



THE GROCERY RETAIL MARKET IN GERMANY

A deep dive into grocery retail and key retailers, with a focus on sustainability trends.

Europe Market Research, Erin Maddren | October 2022



Introduction to this report

Background

In November 2020, Europe Market Research completed an extensive report on Grocery Retail and Food Service in Germany, which has proven useful for consumers. The data and information in this report is becoming out of date and therefore, a refresh is supported.

Many New Zealand food & beverage (F&B) exporters in Germany also want to be regularly informed on sustainability requirements and trends for German grocery retailers. Thus, the scope of the report will extend to have an increased sustainability focus.

Purpose

The purpose of this research is to:

- Help inform New Zealand F&B exporters about the current grocery retail market in Germany, including channel dynamics, consumer trends, key retailers, retailer trends and the buying process.
- Help New Zealand F&B exporters understand the sustainability trends and requirements of grocery retailers in Germany.
- The goals of the two points above are to help F&B exporters make informed decisions when preparing to sell into German grocery retailers.

Methodology

This report was generated using desktop research, with NZTE subscriptions and publicly available data. Key sources of data are listed below:

- **Euromonitor International**
- **IGD Retail Analysis**
- **Statista Global Consumer Survey**
- **GlobalWebIndex**
- **NZTE Beachheads Advisor Network**

Limitations

Most of the information provided in this report was sourced from secondary data sources. Due to the nature of secondary data, all values and figures should be treated as indicative, rather than absolute. The latest information available at the time of research was used, however present values may differ.

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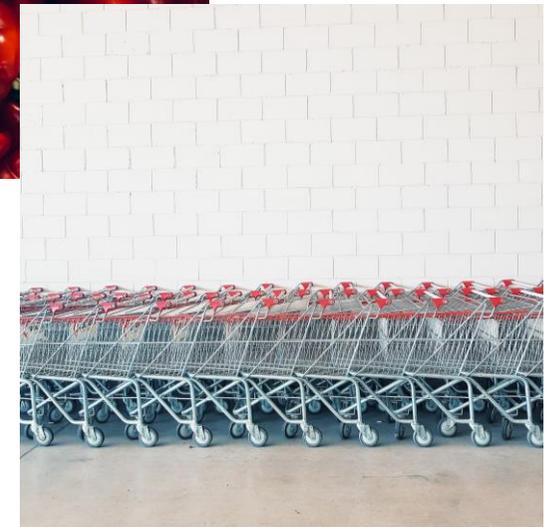
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SECTION 1

CHANNEL DYNAMICS

Store-based retailing makes up majority of total retailing in Germany, providing significant value potential for product suppliers/brands.

In 2021, the value of store-based retailing in Germany totalled €553 billion, making up 83% of the total retailing channel.

Despite this, non-store retailing is growing. The non-store retailing market size was €60 billion in 2017, 12% of the value of retailing as a whole. In comparison, in 2021, non-store retailing market size was €95 billion, which is 17% of the value of the total retailing channel.

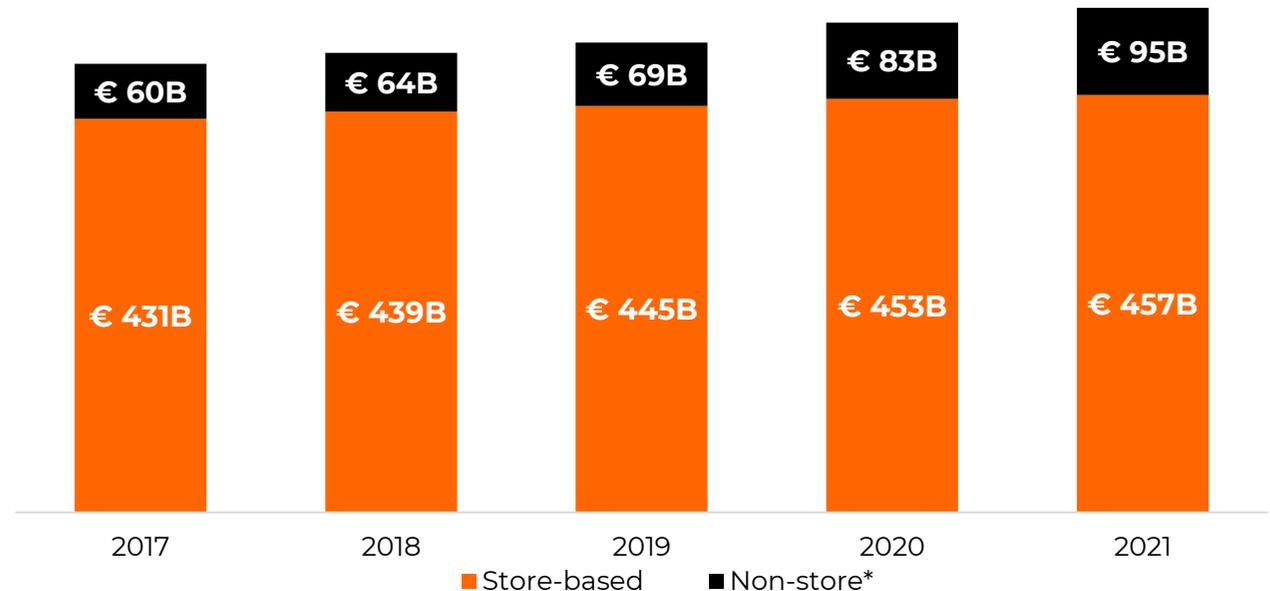
Therefore, although store-based retailing has a lot of value, exporters going into Germany should be aware of the rising potential of non-store channels.

Year-on-year growth of retailing in Germany has gotten larger over the past five years. In particular, growth from 2019 to 2020 was over 4%. This has decreased slightly from 2020 to 2021, with a growth rate of 3%. However, a growing channel still provides growth opportunity for exporters.

Retailing market size in Germany, 2017-21

	2017	2018	2019	2020	2021
Market size	€ 491	€ 503	€ 514	€ 536	€ 553
YoY growth	2.5%	2.5%	2.2%	4.2%	3.1%

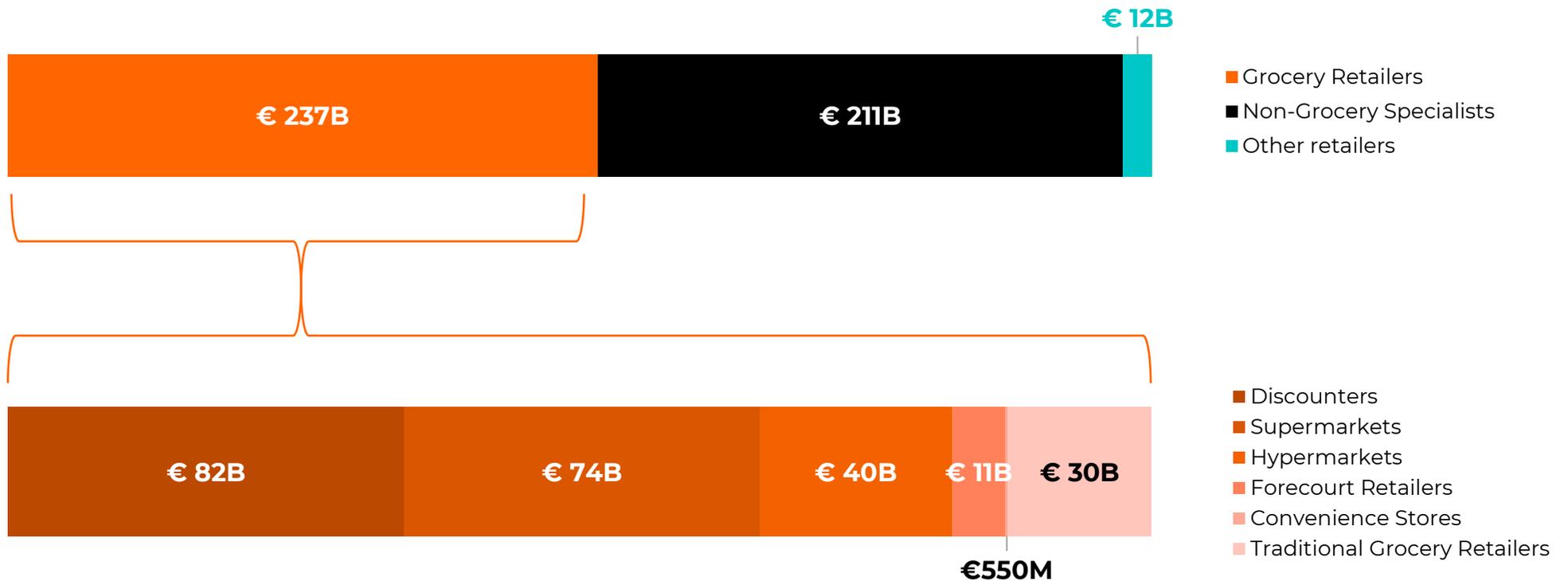
Store-based vs. non-store* retailing breakdown in Germany, 2017-21



*Non-store retailing is the aggregation of Vending, Direct Selling, Homeshopping and E-Commerce.

