NEW ZEALAND

THE FOODSERVICE LANDSCAPE IN GERMANY

An overview of the channel and opportunities for New Zealand exporters.

EMEA MARKET RESEARCH, ERIN MADDREN | NOVEMBER 2024

Introduction to this report

Background

Germany, as a major European economy, offers significant opportunities for New Zealand exporters in the food and beverage sector. The German foodservice industry, a cornerstone of the nation's culture and economy, is experiencing a period of transformation. Post-pandemic, the industry is poised for robust growth, driven by evolving consumer preferences, technological advancements, and a heightened focus on sustainability.

Methodology

This report was generated using desktop research, with NZTE subscriptions and purchased reports, and a short primary consumer survey. Key sources of data are listed below:

- **Euromonitor International**
- **GlobalWebIndex**
- **Statista**
- **NZTE Survey via Toluna (Jul 2024), n=350**

Purpose

The purpose of this research is to is to provide valuable insights into the foodservice channel in Germany and help New Zealand exporters understand where the opportunities in this space exist. The report aims to equip exporters with a comprehensive understanding of the channel, enabling them to enter and grow in the German market.

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.

Contents

Key takeaways

Growth Potential in German Foodservice

Foodservice sales are projected to surpass pre-pandemic levels in 2024 and continue to grow steadily. Pubs, clubs, and bars are expected to experience significant growth.

Price competitiveness and quality are paramount

While quality is highly valued in German foodservice, they also expect competitive pricing. Clearly communicate the value proposition of your products, highlighting any unique benefits or premium features that justify a higher price point.

Route-to-market strategy should be tailored to individual products

Germany offers various routes to market, including direct sales, distribution partnerships, and e-commerce. Carefully evaluate your product characteristics, target market, and resources to select the most suitable approach. Consider factors like product shelf life, logistical requirements, and desired market penetration.

Premium Products and Ethical Sourcing

Full-service restaurants offer opportunities for premium meat, seafood, and wine suppliers. However, German consumers are increasingly price-sensitive and prioritise ethical sourcing. Exporters must demonstrate the value of their products to justify premium pricing.

Addressing Environmental Concerns

German consumers are concerned about the environmental impact of imported food and beverages. Exporters can mitigate this by highlighting other qualities, such as animal welfare credentials, to justify premium prices.

Origin Matters, Especially for Younger Consumers

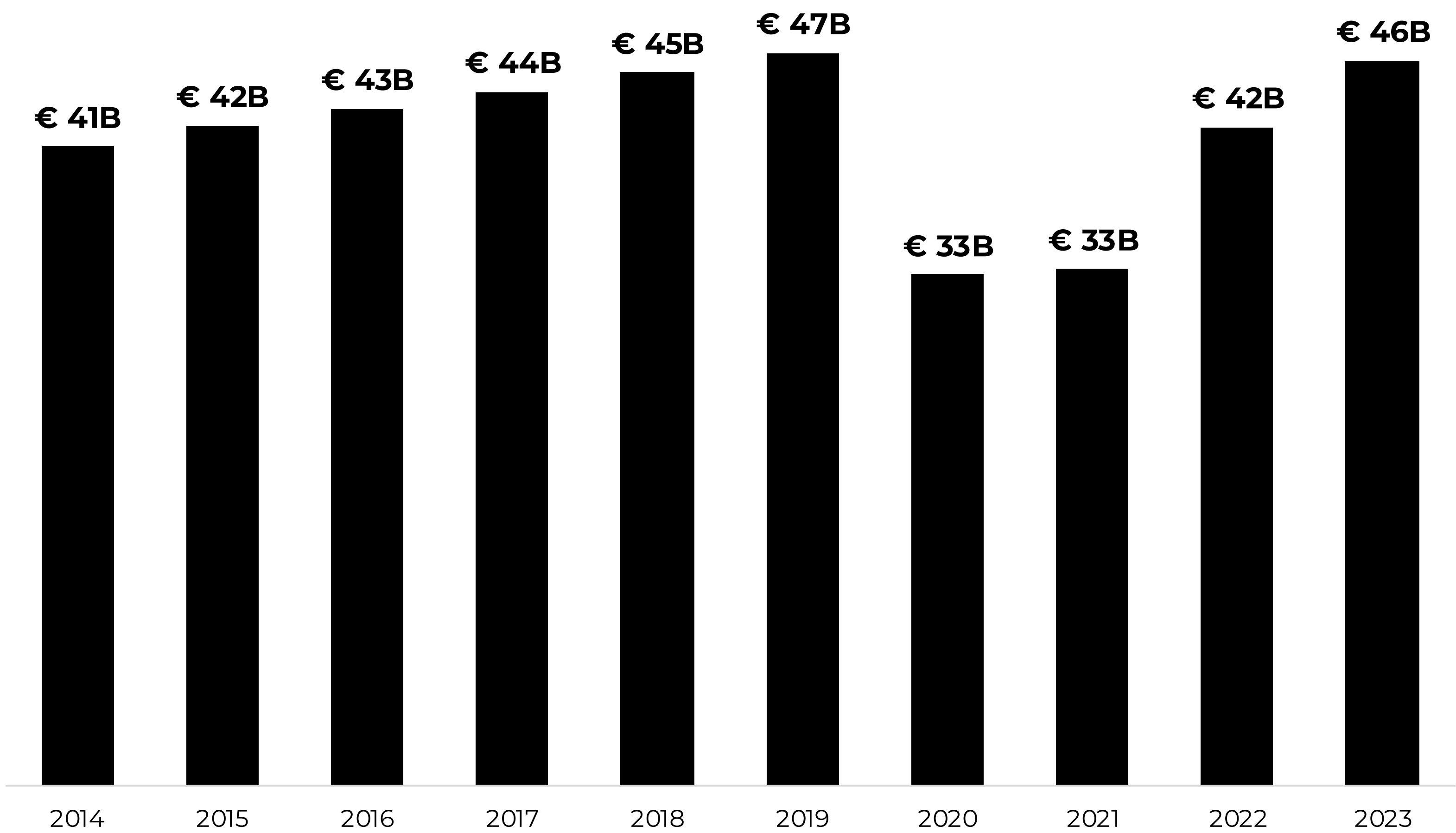
45% of German consumers care about the origin of their food and drinks. This is particularly important for younger and more affluent consumers. New Zealand is perceived by many as a high-quality food and beverage producer, especially for red meat, seafood, and wine. Origin may be less important for products like beer and spirits.

SECTION 1

FOODSERVICE OVERVIEW

Although Germany's foodservice sector took a hit during the pandemic period, it is expected to continue to grow as customer confidence recovers.

