraucherschutz und Lebensmittelsicherheit (BVL) (Federal Office of Consumer Protection and Food Safety) Bundesallee 51 38116 Braunschweig	Tel: +49 30 18444-99999 Fax: +49 30 18444-99099 Mail: poststelle@bvl.bund.de Website: https://www.bvl.bund.de/EN/Home	The biotech division and the novel foods/feeds division of BVL are responsible for registration and approval of biotech products and novel foods.
Bundesanstalt für Landwirtschaft und Ernaehrung (BLE) (Federal Office for Agriculture & Food) Referat 521 Deichmanns Aue 29 53179 Bonn, Germany	Tel.: +49 228 6845 – 0 Fax: +49 228 6845-3444 Website: www.ble.de/EN/Home/home_node.html	BLE is the responsible German authority for organic import rules.

Other Import Specialist Technical Contacts can be found in the latest Food and Agricultural Import Regulations and Standards report for Germany.

Homepages of potential interest to U.S. food and beverage exporters are listed below:

- USDA/FAS Washington: https://www.fas.usda.gov/
- USDA/FAS Europe: http://www.fas-europe.org
- USDA/FAS U.S. Mission to the European Union: http://www.usda-eu.org

For U.S. exporters it might be helpful to access the German business portal IXPOS, which is maintained by the Ministry of Economics and Technology (Germany Trade & Invest). Provided in English, it serves as a central contact platform that can steer inquiries into the right channel.

If you have questions or comments regarding this report, or need assistance exporting to Germany, please contact the U.S. Foreign Agricultural Service Office in Berlin at the following address:

Foreign Agricultural Service
U.S. Department of Agriculture
Embassy of United States of America
Clayallee 170
14195 Berlin
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Homepage: www.fas-europe.org
Twitter: @FASEurope

Please view our Country Page for more information on exporting U.S. food and beverage products to Germany, including market and product “briefs” available on specific topics of interest to U.S. exporters. Importer listings are available from the Foreign Agricultural Service for use by U.S. exporters of U.S. food and beverage products.

Attachments:

No Attachments