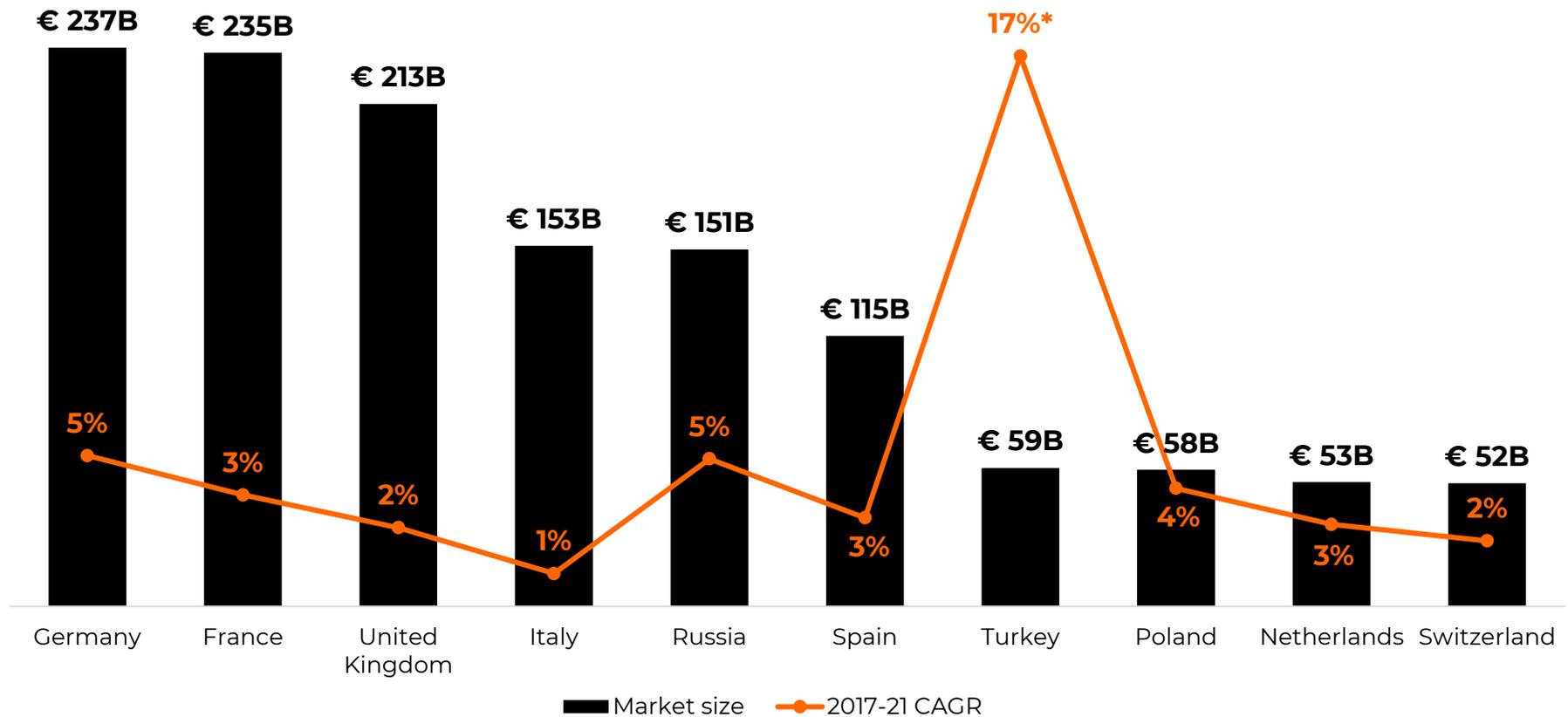
The value of grocery retail in 2021 was €237 billion, the largest channel within this being discounters, followed by supermarkets.

Store-based retailing channel breakdown, 2021



Germany has the largest grocery retail channel in Europe and has had growth since 2017, providing a clear opportunity for exporters.

Top 10 largest grocery retail markets in Europe
Market size and growth



**This may be influenced by inflation, which exceeded 80% in August 2022 for the first time since 1998.*

All bar one of the top grocery retailers in Germany are predicted to see sales value growth from 2021 to 2026.

Edeka Group is the largest grocery retail company in Germany, with over 21% market share and €58 billion in revenue in 2021.

Rewe and Aldi are the second and third largest grocery retailers, by 2021 sales value and with substantial market share.

For exporters, the largest retailers provide a larger reach opportunity, but may be more difficult to get into. The more up and coming large retailers could provide a growing opportunity.

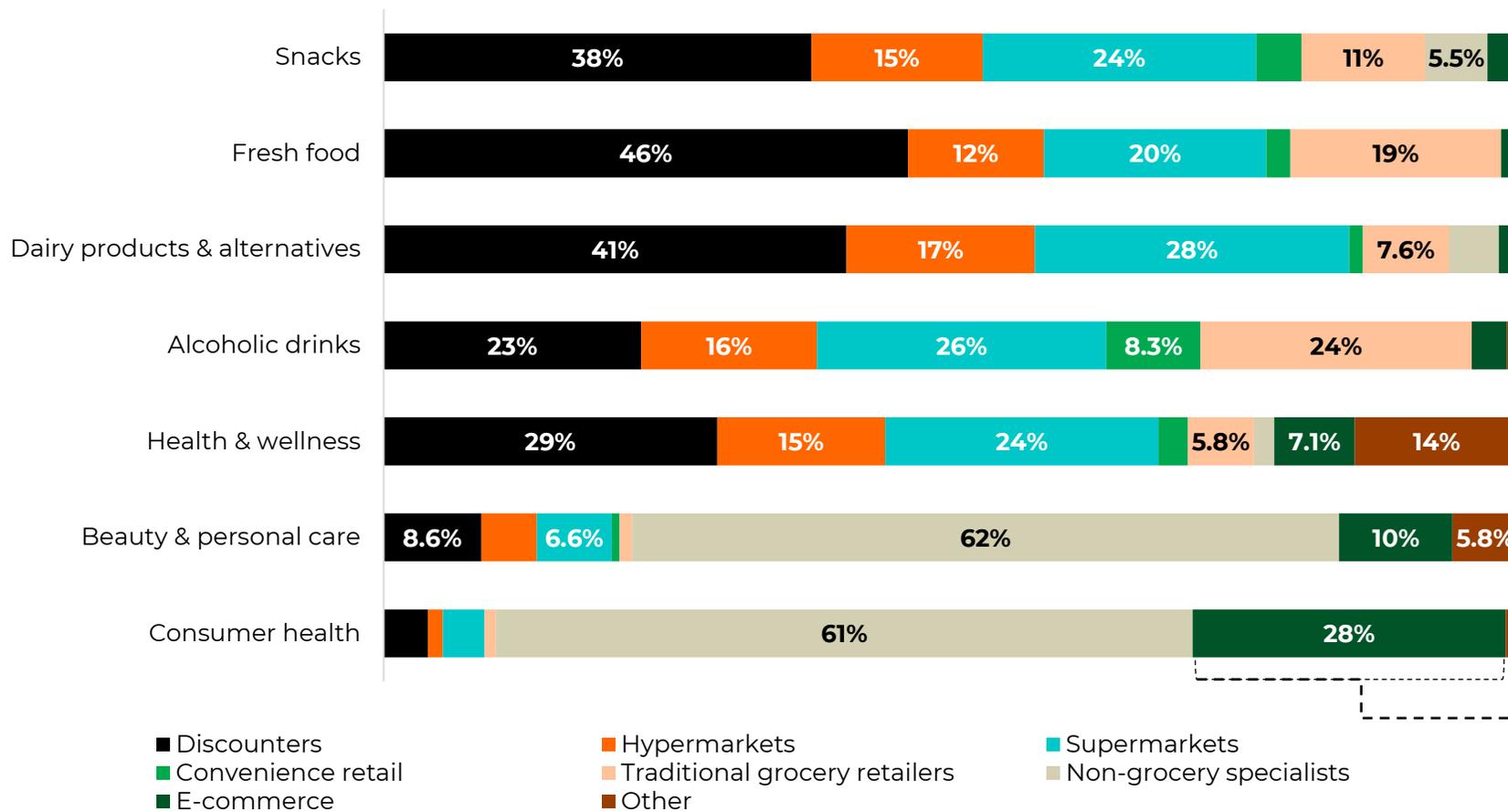
The top grocery retailers in Germany, by sales value
2021 data

Retailer	Sales value	CAGR forecast 2021-26	Market share	Store numbers
Edeka	€58.4 billion	3.3%	21.3%	10,975
Rewe	€36.3 billion	2.5%	13.2%	6,866
Aldi	€29.7 billion	3.7%	10.8%	4,189
Lidl	€25.5 billion	5.1%	9.3%	3,270
Kaufland	€15.5 billion	2.1%	5.7%	713
SCP Group*	€6.5 billion	-1.4%	2.4%	-
Norma	€4.1 billion	2.1%	1.5%	1,457
Globus Holding	€3.6 billion	2%	1.3%	48
Bartels-Langness	€2.5 billion	2%	0.9%	220

**In 2020, SCP Group acquired 100% of hypermarket chain, Real, from Metro AG. This has come into effect in 2022.*

Discounters are the largest channel for many food & beverage categories, but hypermarkets and supermarkets also play a large role.

Retail channels by selected product categories in Germany
2021/22



Low frequency purchases are more likely to be bought online. Compared to everyday items like dairy and fresh food, which are more often purchased through bricks and mortar channels.

Supermarket channels provide an opportunity for more premium, organic and sustainable products.



Discounters retreating from competing head-on with supermarkets

Prior to the COVID-19 pandemic, discounters' strategies were to compete with supermarkets directly. Since 2020, discounters have started to retract from this, opting to retreat to their original no-frills model. As a result, discounters are streamlining their product ranges and focusing on lower cost products, namely private label. This is heavily influenced by inflation and the cost of living.

For exporters with premium products, discounters may not be the right route to market, despite the size of the channel.



Supermarkets are tapping into consumer demand for organic options

Increasingly, consumers in Germany are opting for organic food and beverage options and are willing to pay a premium for this.

Supermarkets in Germany have tapped into this and increased their range of organic and more sustainable product options in 2021.

Exporters with organic/sustainable products could jump on this opportunity and highlight it when selling into supermarkets.



Supermarkets are making advances in online offerings

Since the start of the pandemic, supermarkets have increased their digital offerings for consumers. Rewe was the first major player to offer delivery via their own platform, which provided them a distinct advantage.

Several delivery start-ups have expanded the number of options available to consumers. Retailers, such as Edeka, have tapped into this by offering products on platforms like Picnic.



Hypermarkets' sales will be boosted by consumer preference to stay home

The pandemic has influenced the consumer trend to spend more time at home. Due to hypermarkets often being in suburban locations, this trend puts hypermarkets in a position to benefit.

Exporters should be aware of consumer trends for context when deciding on a market entry strategy, as it may impact channel decisions.

Although bricks and mortar retailing makes up the majority of the market, non-store channels, notably digital, are growing and important to consider.

Discounters take up a large portion of grocery retail sales in Germany, but these may provide more volume potential, as opposed to value. Exporters should consider other channels, like supermarkets.



SECTION 2

RETAILER PROFILES

Edeka Group is a large grocery retail business that is likely to be competitive, but can provide scale.



Edeka Group

The Edeka Group was founded in 1907 and has been the market leader in Germany since the acquisition of the German branch of the Spar and Netto supermarket chains in 2005.

Edeka is focused solely on Germany and operates several different retail formats, including supermarkets, hypermarkets and discounters.

Edeka Group is a co-operative. Stores are independently owned and belong to one of the 7 regional co-operatives.

See [Appendix 1](#) for more stores and sales data.