CONSUMER FOODSERVICE SALES VALUE
Germany 2014-23

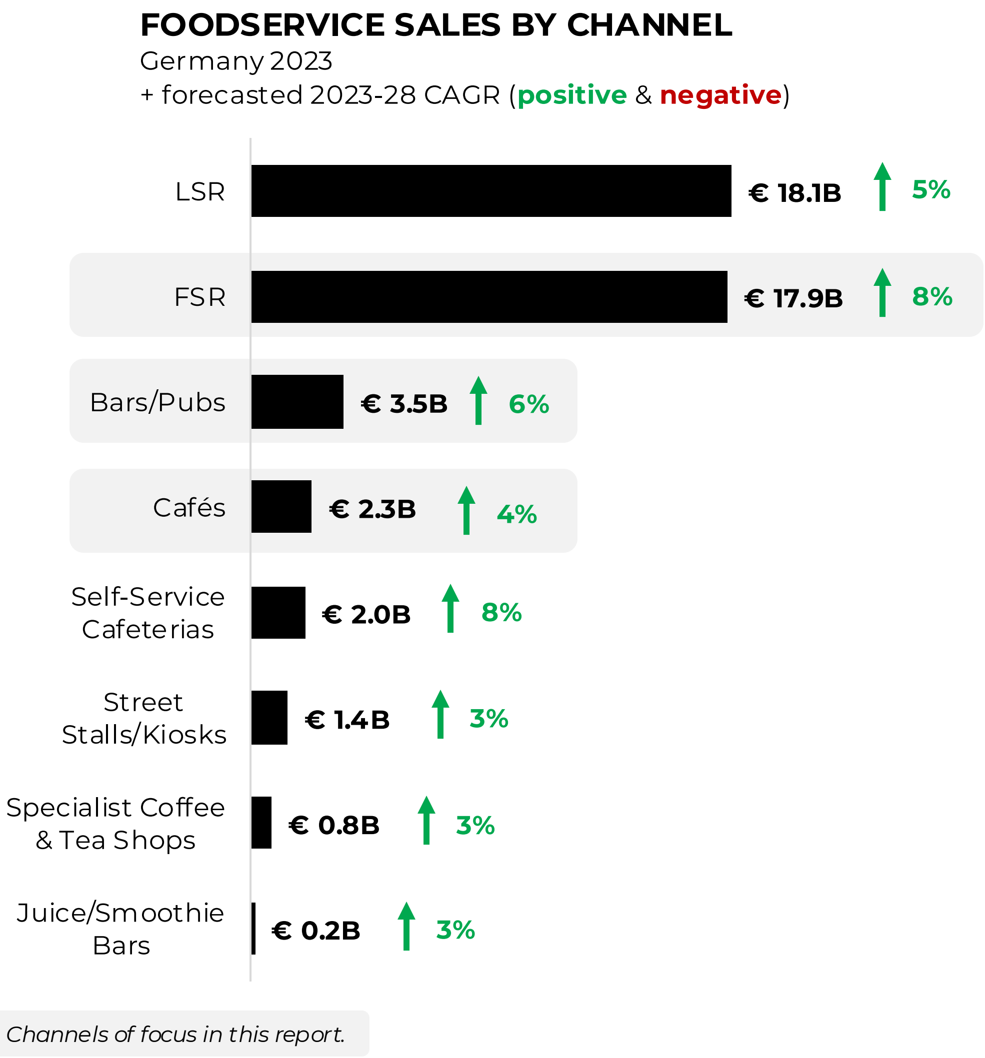


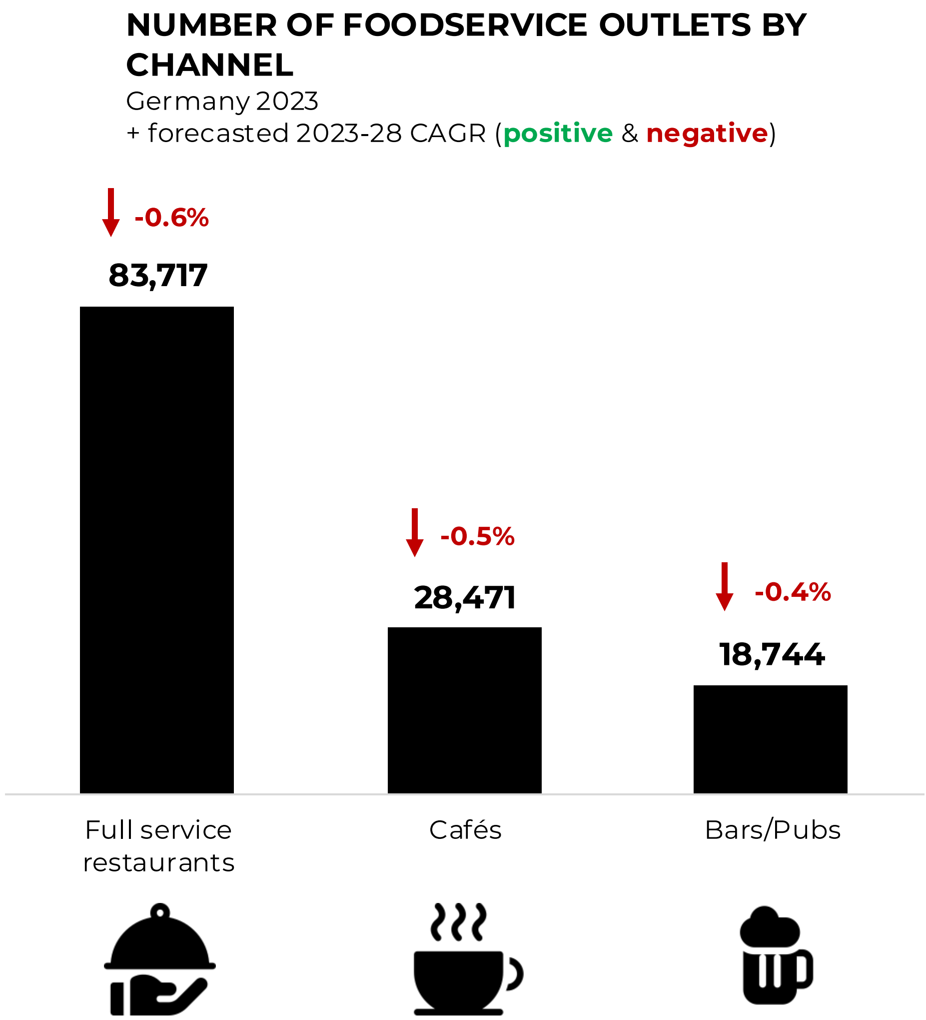
Forecasted 2024 sales value:

€51 billion

Source: Euromonitor International, 2024.

Limited-service restaurants are the largest channel by value, but full-service is expected to see the most growth in the forecast period.



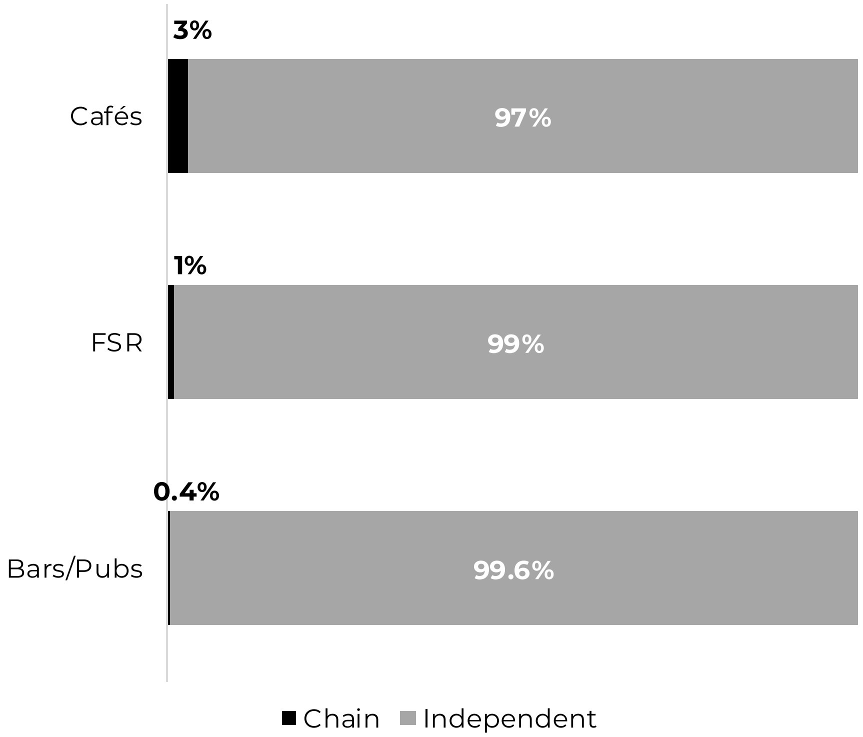


Source: Euromonitor International, 2024.

