



Production of bread | © Eric Gevaert - istockphoto.com

## Food & Beverage Industry

### Supplying the Full Spectrum of Consumer Needs

Few industries are as broad as the food & beverage industry, but Germany does well on all fronts: confectionery, convenience, frozen, and chilled foods.

Our market - Europe's largest - brings almost every international food player here; everyone wants a taste. This strength is only expected to improve as consumption trends and the good reputation of our products promise higher future sales. For investors, the time is ripe. A mainly fragmented industry allows overseas investors access to the market, its distribution channels, and its technological capabilities.

## Latest Publication



The Food & Beverage Industry in Germany | © GTAI

### The Food & Beverage Industry in Germany

The German food and beverage market offers business opportunities on all fronts, because it's highly receptive to new cultural influences and culinary trends. [More ▶](#)

- **Fastest Radish in the West**

The launch of Amazon Fresh in Germany is a shot in the arm for German online grocers. Established providers are still growing despite intensified competition, creating opportunity for foreign investors, traders, logisticians and IT specialists. [More \[pdf\] ▶](#)

- **Turkish nut specialist opens European headquarters in Emsdetten**

The Turkish nut specialist Tadim is to set up a major presence in Emsdetten in the German state of North Rhine-Westphalia, having received support from Germany Trade & Invest (GTAI): the state's economic development agency, NRW.INVEST, and the city of Emsdetten's ServiceCenter Wirtschaft. [More ▶](#)

- **Turkish Tadim Expanding in Germany.** [More ▶](#)

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## Our Industry in Numbers

- Germany is Europe's largest food producer and the food & beverage industry represents the fourth largest industry sector in Germany.
- The industry is best characterized by its small and medium-sized enterprise (SME) sector of almost 6,000 companies, generating a production value of EUR 179.6 billion in 2017; an 8% increase from 2016.
- Exports of processed foods and agricultural commodities generated sales of EUR 67.9 billion in 2016, making Germany the third largest exporter of food and beverages worldwide.
- Largest sector sub-segments in 2017: Meat (24.3%), Dairy (14.3%), Baked Goods (9.6%), and Confectionery & Long-Life Bakery Products (7.8%).
- Germany is home to major national and international players including the Dr. Oetker Group, Südzucker, Arla, Mondelēz Deutschland, Nestlé, Cargill, and many more.

## Testimonials to Success

### Mehmet Er, Managing Director | Tadim Deutschland GmbH



Mehmet Er, Managing Director Tadim Deutschland GmbH | © Tadim Deutschland GmbH/GTAI

"Tadim has made a significant move by investing in Germany. We are confident that it will prove to be a value-adding one because of Germany's attractiveness as a production location and the optimal logistics for serving international markets. To this end, we particularly liked Emsdetten because of its central location. We hope to expand our market position in Europe as well as just in Germany and we are already processing and distributing to neighbouring countries." (2016)

- [More Information](#) ▶

## Gerhard Berssenbrügge, Former Chief Executive Officer\* | Nestlé Germany AG



Gerhard Berssenbrügge, Chief Executive Officer, Nestlé Germany AG | © Nestlé Germany AG/GTAI

"We deliberately chose Germany and Schwerin for the construction of our third coffee capsule factory. The decisive factors were the favorable geographical location, the close proximity to the world's largest coffee-trading center Hamburg, the ease of access to northern Europe as well as the high density of skilled workers in the region." (\*2014)

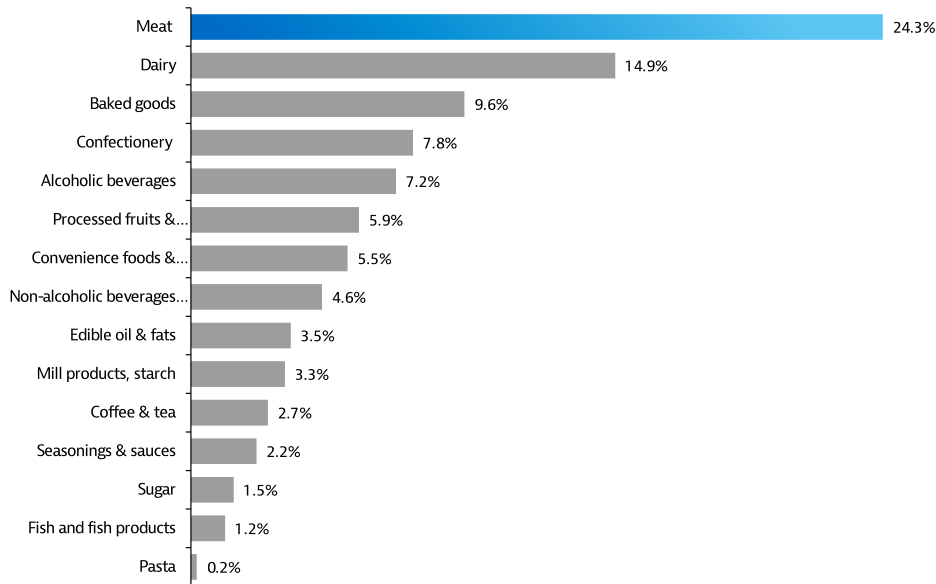
### Market | Industrial Infrastructure

With 82 million inhabitants, Germany represents a very receptive market for national and international food & beverage products. Its excellent geographical position (with access to all European markets) and its technological leadership make Germany the best point of entrance to the European food & beverage market. Demand for functional foods alone has established Germany as a European leader, with the organic food segment experiencing a growth of more than six percent in sales exceeding EUR 10 billion in 2017. Thanks to the unbeatable popularity of German products abroad, the industry is expected to maintain its steep growth curve in the years ahead.