Top brands



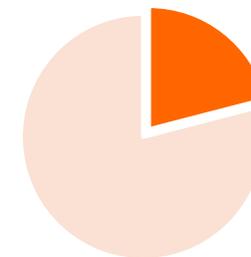
Netto
Marken-Discount



Edeka Group has a stake in online retailer, Picnic. Although, this company operates independently of Edeka.

Group numbers

	2021	2022*	Change
Sales	€74.4B	€72.5B	-2.6%
Stores	11,566	11,464	-0.9%



21%

of total grocery retail market share in Germany

Excludes wholesale, drugstore and non-food formats.

Edeka Group will be paying greater attention to consumer demands both in the shopping experience and products offered.

Edeka Group strategic priorities

1. Support independent owners

Edeka Group see their independent store owners as a key driver of growth for their business. They will be supported with services and retail infrastructure.

2. Develop existing private label strategy

This retailer has a core 'Edeka' private label brand, which they plan to add a range of new, innovative and value-add products to.

3. Customer centric marketing approach

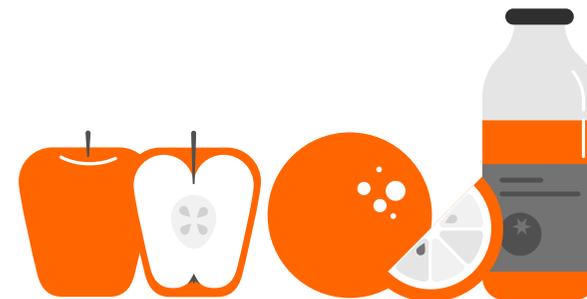
Edeka has undergone consumer segmentation in order to better cater to specific consumer needs. Their aim is to be a retailer that consumers specifically choose to shop at, over competitors.

4. Support diverse sustainability initiatives

Sustainability is key to Edeka's corporate strategy. There are a number of things the company is actioning to support this strategy, including sustainable sourcing and environmental initiatives.

5. Expand discount business

A key focus for Edeka group is growing their discount format. They are set to open new Netto stores in areas of Germany where they are less established.



Rewe is the second largest grocery retail chain in Germany, with a large European network.



Top brands



Rewe Group

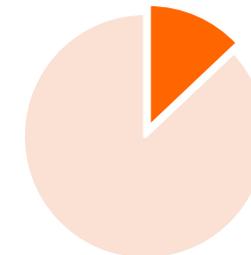
The Rewe Group is one of the leading trade and tourism groups in Germany and in Europe.

Founded in 1927, the Rewe Group is active in 13 European countries and is one of the largest companies in the European food trade. Namely, Rewe Group is one of the top retailers in both Germany and Austria.

See [Appendix 2](#) for more stores and sales data.

Group numbers

	2020	2021	Change
Sales	€68.3B	€69.4B	1.7%
Germany	€48.3B		
Stores	11,631	11,846	1.9%
Germany	7,262		



13%

of total grocery retail market share in Germany

Excludes wholesale, drugstore and non-food formats.

A key focus for Rewe is improving existing distribution channels and building out other channels that consumers are demanding.

Rewe Group strategic priorities

1. Multi channel strategy

Rewe are actively pursuing multiple channels to cater to consumers' changing demands. They are driving purchase methods such as online, same-day delivery and click & collect. They are also investing in start-ups in this area.

2. Growing private label

Rewe plans to create more private label brands, focusing on niches such as regional, ethical and premium ranges. They are also rolling out their Penny To Go range through the Penny stores.

3. Lekkerland: wholesale & logistics

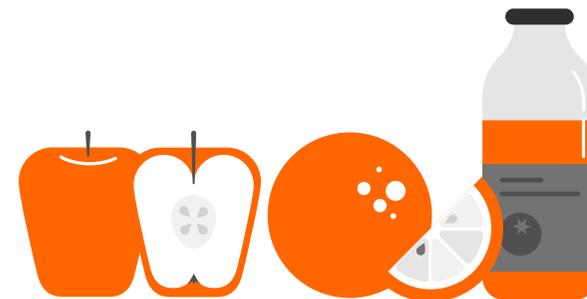
In 2019, Rewe Group acquired Lekkerland, a food on the go business, that provides snacks other on the go food wholesale. Rewe is integrating the wholesale and logistics expertise of this company into the wider group.

4. Sustainability strategy

Sustainability is central to Rewe Group's strategic priorities. This is demonstrated with commitments made to things such as lowering greenhouse gas emissions and more efficient energy usage.

5. Modernising supply chain

Rewe Group is focusing on improving distribution networks through modernisation and consolidation.



Aldi provides opportunity in the private label space and brand visibility, due to low numbers of products.



Aldi

Aldi is the market leader among discounters in Germany. The brand is separated geographically into Aldi Nord and Aldi Süd. Collectively, Aldi operates in 19 markets around the world.

The two divisions have been working more closely since 2019. This decision was made as a result of increasing competition.

Aldi is a hard discounter, meaning it offers a low number of products and has a lot of private label. In recent years however, Aldi has started to focus more on the range of premium brands.

See [Appendix 3](#) for stores and sales by market.

Top brands



Aldi Nord & Aldi Süd operate in Germany



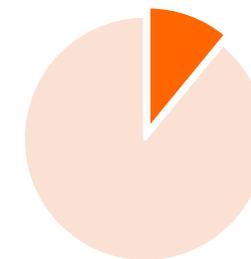
Aldi Süd is operated under the name Hofer in Austria, Switzerland, Hungary, Slovenia and Italy.



Trader Joe's, operated by Aldi Nord, is only in the US.

Group numbers

	2021	2022	Change
Sales	€106.7B	€114.4B	7.1%
Aldi Süd	€65.2B	€70.3	7.8%
Aldi Nord	€41.4*B	€44B	6.3%
Stores	12,973	13,323	2.7%
Aldi Süd	6,848	7,091	3.5%
Aldi Nord	6,125*	6,232	1.7%



11%
of total grocery retail market share in Germany
Excludes wholesale, drugstore and non-food formats.

**Note: Numbers are strongly impacted by the acquisition of Leader Price in France in January 2021. Aldi Nord also includes Trader Joe's.*

Aldi are heavily focusing on their low-price, value for money offering. They are also focusing on local suppliers, which could pose a challenge.

Aldi strategic priorities

1. Focus on hard discounter proposition

Aldi plan to increase efficiencies in their business to reduce costs across all markets. In Germany, this involves emphasis on private label and creating promotions that offer value for money.

2. Improving network and shopping experience

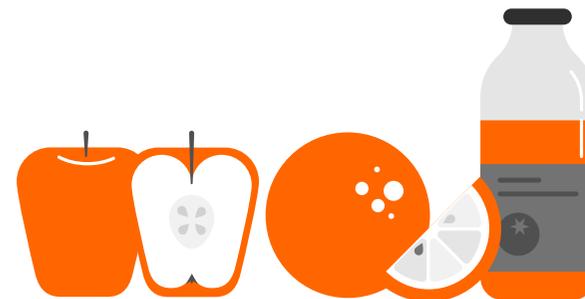
Aldi plan to invest in solutions that improve the consumer's shopping experience. They also plan to open more stores in urban and suburban areas.

3. Differentiate the offer

Aldi plan to differentiate themselves through several methods, including new and innovative private label products, improve sustainability by being more local focused in their sourcing, convenient food solutions in urban areas, and promoting non-grocery products.

4. Online transformation

Aldi plans to add non-grocery categories to their online e-commerce offering, as well as improving grocery e-commerce. They plan to launch e-commerce in more markets, developing a localised approach in each.



Schwarz Group operate two of the largest grocery retailers in Germany; hard discounters Lidl and Kaufland.

Top brands

SCHWARZ



Production business



Waste & recycling management business

There are a number of other brands in the Lidl eco-system beyond Germany. See [Appendix 4](#).

Schwarz Group

The Schwarz Group is a family-owned multinational grocery retail group operating under the hard discounter Lidl and Kaufland brands. They are the largest European retailer and the fourth-largest retailer in the world by revenue.

This company operates retail in most European countries and is currently expanding in the United States.

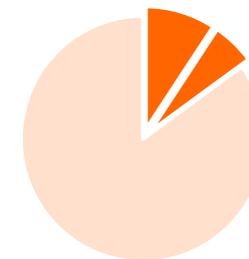
The Schwarz Group stores sell mostly private label brands. They also operate their own production facilities for baking goods, soft drinks and ice cream.

Group numbers (Lidl & Kaufland combined)

	2021	2022	Change
Sales	€103.5B	€111.8B	8%
Stores	11,940	12,295	8.3%



25% of the group's total sales come out of Germany.



15% of total grocery retail market share in Germany

9% Lidl
6% Kaufland

Excludes wholesale, drugstore and non-food formats.

For both of Schwarz Group's brands, keeping prices low, improving the customer experience, and investing in sustainability is key.

Lidl strategic priorities

- 1. Maintain value leader positioning**
This involves creating efficiencies in their model, different types of promotions and building local supplier relationships to keep costs down.
- 2. A future proof network**
More flexible store formats for different settings i.e. urban, and digital solutions.
- 3. Customer centric solutions**
Expanding key categories, such as convenient food solutions and non-grocery. Improving customer experience with self-check out, e-commerce etc.
- 4. Be a market leader in sustainability**
Lidl has set market leading sustainability targets. Utilising PreZero, Schwarz Group's waste & recycling management business to improve plastic usage.

Kaufland strategic priorities

- 1. Be a price leader**
Their membership of a buying group can be leveraged for negotiations with suppliers to keep costs low for shoppers.
- 2. Offerings to target a wider range of consumers**
Discount initiatives, specialised store sections (i.e. 'Free-from' aisles) and expanding the loyalty programme into more markets.
- 3. Invest in sustainability**
Food waste campaigns, selling products past the best before date at a discount and selling herb growing containers.
- 4. Buying group membership**
Kaufland has groups Markant and EMD, which provides benefits of buying power and data.
- 5. Develop online proposition**
Kaufland plan to expand on their online offerings, as they have recently purchased Real marketplace in Germany.

Key takeaways on the top grocery retailers in Germany

Edeka should be top of mind for most New Zealand exporters looking to sell into grocery retail in Germany.

Edeka Group is Germany's largest supermarket chain. Edeka is customer-centric and a good fit for more premium or value-add food and beverage products. There are opportunities to help the group build out their private label assortment and to increase sustainable product selections.

Rewe offers a sizeable opportunity in Germany, but also cross-border opportunities.