LSR = Limited-Service Restaurant, FSR = Full-Service Restaurant

Chains do not have a large presence in Germany.

CHAIN VS. INDEPENDENT BY NUMBER OF OUTLETS
Germany 2023



By this definition, chains are those with 10 or more outlets.

Source: : Euromonitor International, 2024.

In 2023, the consumer foodservice sector in Germany showed signs of recovery and growth despite ongoing challenges.

Although current value sales and outlet numbers had not yet returned to pre-pandemic levels, there was a noticeable improvement. This growth was driven by the sector's adaptability and innovation, with both large chains and independent operators finding ways to attract customers and enhance their offerings. As financial pressures ease and consumer confidence returns, the sector is expected to continue its upward trajectory.

Source: Euromonitor International, 2024.

European cuisine dominates sales value in Germany. However, these cuisines are saturated and in decline, with growth of Asian, Mexican and fusion cuisines.

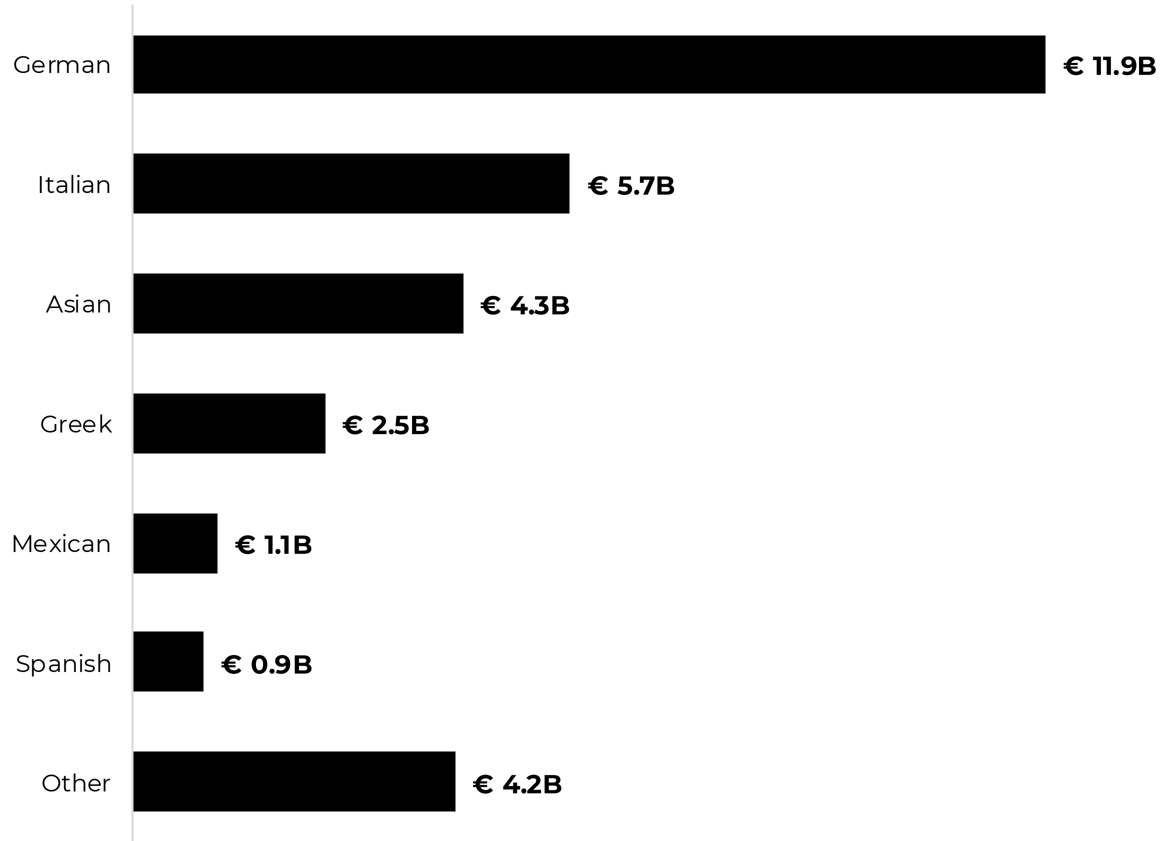
The German restaurant landscape is undergoing significant changes.

While traditional German restaurants are seeing a decline in sales due to increasing competition and changing consumer preferences, Asian restaurants are experiencing rapid growth.

- **German Restaurants:** Declining due to increased competition and changing consumer preferences.
- **Italian Restaurants:** Stagnating sales due to market saturation and the rise of more exotic cuisines.
- **Asian Restaurants:** Rapid growth driven by increasing demand for diverse cuisines.
- **Greek Restaurants:** Declining due to changing consumer preferences and competition.
- **Other Restaurants:** Growing, especially those offering Mexican, Spanish, and fusion cuisines, catering to evolving trends.