Fragmentation in the existing food & beverage industry landscape means that barriers to entry in the German market are negligible. In addition, the presence of numerous companies along the entire food-processing value chain makes it easy for newcomers to find suppliers, distributors, and other valuable partners.

Germany offers a particularly positive market environment for producers of food ingredients and additives of almost all kinds. The size of the industry paralleled by evolving consumer needs and growing exports lead to a vibrant demand for new ingredients and formulations incl. e.g. flavors, sweeteners, stabilizers, emulsifier or fragrances. As most products are used across various sub-segments of the industry, the market and investment potential is tremendous and even likely to increase in the future.

## Production Value of the German Food & Beverage Industry by Segment 2017 (in percent)



Source: Federation of German Food and Drink Industries, Annual Report 2017\_2018

© Germany Trade & Invest

Production Value of the German Food & Beverage Industry by Segment 2017 (in percent) | Federation of German Food and Drink Industries, 2016\_2017

### Market | Trends

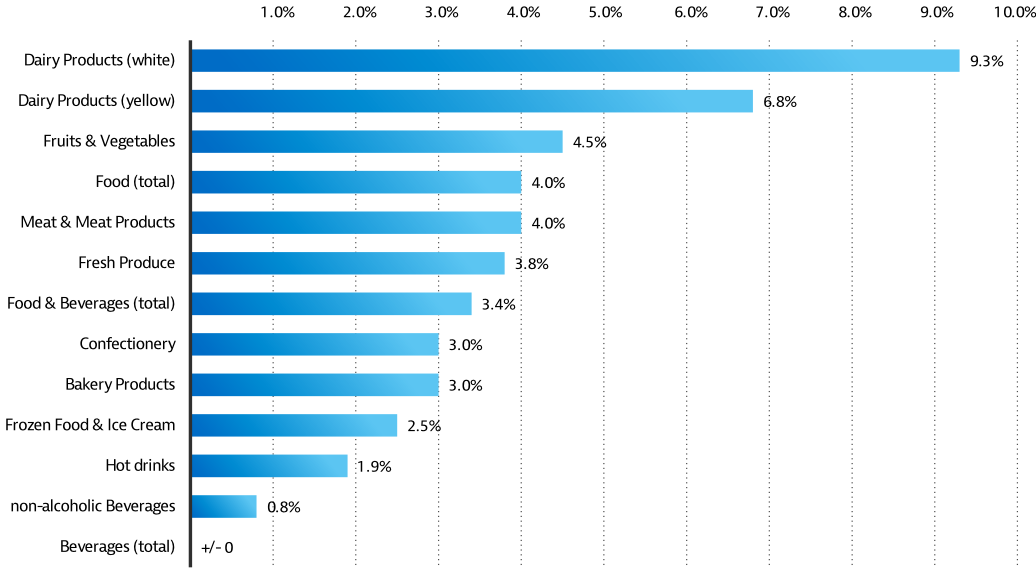
Recent consumer trends have, above all, been influenced by a number of far-reaching changes in society. An aging population is fueling the demand for health & wellness as well as functional food products to prevent or overcome conditions including diabetes, high blood pressure, and cholesterol. Two-thirds of all Germans see a direct link between nutrition and health.

The movement towards organic food products has long since achieved mainstream status in Germany. More and more consumers are seeking to improve their sense of well-being, health, and even their performance levels through the consumption of functional food products. An increasingly fast-paced society and the rising number of single households is driving demand for highly convenient foods including ready-to-eat meals, frozen foods, desserts, and baked goods.

Other trends include the sales of fair trade products, such as coffee and fruit juices, which doubled to more than 1.3 billion euro between 2012 to 2017. Ethnic foods, beauty foods, and "free of" foods (e.g. lactose and

gluten-free products) are further trends currently finding favor with Germany's increasingly discerning consumer base.

## Development of Food Retail Sales in Germany by Segment (2016/2017, change in percent)



Source: GfK/Statista, 2018  
 © Germany Trade & Invest

Development of Food Retail Sales in Germany by Segment (2016/2017, change in percent) | GfK/Statista, 2018

### Personnel | R&D

Germany has a large pool of highly qualified and motivated employees and offers competitive labor costs compared to both western and eastern Europe.

R&D and innovation spending in the German food & beverage industry is expected to reach EUR 1.7 billion in 2017. More than 2,600 people work in food & beverage R&D in Germany. Numerous well-known universities and public and private research institutes help companies in the food & beverage industry research, develop, and swiftly bring new and innovative products to market.



Marc Rohr | © GTAI/Illing & Vossbeck Fotografie

**"Germany is Europe's largest food & beverage market and a superb location for exports."**

*Marc Rohr | Director Service Industries*

## **Incentives | Physical Infrastructure | Stable Investment Environment**

Germany offers numerous incentives for all investors - regardless of country of origin. There are a large selection of programs available designed to support a wide variety of business activities at different stages of the investment process. Support ranges from cash incentives for the reimbursement of direct investment costs to incentives for labor and R&D.

We offer an extensive and comprehensive logistics infrastructure that integrates state-of-the-art transportation networks with the most modern telematics, IT, and telecommunications systems.

Social, economic, and political stability provide a solid base for your investment projects. Our judiciary and civil services are highly professional. Contractual agreements are secure and intellectual property is strictly protected in Germany.



Daniel Lindel | © GTAI

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