Rewe is Germany's second largest supermarket chain, with a high sales value. Not only this, but they are active in a total of 13 European countries. This network could provide further opportunities for exporters looking to expand to several markets in Europe.

Aldi is a hard discounter at its core, but sustainable products are also part of their strategy.

Aldi does not present as the obvious retailer choice for a New Zealand food/beverage product, due to typically being more premium. However, Aldi is still focusing on offering sustainable products, which could be a lead in for exporters.

Like Rewe Group, Aldi also has reach across many international markets beyond Germany, which could be beneficial for future export ventures, for example, Trader Joe's in the US.

Schwarz Group brands, Lidl and Kaufland, provide volume potential and opportunities across multiple markets.

The same as Aldi, Lidl and Kaufland are discounters, which are not as aligned to premium food and beverage brands. However, there are spaces like sustainability that can be a fit. More commodity-type products would be right to look into these brands, as they have significant volume and are active across many markets.

Most of the large grocery retailers in Germany have similar sustainability focuses, with different forms of initiatives.

Sustainability initiatives (examples)

Edeka Group



Edeka Group now only procure fish and seafood from sustainable fisheries.



Edeka has had a strategic partnership with conservation organisation, WWF since 2009. Together, they run a range of programmes, focusing on biodiversity, climate protection, conserving resources, and protecting freshwater ecosystems.



The group have a preference for local suppliers and suppliers that can demonstrate sustainable sourcing. Edeka have a 'We & Now' campaign, championing regionality.



Edeka are implementing sustainable store concepts, i.e. stores in the co-operative that want the Auf Zukunftswegen (On Future Paths) sign have to adhere to 10 compulsory sustainability measures and at least 75% of the other 37.

Read more about Edeka Group's sustainability strategy and initiatives [here](#) and [here](#).

Rewe Group



Rewe Group is increasing energy efficiency in stores, through changes like insulating stores and sealing fridges. They are aiming for 100% green electricity.



The group has partnered with Shell and EnBW to create a fast charging station network for electric cars at their stores.



In 2021, Rewe opened a sustainable store concept prototype that has an aquaponics rooftop to grow food sustainably.



Rewe is growing their range of organic and ecologically certified products.



Rewe Group have made a number of commitments to animal welfare, i.e. using new technology the retailer has now sold over 100 million eggs without chick-culling since 2016.

Read more about Rewe Group's sustainability strategy and initiatives [here](#).

Although Lidl is a hard discounter, they also keep pace with sustainability, and in particular, are known for their focus on Fairtrade.

Sustainability initiatives (examples)

Aldi



Aldi have a clear mission to reduce product packaging and make it more eco-friendly, which was agreed between the two divisions in 2018. The goal is to reduce material use of own brand packaging by 30% by 2025.



Both divisions of Aldi are committed to climate protection, with a range of policies and measures in place. I.e. energy efficient refrigerators, energy data management and more.



Aldi are increasingly trying to make organic food accessible to every consumer, across most key product categories. Aldi Süd currently offer 500+ organic items.



Both Aldi divisions have made promises around animal welfare, including switching to strictly high husbandry forms 3 and 4 for fresh meat from this year and to milk by 2030.

Read more about Aldi's sustainability strategy and initiatives:

- [Aldi Süd here](#)
- [Aldi Nord here](#)

Schwarz Group



Schwarz Group have made commitments to 100% renewable energy and climate neutrality by the end of 2022.



Lidl are expanding their range of Fairtrade certified products. For example, releasing their 'Way to Go' coffee brand that is Fairtrade and traceable.



The group are committed to reducing food waste, with a goal of 50% less by 2030. At a brand level they have created a range of campaigns to support this.



The group support electric vehicles, with over 1,700 Lidl and Kaufland stores having e-charging stations.

Read more about Schwarz Group's sustainability strategy and initiatives [here](#).



Sustainability is central to corporate strategy for all of the major grocery retailers in Germany.

Understanding the specific initiatives each retailer is important for exporters when selling into grocery retail.

Products that align with specific initiatives or goals will likely have a higher appeal for buyers.

It is also important to understand the buying structure of each retailer, in order to form your selling strategy and approach the right people.

Sourcing processes differ between retailers, but with most, sourcing occurs at both a regional/local level and nationally.

The buying process

Edeka Group

Structure: Edeka has a co-operative structure. Over half of Edeka stores are independently owned, the others are managed by Edeka's seven regional offices.

Buying decisions: Decisions are made at a national, regional and independent store level. At a national level, decisions are made for core food categories where regional product differences do not exist. Decisions are also affected by group guidelines, i.e. the sustainable procurement guidelines for fish and seafood.

Buying groups: Edeka Group used to be a member of the Agecore Buying Alliance. In 2021, the group cancelled its membership.

Rewe Group

Structure: Around 37% of Rewe supermarkets are independently owned. The rest of the supermarkets are managed by the HQ.

Buying decisions: Rewe Group has a central buying office in Cologne. It decides majority of purchasing decisions for stores in the Rewe Group in Germany. Regional subsidiaries of Rewe supermarkets can source locally.

Buying groups: Rewe Group is part of two buying groups, Eurolec and Coopernic. The strategic alliances with other retailers help Rewe obtain better purchasing terms.

Aldi

Structure: Aldi is split geographically into two divisions, Nord and Aldi Süd, which operate separately but work together.

Buying decisions: Sourcing operations are run differently between the two divisions, however, they follow the same trading and listing principles. The two divisions are increasingly working together. Regional autonomy to source products has fallen as the discounter seeks standardisation across its stores. As of 2022, Aldi Nord is dissolving regional purchasing units and making all decisions at HQ in Essen.

Schwarz Group

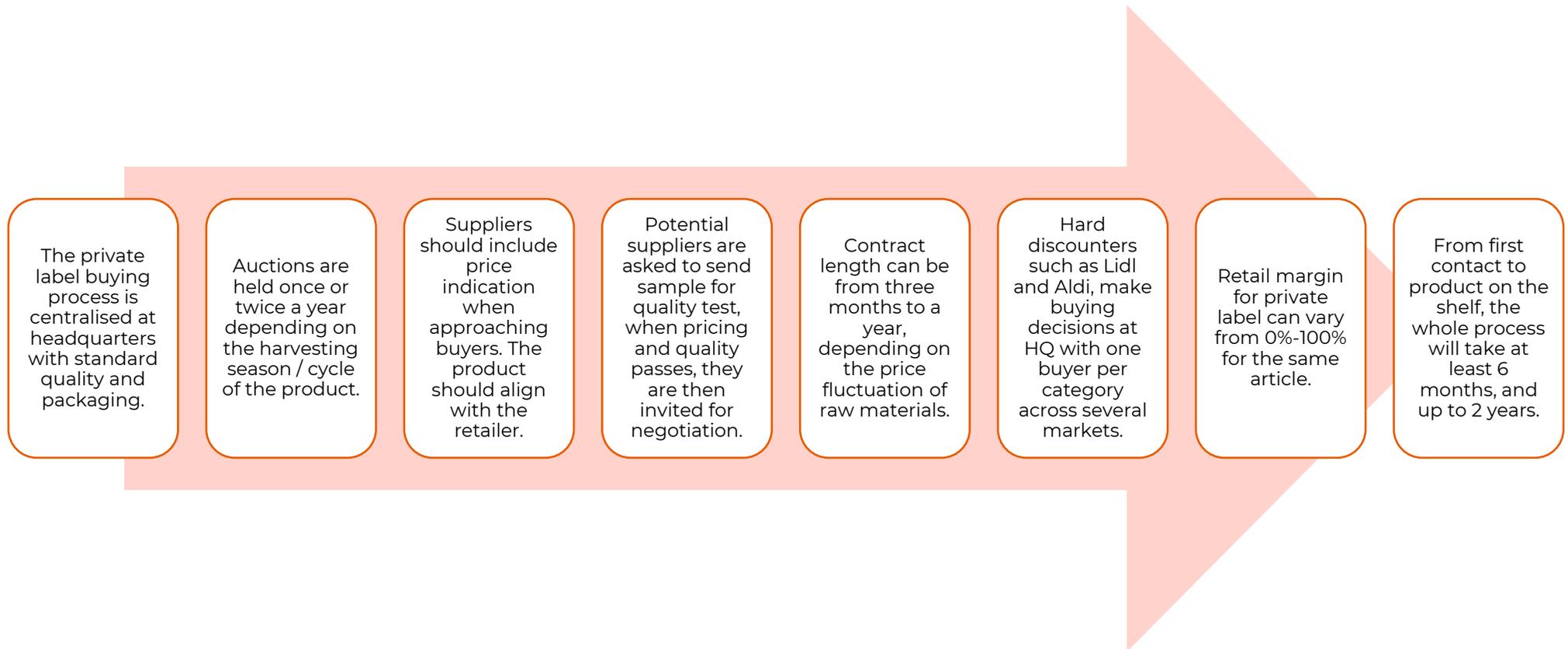
Structure: Lidl and Kaufland are owned by Schwarz Group, but are independent brands with different positioning.

Buying decisions: Lidl procures all products for its German operations and the majority of leading brands via its German office. Through sourcing in this manner, deals can often be secured to supply a number of European countries. Kaufland tends to source locally, especially for fresh products.

Exporters should have partners in Germany to handle the private label procurement process.

Private label procurement process

The private label procurement process is relatively similar across all major grocery retailers.





Understanding how purchasing is structured with different retailers is essential.

This is something that needs ongoing investigation, as retailers are showing signs of changing the way purchasing from suppliers takes place. For example, Aldi Nord has recently made the decision to dissolve all regional purchasing units and make purchase decisions solely at a national level.



SECTION 3

CONSUMER INSIGHTS

Several sustainability factors are more important to consumers in Germany when purchasing food, compared to New Zealand.

Regional products are far more important for consumers in Germany, compared to New Zealand.

On the contrary, convenient, easy to prepare foods are much more important in New Zealand.

New Zealand and Germany rank similarly in terms of consumers' importance placed on good taste and freshness when making decisions about food purchasing. These are the top considerations for both markets.

Sustainability factors such as fair trade, organic and animal welfare all are more important to consumers in Germany, compared to New Zealand.

These consumer drivers are important to consider, as it is the context grocery retailers in this market are working amongst. Retailers are driven by consumer demands. For example, fair trade, organic and animal welfare may play a larger role in choosing products for their shelves than it does in New Zealand.