FULL-SERVICE RESTAURANTS CUISINE TYPES BY SALES VALUE

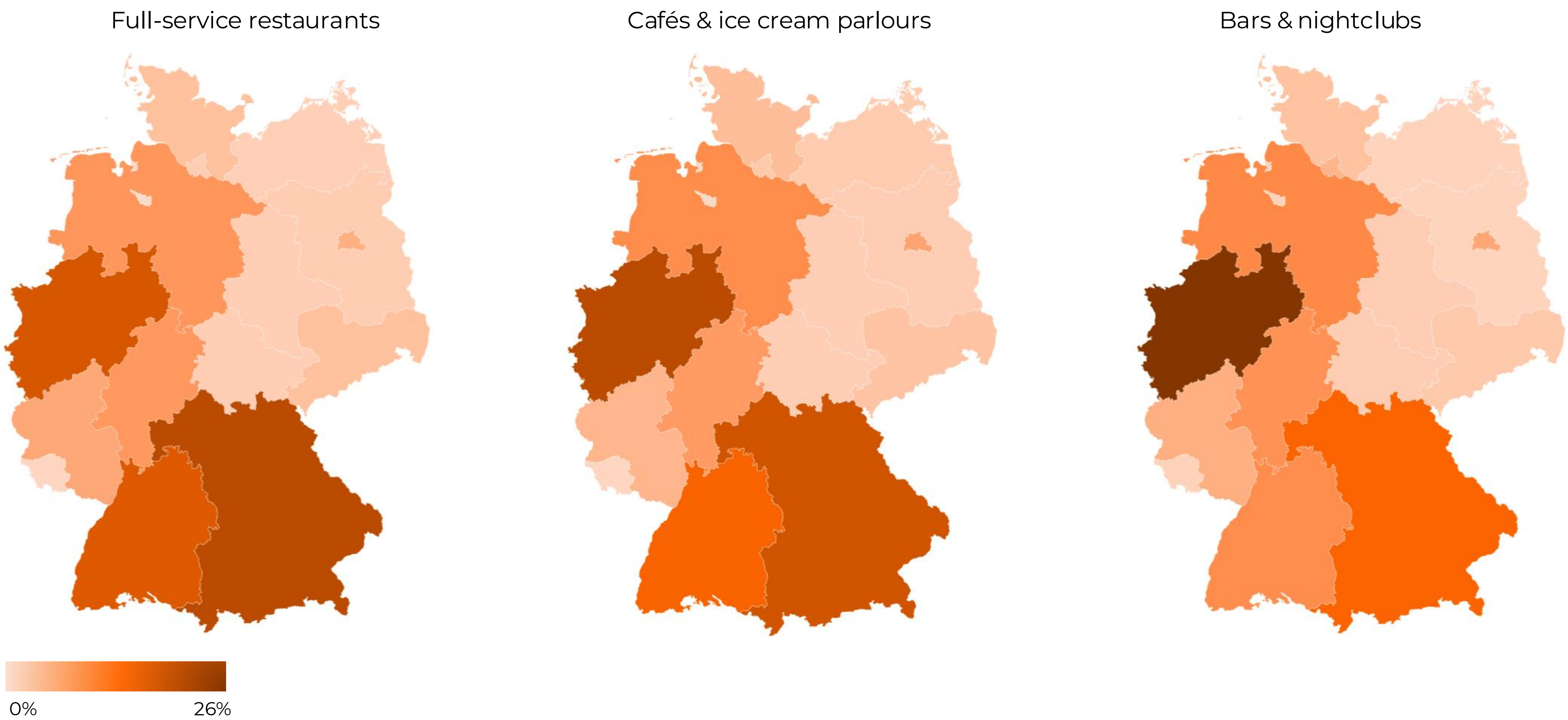
Germany 2023



Source: Source: IbisWorld, *Full-Service Restaurants in Germany*, 2024.

Full-service restaurants and cafés are more evenly distributed across the country relative to population, compared to bars and nightclubs.

BUSINESS CONCENTRATION BY REGION
As a percentage of total outlets



Source: IbisWorld, *Full-Service Restaurants in Germany*, 2024; IbisWorld, *Cafes & Ice Cream Parlours in Germany*, 2024; IbisWorld, *Bars and Nightclubs in Germany*, 2024.

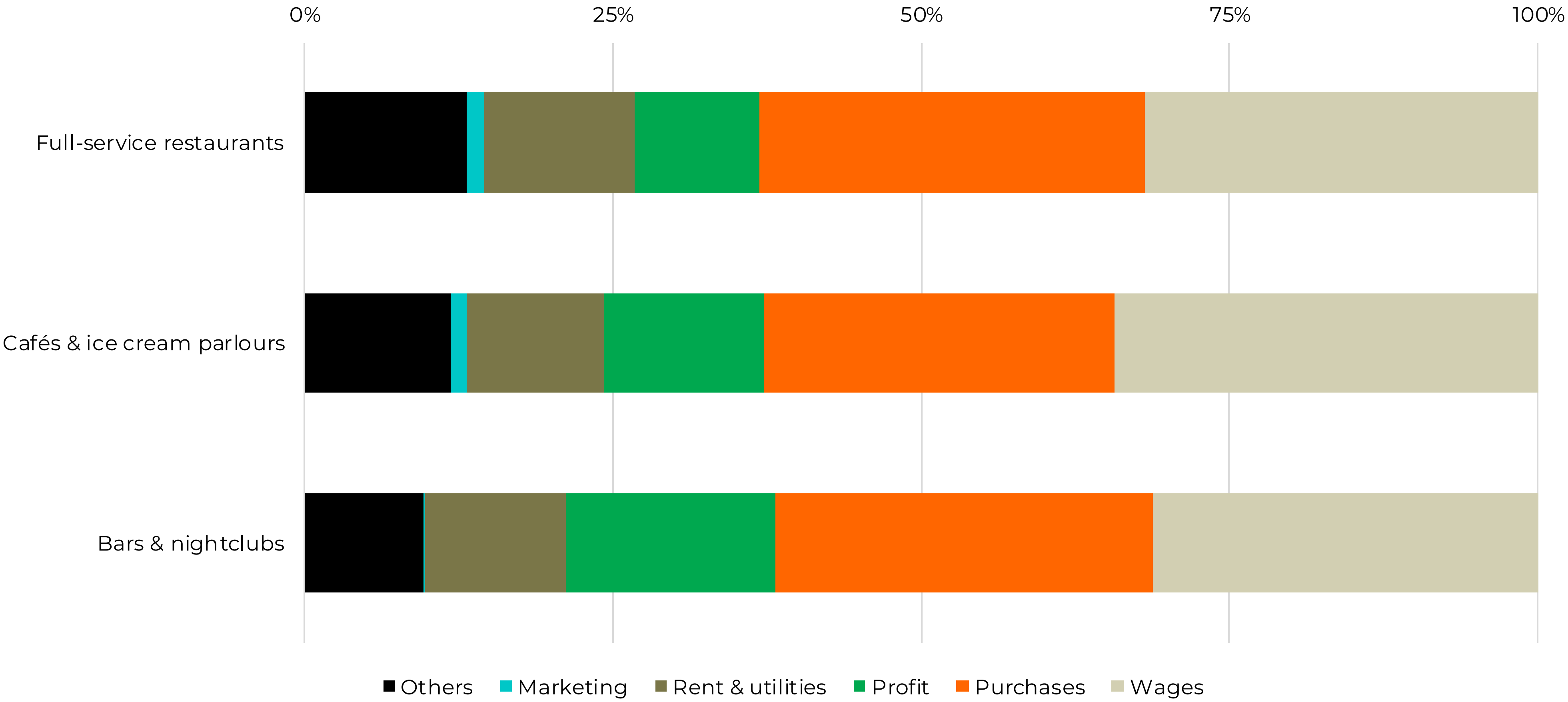
SECTION 2

SUPPLYING TO FOODSERVICE

The cost of purchases makes up a substantial portion of the operating costs for all types of foodservice businesses, ranging from 25% to 35% of total revenue in 2024.

AVERAGE OPERATING COSTS OF THE FOODSERVICE INDUSTRY BY CHANNEL 2024

As percentage of revenue



Source: IbisWorld, *Full-Service Restaurants in Germany*, 2024; IbisWorld, *Cafes & Ice Cream Parlours in Germany*, 2024; IbisWorld, *Bars and Nightclubs in Germany*, 2024.

Wholesalers and beverage manufacturers have significant power in the foodservice supply chain, setting prices for their products and impacting the costs for businesses in the industry.