Purchase criteria for food, New Zealand vs Germany 2022

'Which are the most important aspects when choosing your food?' (Multi-pick)



Note: 'Other', 'Don't know' and several other less relevant factors have been excluded.

Consumers in Germany place less emphasis on convenience than in New Zealand, which may have an influence on retailer priorities.

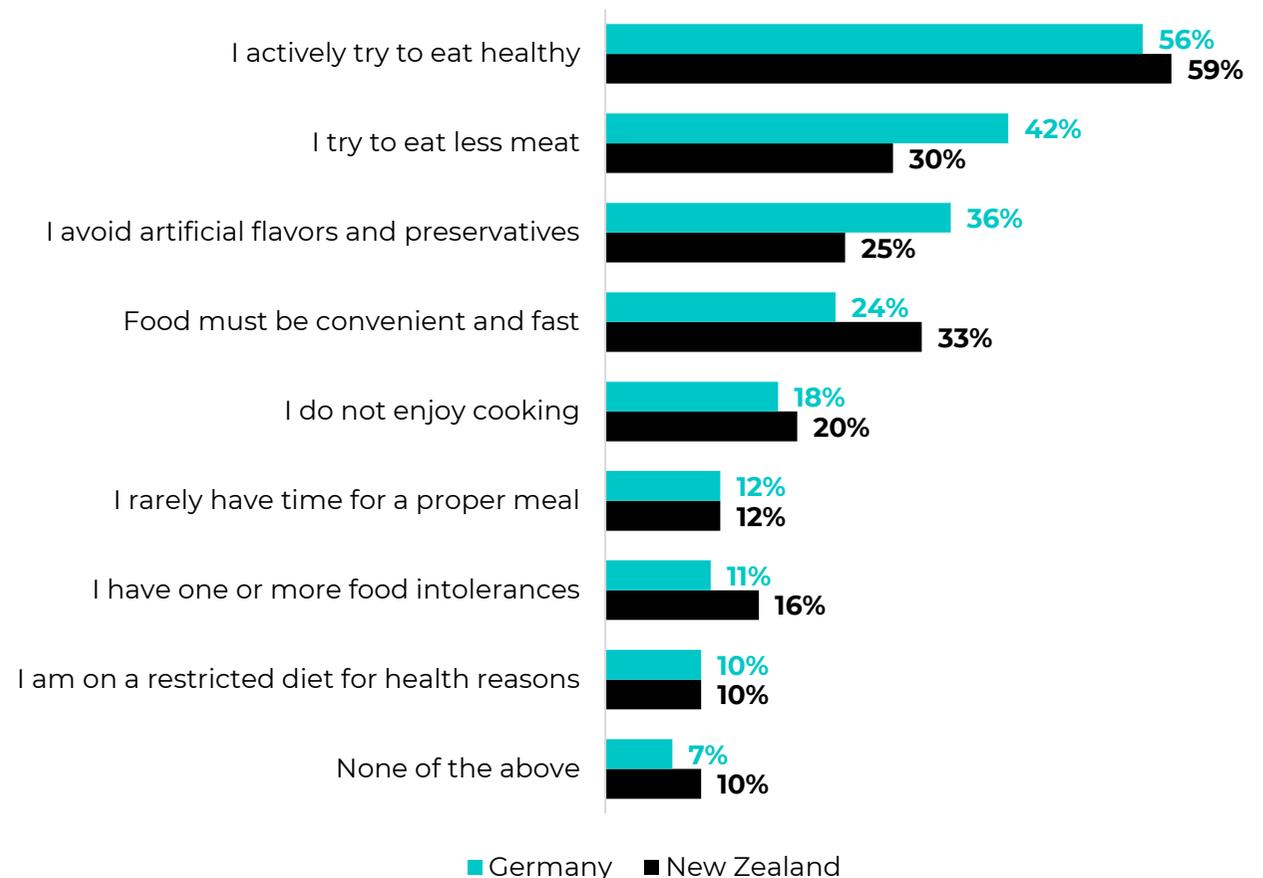
56% and 59% of consumers in Germany and New Zealand respectively try to eat healthy.

Consumer trends, such as this, will have a steer on what retailers are looking for in suppliers. The trends towards eating less meat and avoiding artificial additives, may mean that products that satisfy these demands will be in demand in Germany, more so than New Zealand.

Only 24% of consumers in Germany agreed that food must be convenient and fast, compared to 33% of New Zealand consumers. The implications of this may be that retailers in Germany will be less swayed by convenience products and messaging, or that this product category may be more niche.

It is important for exporters to stay up to date with consumer trends, in order to understand the consumers retailers in Germany are selling to and what their priorities are.

Attitudes towards food, Germany vs. New Zealand 2022
'Which of these statements do you agree with?' (multi-pick)



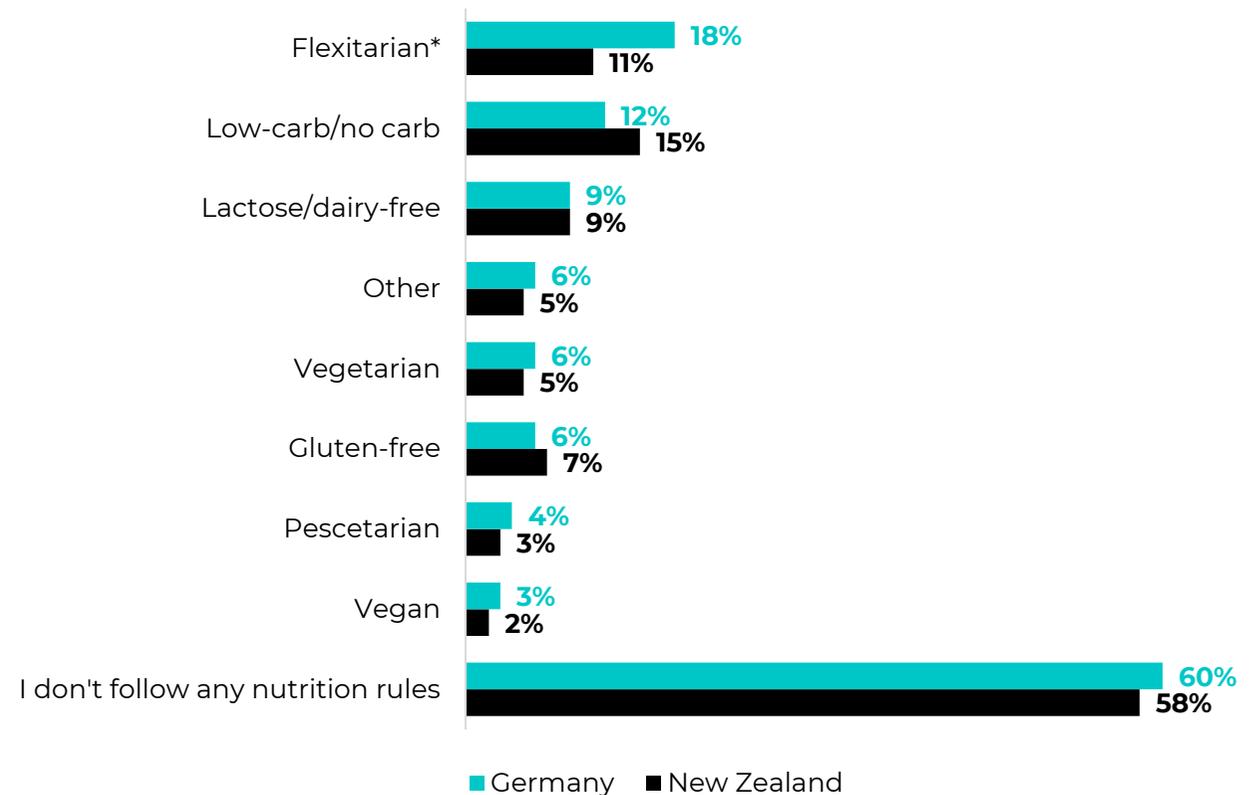
Animal welfare, health and sustainability are driving diet choices that reduce consumption of animal products in Germany.

18% of consumers in Germany consider themselves flexitarian, indicating that they reduce or limit their meat and fish consumption.

According to a 2019 survey (see [appendix 5](#)), animal rights, their personal health and the environment are the three most common reasons flexitarians in Germany follow this diet.

Exporters may want to consider that messaging around animal welfare, sustainability and health benefits are likely to be factors that Germany grocery retailers are looking for. This is particularly relevant in the premium space, as the same survey shows that a key driver for German consumers to follow an omnivorous diet is value for money.

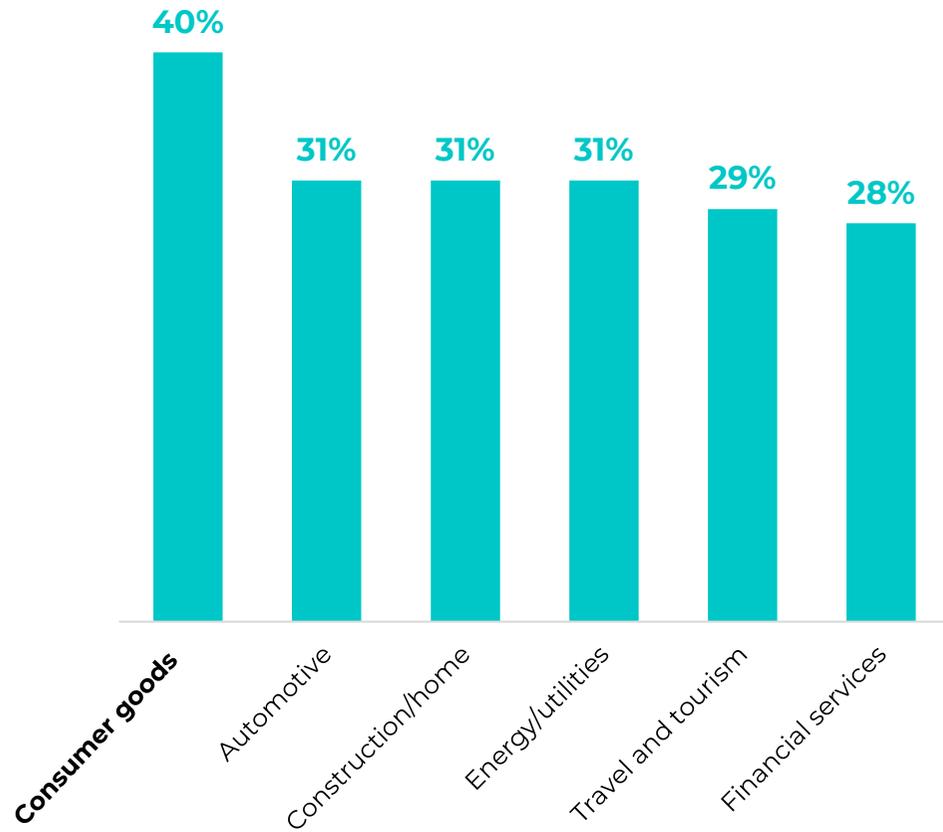
Diets and nutrition, Germany vs. New Zealand 2022
 'Do you follow one or more of the following food rules?'
 (multi-pick)