SUPPLY CHAIN BY FOODSERVICE CHANNEL

2nd tier	• Spirit Producers • Wine Producers • Beer Producers • Soft Drink & Bottled Water Producers	• Dairy Product Processors • Sugar Producers • Tea & Coffee Processors	• Spirit Producers • Wine Producers • Beer Producers • Soft Drink & Bottled Water Producers
1st tier	• Beverage Wholesalers • Coffee, Tea & Spices Wholesalers • Grocery Wholesalers	• Ice Cream Producers • Bread & Bakery Goods Producers • Dairy Product, Egg & Edible Oil Wholesalers • Beverage Wholesalers • Confectionery Wholesalers • Coffee, Tea & Spices Wholesalers	• Beverage Wholesalers • Grocery Wholesalers
Channel	**Full-service restaurants**	**Cafés & ice cream parlours**	**Bars & nightclubs**
Supplier power	**Moderate**		
	Wholesalers are the primary suppliers for restaurant operators. Restaurants often establish long-term relationships with specific wholesalers, prioritising quality and price. Wholesalers set their own product prices based on their purchasing costs.	Cafés and ice cream parlours often source their ingredients directly from wholesalers or farmers. Recently, the cost of producing food has increased significantly, resulting in higher ingredient prices. Small businesses have limited power to negotiate with suppliers. They often struggle to offset the rising costs imposed by suppliers.	Beverage manufacturers set the prices for their products. This means that businesses in the industry have to buy drinks from wholesalers or directly from companies like breweries at a price determined by the manufacturer. Rising production costs in recent years have made these drinks even more expensive.

Source: IbisWorld, *Full-Service Restaurants in Germany*, 2024; IbisWorld, *Cafes & Ice Cream Parlours in Germany*, 2024; IbisWorld, *Bars and Nightclubs in Germany*, 2024.

The following slides comprise insights from an expert in the German foodservice industry.

Alexander Kleerebezem

Foodservice & Grocery Retail Expert

Half Dutch, half English and having lived most of his life in Germany, Alex has over four decades of experience in both grocery and foodservice.

He started out in horticulture, the Dutch stereotype of flowers, worked in all retail formats and then moved on into grocery retail where he was responsible for over €100m of procurement at Germany's largest retailer, Edeka, before setting up his own business in 2011.

Over time, he expanded his expertise to include convenience, ultra-fresh and FMCG, supporting large and small clients from various countries in Europe and other continents, who supply directly or indirectly to foodservice and grocery retail.

He works customer centric and always focuses on developing the best possible solutions, adding value and minimising risks of supply chain disruption.

Source: Consultation with Alexander Kleerebezem via OnFrontiers, November 2024.

German consumers value local sourcing and sustainability, but price and quality remain paramount.

UNDERSTANDING THE LOCAL MARKET

The German food and beverage market is diverse and dynamic. Understanding national and regional preferences and expectations is essential for success.

Local sourcing is important, but not definitive

- Local sourcing is important in the German foodservice landscape, even in nationally organised chains.
- Vendors have frequent, often daily deliveries.
- This is particularly important for fresh produce and often local, seasonal produce is used as a selling point on menus. For example, when asparagus is in season, it is highly advertised on menus.
- While local sourcing is important, it is not the only important factor. There is a demand for high-quality, premium products, especially those with strong sustainability and animal welfare credentials.

Price & quality are paramount

- German consumers and foodservice operators are price-conscious. While premium products can command higher prices, it's important to balance quality with affordability.
- Consumers express a desire for ethical and sustainable products. However, the reality is more complex. While these factors can influence purchasing decisions, price and quality remain paramount. If a product offers good value and enhances the dining experience, it can often outweigh other considerations.

Think about regional differences

- Germany has diverse regional food cultures and preferences. Tailor your offerings to specific regions to maximise appeal.
- For example, in the north, where seafood is more prevalent, focus on high-quality seafood products. In the south, where meat-based dishes are more popular, focus on premium red meat and sausages.
- Additionally, consider the different types of foodservice establishments in each region, such as traditional restaurants, bistros, and canteens.

Source: Consultation with Alexander Kleerebezem via OnFrontiers, November 2024.

Germany's foodservice market offers multiple route-to-market options, each with its own advantages and challenges.

EFFECTIVE ROUTE-TO-MARKET STRATEGIES

As the EU's largest market, Germany presents multiple strategic options and market entry points. The most suitable approach depends on factors such as product characteristics, supply chain infrastructure, product availability, required volumes, and competitive pricing.

Direct sales for regional partners

- Building direct relationships with foodservice operators, especially regional ones, can be effective.
- Direct sales are preferred in terms of getting the best price.
- Focus on building trust and providing excellent service, including personalised attention to vendors.
- Regional, independent foodservice partners are often more motivated and eager to work with new products, as they are closer to the end consumer and can see the direct impact of their choices.

Distribution partnerships provide more scale

- Partnering with foodservice distributors can provide access to a wider market.
- Large national players like Compass Group, Transgourmet, and METRO require a more tailored approach due to their complex structures. Gaining access to these companies can be challenging but not impossible.
- Regional partners like CF Gastro combine national buying power with local flexibility. They have more hands-on support for new products compared to national players.
- Strong sales performance and product quality can lead to recommendations from satisfied partners.

E-commerce and digital channels could be explored

- Digital channels, although not the most common route-to-market, provides potential for shorter supply chains, enabling suppliers to bypass intermediaries, ensuring better prices and fresh product delivery.
- Apps like Choco have gained traction as "one-stop" ordering platforms for foodservice, providing an efficient, streamlined ordering process that minimises mistakes and saves time.
- Digital sales platforms are increasingly viable for products like wines, which don't require daily supply.

Source: Consultation with Alexander Kleerebezem via OnFrontiers, November 2024.

Understanding cultural nuances is crucial for success.

CULTURAL NUANCES TO CONSIDER

Consider the following cultural nuances when supplying to the foodservice sector, or any sector, in Germany:

- **Punctuality:** German business culture values punctuality and efficiency.
- **Direct Communication:** Germans tend to be direct and straightforward in their communication style.
- **Formal Business Etiquette:** While business attire has become more relaxed, formal business etiquette is still important.
- **Attention to Detail:** Germans appreciate quality and precision in all aspects of business.
- **Reliability and Dependability:** German businesses value partners who are reliable and can be counted on to deliver on their promises.
- **Building Relationships:** While Germans may be direct, they also value building strong relationships with their business partners.

Source: Consultation with Alexander Kleerebezem via OnFrontiers, November 2024.

SECTION 3

CONSUMER TRENDS AND INSIGHTS

The foodservice industry is facing increased competition, growing demand for healthier options, and, in some cases, the long-term effects of the pandemic.

KEY CONSUMER FOODSERVICE TRENDS

Increased competition from self-service
Self-service restaurants, particularly fast-food chains, have seen significant growth in recent years. This surge in popularity has impacted traditional restaurants, as some customers have opted for the convenience and affordability of self-service options.

Health-conscious consumers
The growing emphasis on healthy eating has driven a shift in consumer preferences. More people are seeking out healthier food options, leading to increased demand for vegetarian, vegan, plant-based and gluten-free menu options.

Non-alcoholic beverages
A rising trend towards healthier lifestyles has led to reduced alcohol consumption, which is driven by the younger generation. To cater to this, industry players are expanding their offerings. Non-alcoholic beers and innovative virgin drinks are becoming popular.

Long term effects of the pandemic
The COVID-19 pandemic dealt a severe blow to the foodservice industry. Temporary closures, reduced consumer spending, and increased operational costs have significantly impacted the sector. While some operators were able to pivot to takeaway and delivery services, the overall impact has been substantial.

Source: IbisWorld, *Full-Service Restaurants in Germany*, 2024; IbisWorld, *Bars and Nightclubs in Germany*, 2024.

The trend of dining out less suggests economic concerns or a preference for home-cooking may be influencing decisions. Foodservice operators need to offer great value for these occasions.

New Zealand and Germany have similar patterns in terms of dining regularity.

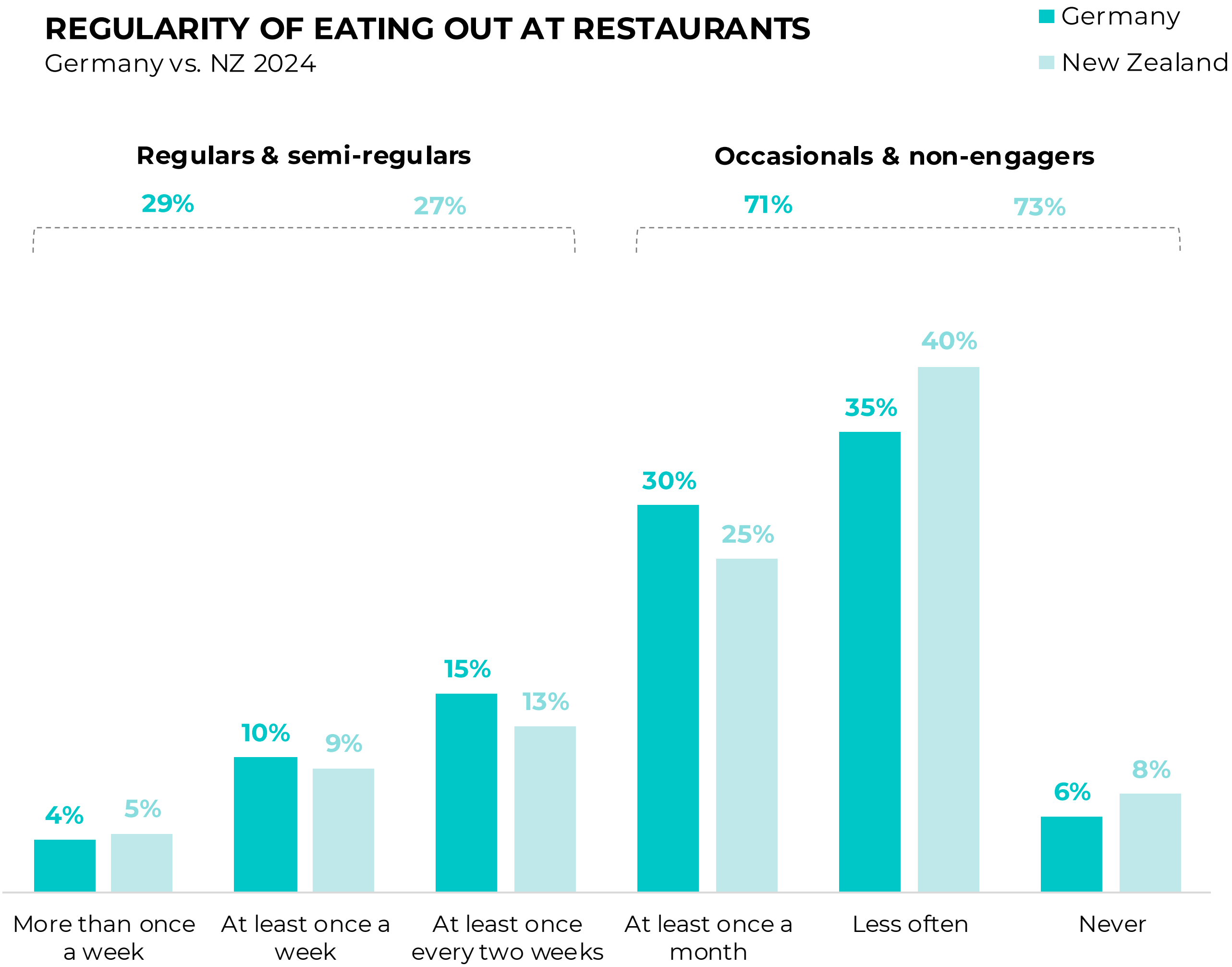
In Germany, the relatively high percentage of people dining out at least once a month (30%) suggests a culture of social dining, perhaps linked to traditions around eating out on weekends every now and then or during special occasions.

However, the dominance of the less often category (35%) also points to a cautious approach to dining out, possibly due to economic concerns or a growing trend toward home-cooking and convenience food.

These insights emphasise the need to cater to occasional diners by offering dining experiences that deliver value, while also potentially addressing the growing demand for convenience, flexibility, and ethical food choices.

Despite this, 29% of consumers in Germany dine out regularly or semi regularly, which would be another target group entirely.

REGULARITY OF EATING OUT AT RESTAURANTS
Germany vs. NZ 2024

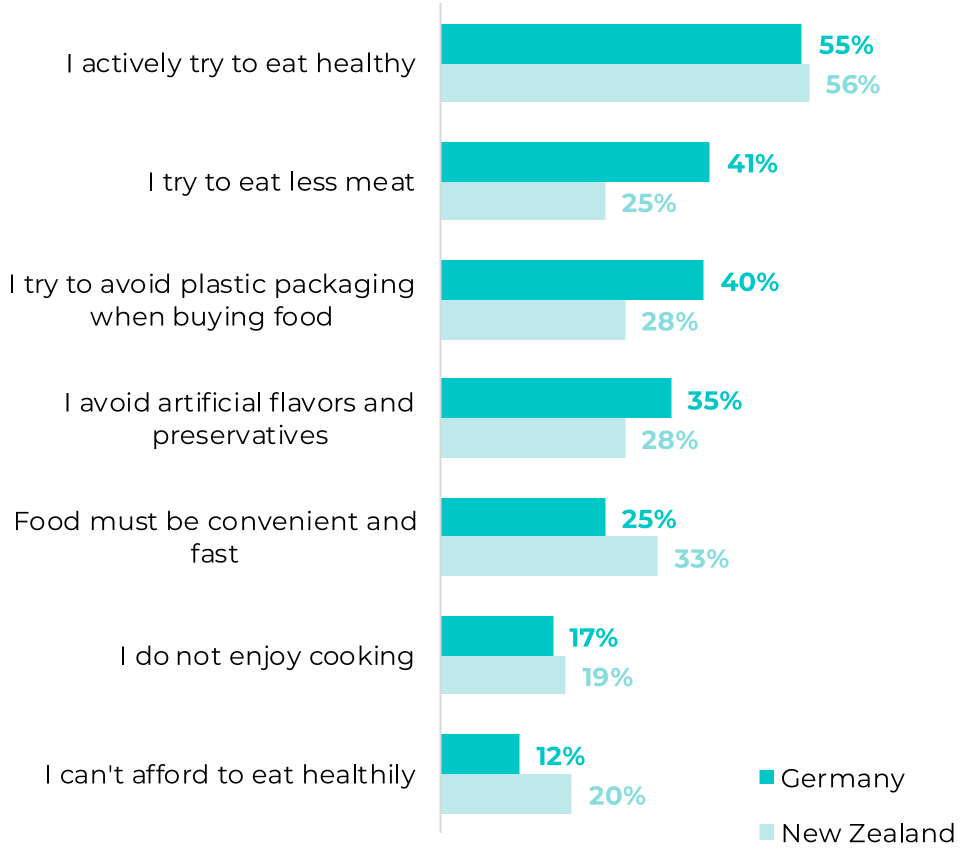


Source: GlobalWebIndex, 2024.

German consumers tend to prioritise health and environmental concerns more in their food choices compared to in New Zealand.