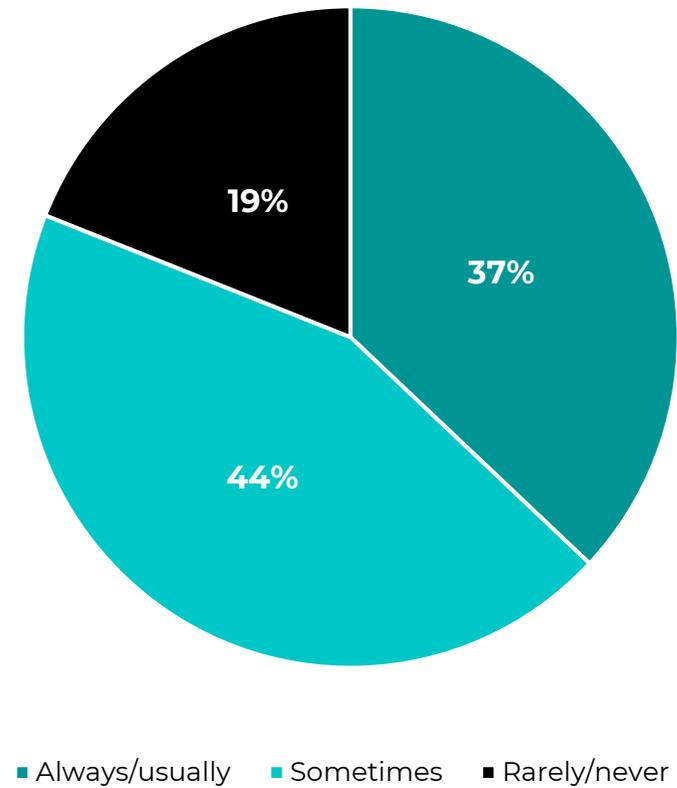
*mostly plant-based foods while occasionally allowing meat and fish.

Consumers in Germany will pay more for sustainability in consumer goods, compared to sectors such as tourism & financial services.

Willingness to pay a premium for sustainability in Germany 2021, by sector



Frequency that grocery choices are made with sustainability concerns in mind in Germany 2021



Sustainability and ethical factors such as regional sourcing, animal welfare, fair trade and organic are more important to consumers in Germany when compared to New Zealand. Retailers in Germany will be looking for products to meet these consumer demands.

Products that can position themselves with these sustainability elements at the fore will likely have a more compelling story when selling in to retailers.



SECTION 4

EXPERT INSIGHTS



Grocery retail expert: Matthias Wilberg

Matthias Wilberg has over 30 years of experience in the FMCG space in Germany, Austria and Switzerland, with the likes of Unilever, H.J. Heinz and Alpro.

He also founded Fair Karma, a fair trade and organic condiments company, and Gröeen, a medical cosmetics business.

Matthias has comprehensive general management experience, is a successful growth generator for FMCG and start ups, and has excellent knowledge of sales and marketing for FMCG retail.

His experience is cross-cultural, with management experience with Dutch, French, American, Swiss and Italian companies.

Matthias has recently become a Flexi Advisor through NZTE's Beachheads network, offering his expertise to New Zealand exporters



Health benefits and animal welfare claims could be avenues to explore when selling into grocery retail in Germany.

Key insights from Matthias Wilberg: Consumer and macro trends



Healthy positioning is an opportunity

There is a mega-trend towards healthier lifestyles, accentuated by the pandemic. Thus, retailers are looking for healthy food and beverage products.

Consumers in Germany generally view New Zealand as clean and healthy, so there is an opportunity for positioning products in this way.



Animal welfare is increasingly important

The large grocery retailers are making commitments around animal welfare, particularly around meat, seafood and eggs. Aldi is leading the way and it is highly likely the other retailers will follow. New Zealand has an image of good animal welfare amongst consumers in Germany, so this presents an opportunity. Suppliers need to ensure they meet retailers animal welfare requirements.



A challenge: the move towards local suppliers

Grocery retailers are increasingly focusing on locally sourced products, which is strongly tied to sustainability. A barrier for New Zealand products is the distance to Germany and transportation required. This does not mean retailers will not purchase New Zealand products, but that they need other important messaging to overcome this i.e. animal welfare and sustainable packaging (which is also very important in Germany).



Switzerland is usually ahead of trends

A good way of getting an idea of what trends might affect the grocery retail space in Germany is to look at what Swiss grocery retailers are doing. Oftentimes these retailers are ahead of the curve and German retailers follow suit. For example, the largest grocery retailer, Migros, has added Nutri-Score labelling to all of its private label products, due to consumer interest in healthy foods.



Organic is becoming more accessible

Organic products are becoming increasingly mainstream in Germany. Organic is offered in mainstream retailers, including the discounters. In fact, one of the largest organic food chains and one of the largest specialty food chains have both become insolvent. This is likely related to the fact that consumers can purchase organic at cheaper prices from the large grocery retailers. Read more [here](#).



Inflation and rising living costs are driving shifts in purchase behaviour

The current economic environment in Germany (and beyond) means that consumers are more cautious with their spending at the moment. Thus, premium food and beverage products need to have convincing justifications for a higher price i.e. strong sustainability claims, uniqueness, health benefits. Non-food categories are struggling across the board.

Timing and approaching the right buyers (usually regional) are key to success when supplying to grocery retailers in Germany.

Key insights from Matthias Wilberg: Supplying to grocery retailers



National listings are unlikely with large retailers

Although it is never wrong to try, national listings are very hard to get initially with grocery retailers in Germany. There is a greater chance of success by approaching regional buyers. If a product performs well at a regional level, then the national buyer could be open to conversations. However, there may be changes in this space, as Aldi has recently made the switch to national buying.



Retailers are actively looking for private label suppliers

Due to the economic environment and consumer demand for less expensive products, retailers are changing their strategies to focus more on private label. This is a change from the past few years, which saw a bounce back to brands. As a result, retailers are looking for private label suppliers which could provide an opportunity for exporters.



Timing of approaching retailers is important

Between October and January every year, retailers have their price negotiations. This is a very busy time of year for the industry and price negotiations are tough in Germany. It is therefore not a time when buyers are willing to consider new products. Suppliers should ensure they are approaching buyers outside of this timeframe.



The average timeline from approaching a buyer to being on shelves is 6 months

The timelines from approach to being on the shelves differs based on product and retailer. The shortest timeframe would be about 4 months, but generally 6 months is standard. If it is taking much longer, it may be worth reassessing, as there may not be enough interest from the retailer/buyer.



Movement in the market leaves a window of opportunity

Economic and consumer shifts, as well as other factors such as difficult relationships between retailers and suppliers, mean that there is a lot of movement in the grocery market. There is a general sense of openness to new suppliers, so this could be a good time to approach grocery retailers.



Rewe and Edeka align best with most New Zealand products

The two largest supermarket brands, Rewe and Edeka, are the retailers that align best with most New Zealand products, which tend to be more premium or value-add. Thus, these should be the primary target. Discounters, which provide significant volume potential, can be a secondary option.



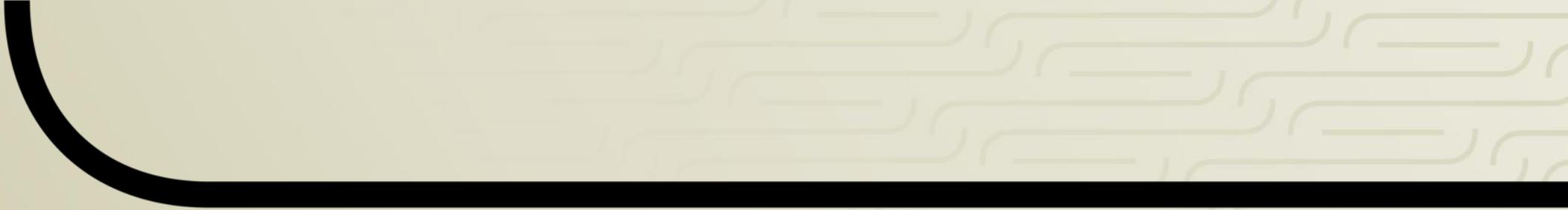
Checklist for negotiations with buyers in Germany:

- ✓ Be well prepared
- ✓ Know the market
- ✓ Know the competition
- ✓ Know what competing retailers are doing
- ✓ Know what products the retailer already stocks
- ✓ Have a story about how the retailer can grow with your product