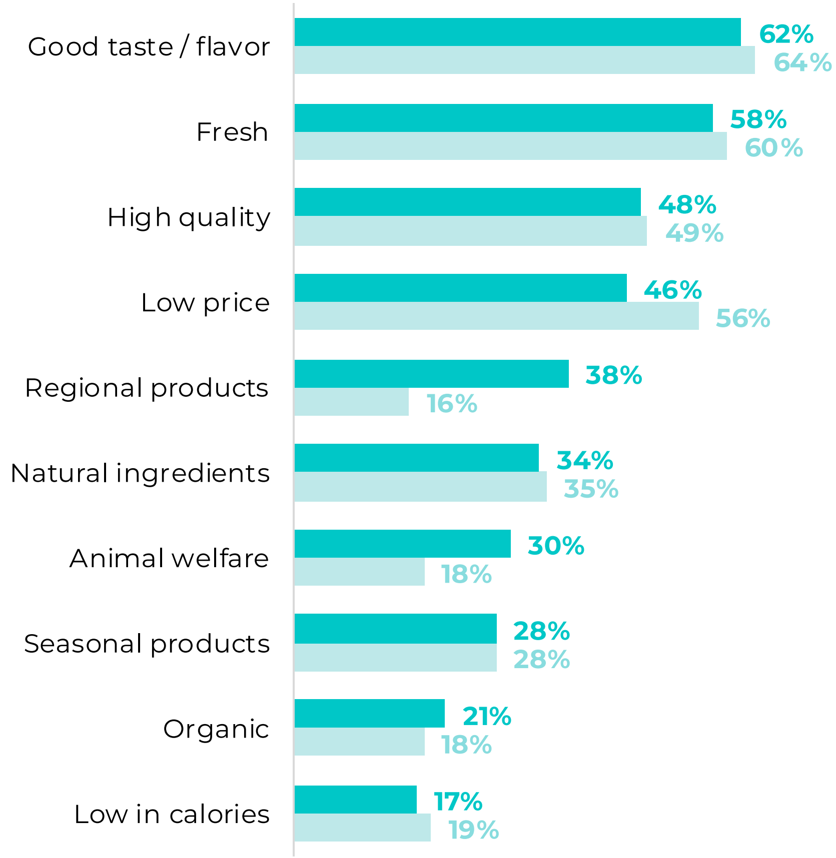
ATTITUDES TOWARDS FOOD

'Which of these statements about food do you agree with?' (multi-pick), Germany vs. NZ 2024



PURCHASE CRITERIA FOR FOOD

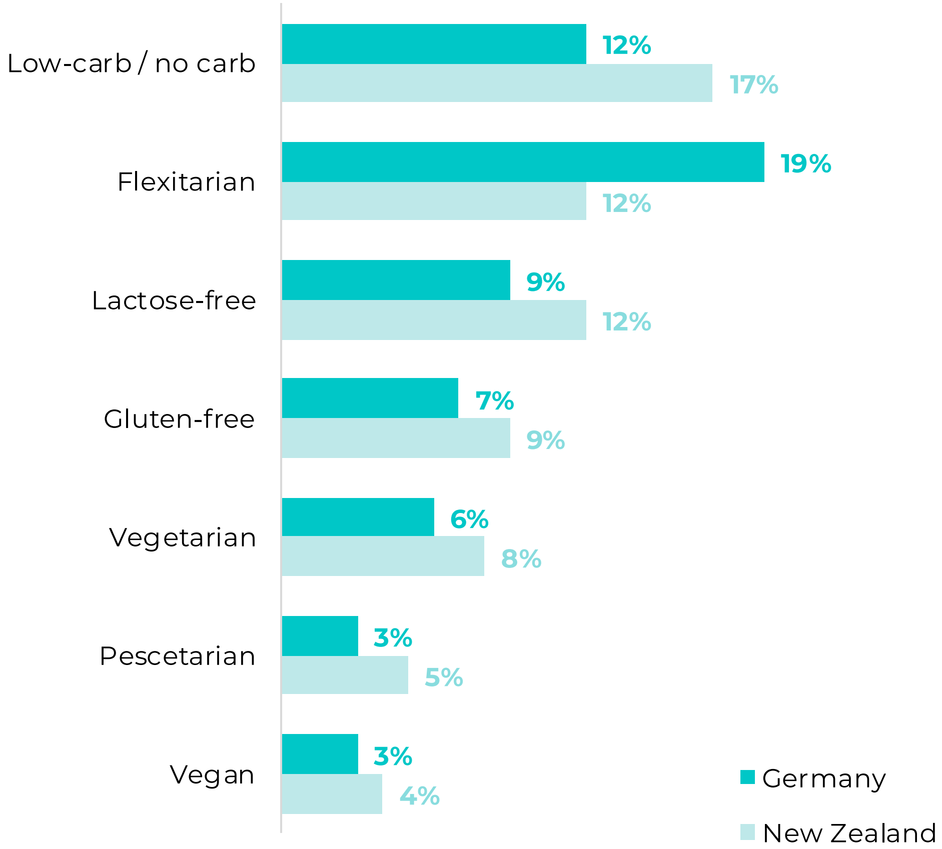
'Which are the most important aspects when choosing your food?' (multi-pick), Germany vs. NZ 2024



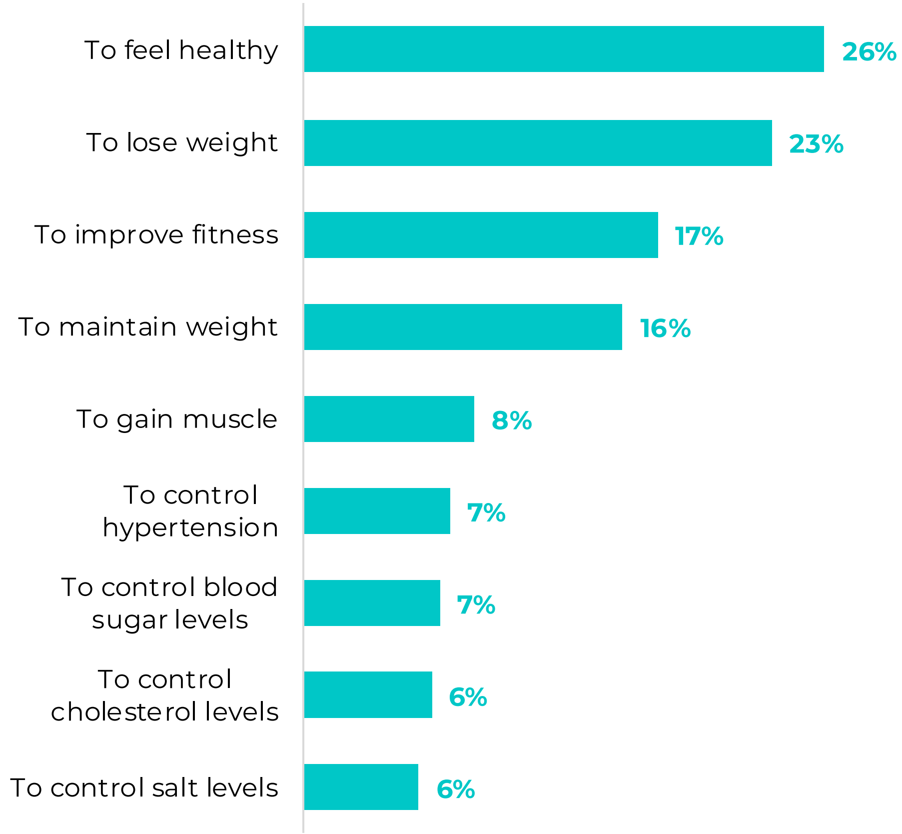
Source: Statista, 2023.