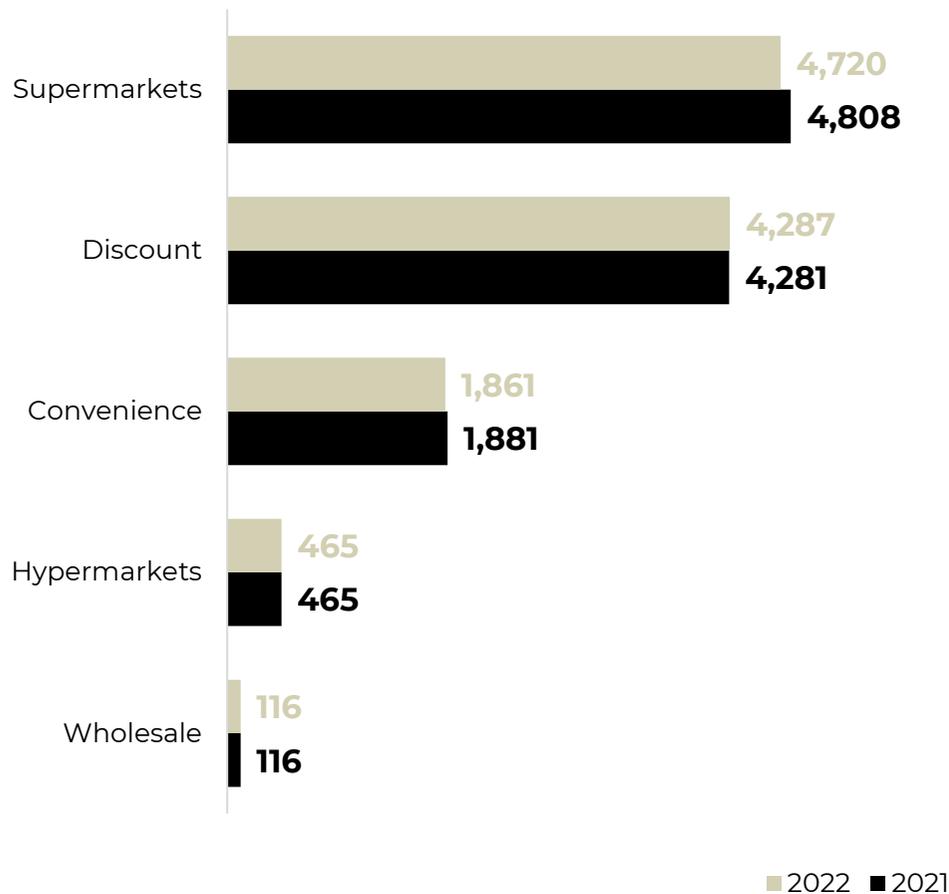
SECTION 5

APPENDIX

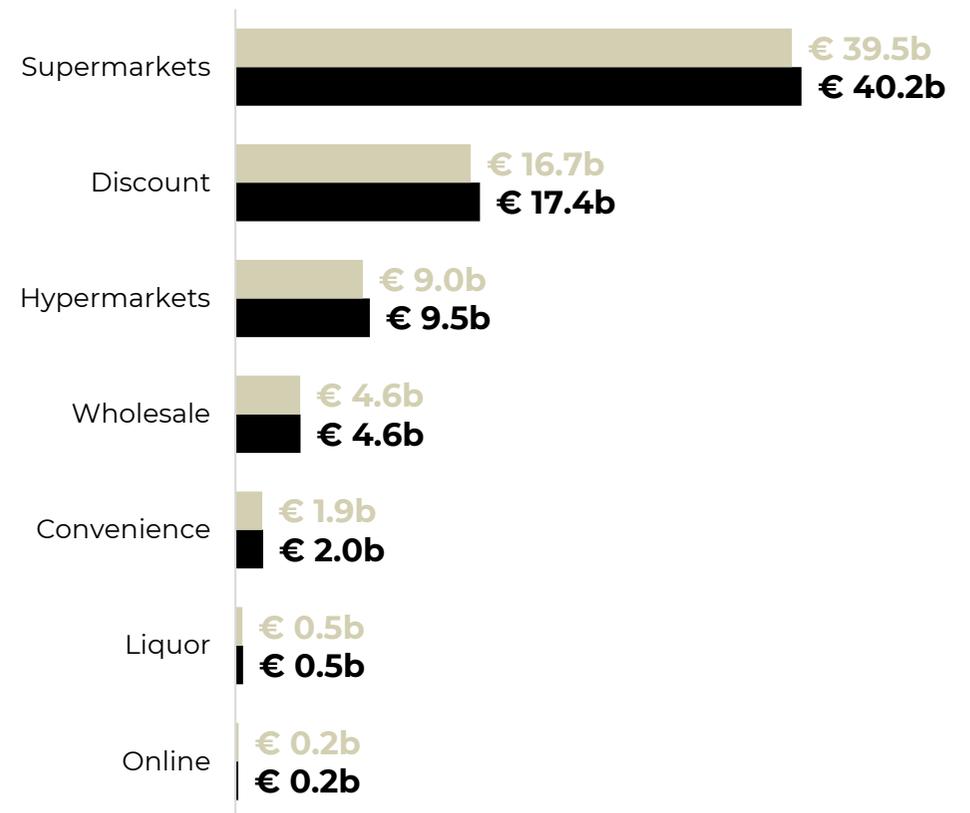


Appendix 1

Number of Edeka Group stores in Germany, by channel

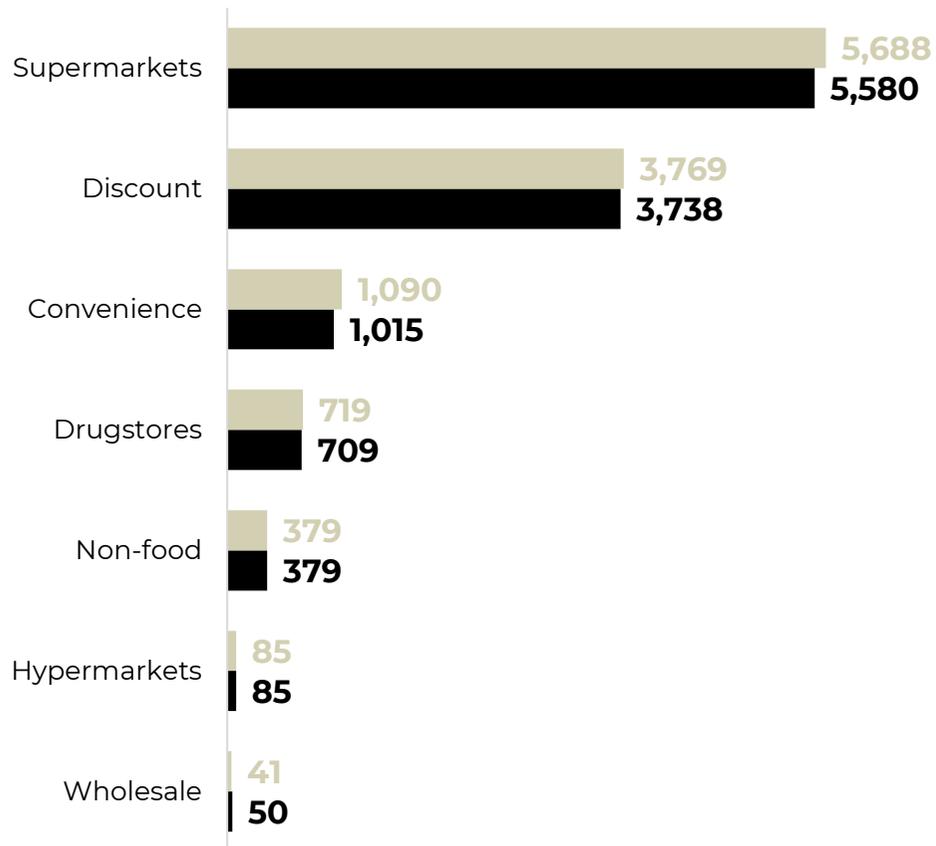


Edeka Group sales revenue in Germany, by channel

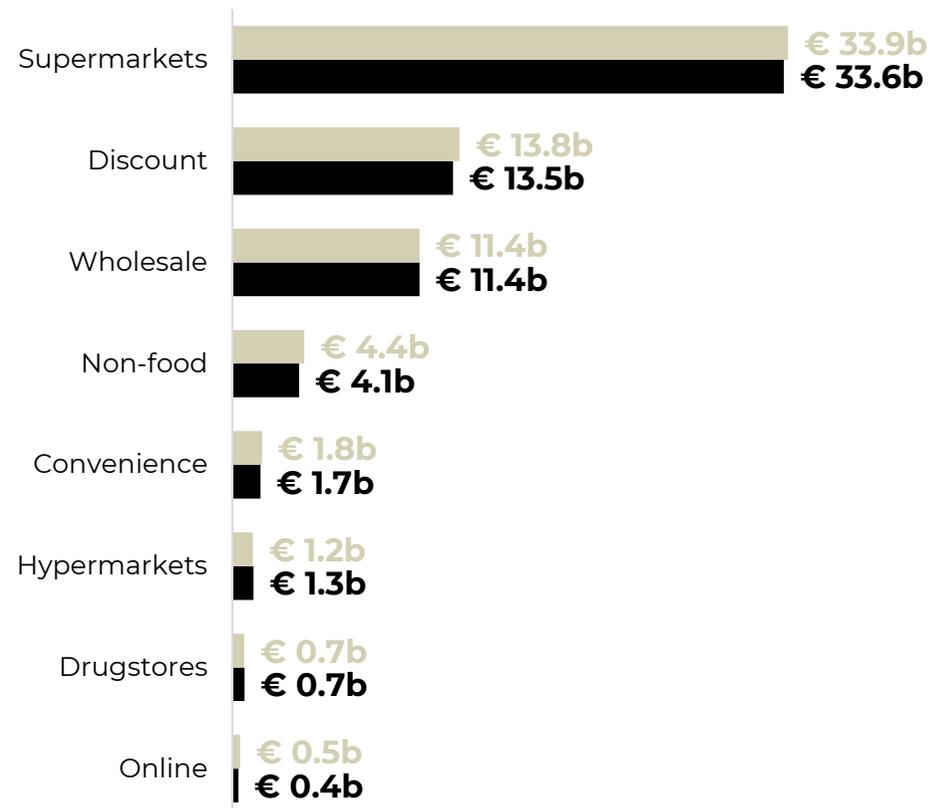


Appendix 2

Number of Rewe Group stores, by channel



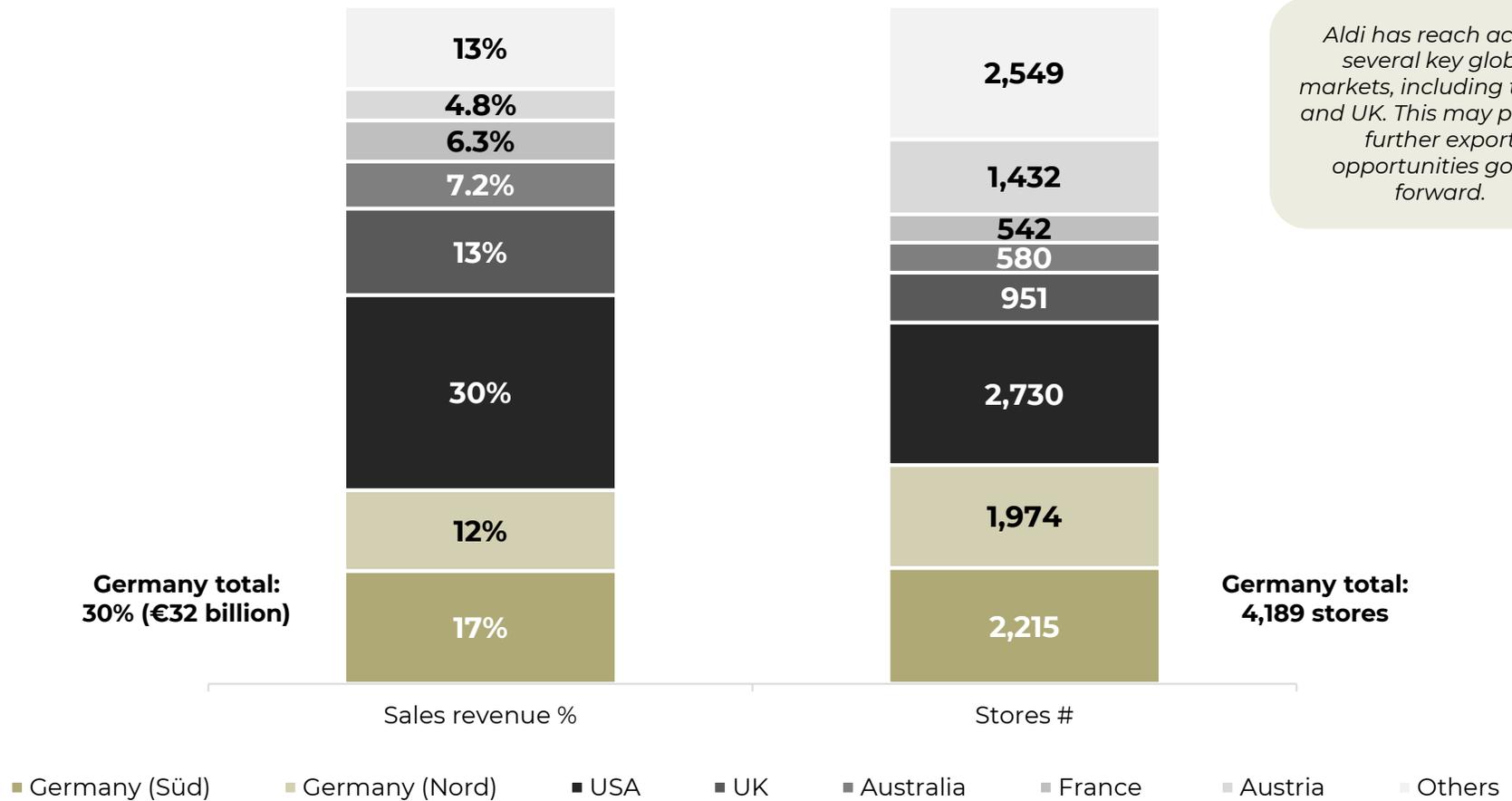
Rewe Group sales revenue, by channel



■ 2021 ■ 2020

Appendix 3

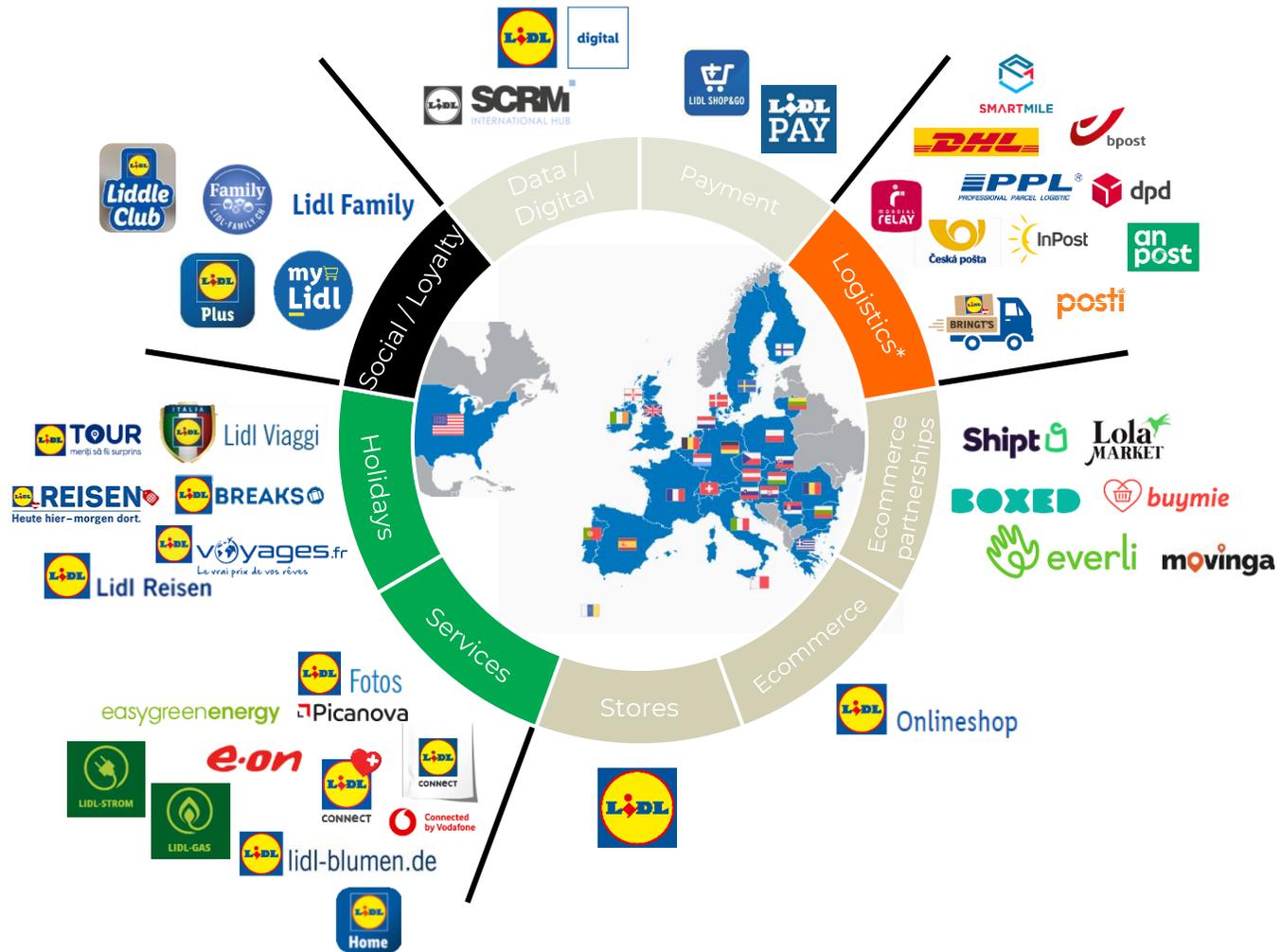
Share of Aldi sales revenue & number of stores 2021, by market



Source: IGD Retail Analysis, Aldi Profile, 2021.

Appendix 4

The Lidl eco-system

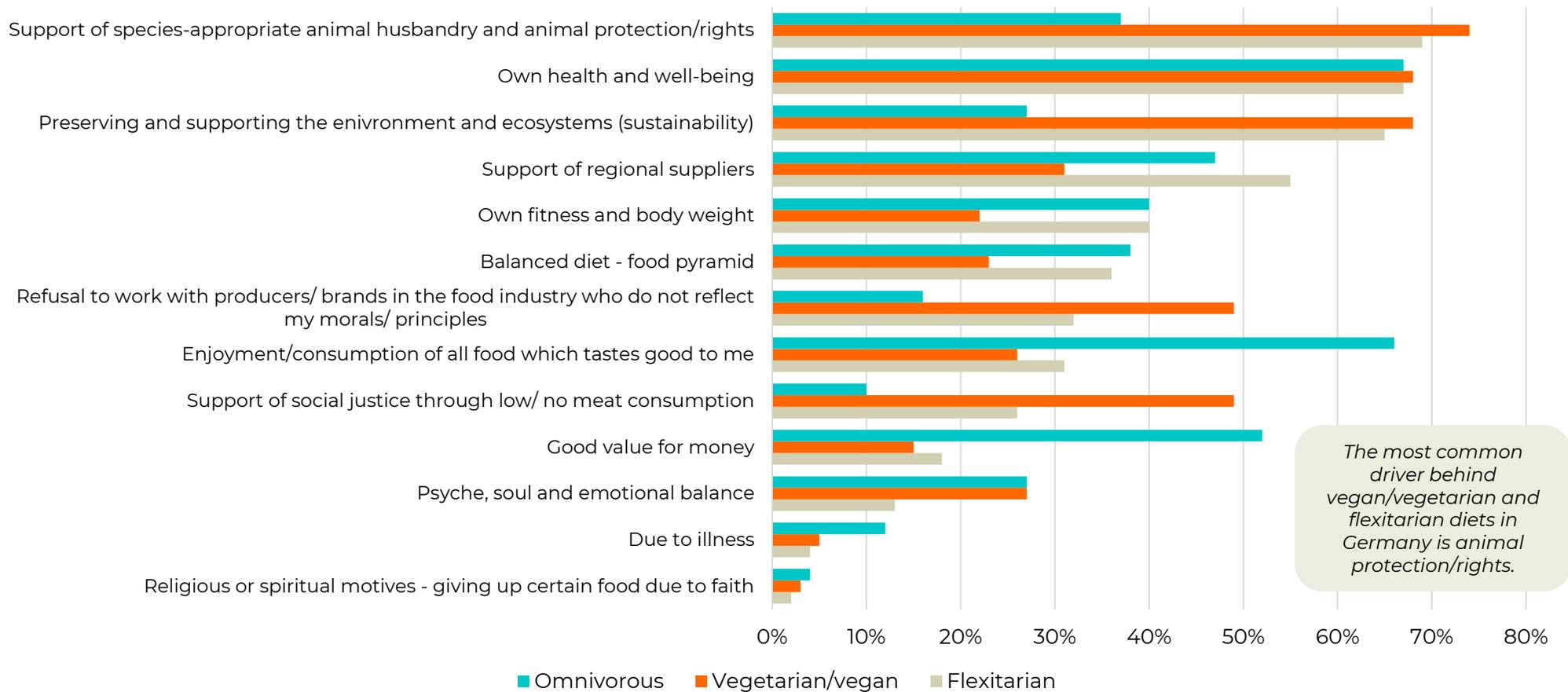


Source: IGD Retail Analysis, Lidl Profile, 2021.

Appendix 5

Drivers behind diet choices in Germany, 2019

'Which of the following motives and aims do you pursue when implementing your diet?'





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