There are more flexitarians in Germany than in New Zealand, aligning with trends towards plant-based nutrition.

DIETS AND NUTRITION
'Do you follow one or more of the following nutrition rules?' (multi-pick), Germany vs. NZ 2024



HEALTH REASONS FOR DIET CHOICES
'Are you dieting or controlling food intake for any of these reasons?' (multi-pick), Germany 2024



Source: Statista, 2024; GlobalWebIndex, 2024.

The following slides are based on a consumer survey conducted by NZTE:

- 350 consumers in Germany
- 18 years and older
- Fieldwork in July 2024
- Conducted via Toluna Start

28% of German consumers rank New Zealand as a high-quality food & drink producer, outpacing larger nations like Australia, US and China. This signals growth opportunities in the market.

Italy is perceived as the top origin for high-quality food and drink of the countries offered as options.

This strong preference underscores Italy's global reputation for premium food, including iconic products like pasta, wine, and cheese.

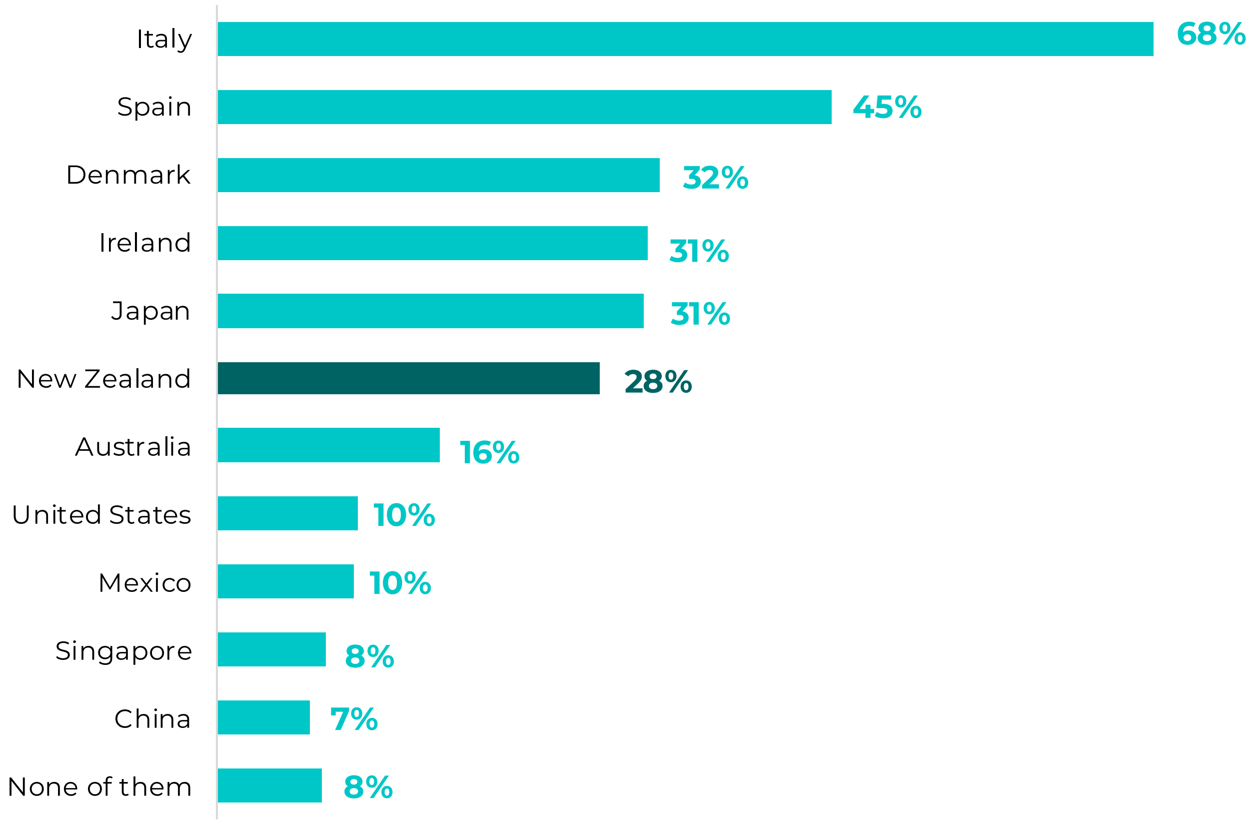
The top four countries—Italy, Spain, Denmark, and Ireland—are all European, indicating a strong regional preference among German consumers for European food and drink products.

New Zealand ranks sixth, which is a significant achievement for a non-European country, especially considering New Zealand's relatively small population and distance from Germany.

Being ranked ahead of larger nations like Australia, the US and China highlights the strong perception of New Zealand's food and drink in the German market. This suggests an opportunity for further market penetration, particularly in high-end, eco-conscious consumer segments.

TOP ORIGINS FOR HIGH QUALITY FOOD & DRINK

'Please choose up to four countries from this list that you think produce the highest quality food and drink.' (multi-pick), Germany 2024, N=350

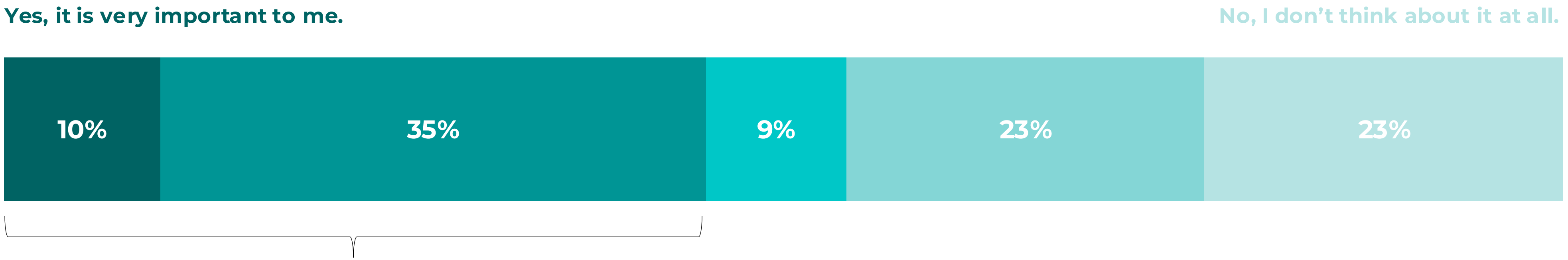


Source: NZTE survey, 2024.

Origin of food and drinks is more important to younger consumers and those with a higher household income.

IMPORTANCE OF FOOD & DRINK ORIGIN

'Think about the last time you went out for a meal. When deciding where to go / what to order, did you care where the food and drinks were produced?.' (single pick), Germany 2024, N=350



45%

of German consumers say food & drink origin is somewhat or very important to them when dining out.

Impact of age:

- This was significantly higher for consumers 18-34 years old, where 64% say it is somewhat or very important to them.
- Comparatively, 50% of 35–54-year-olds and 29% of those 55+ said it was somewhat or very important to them.

Impact of income:

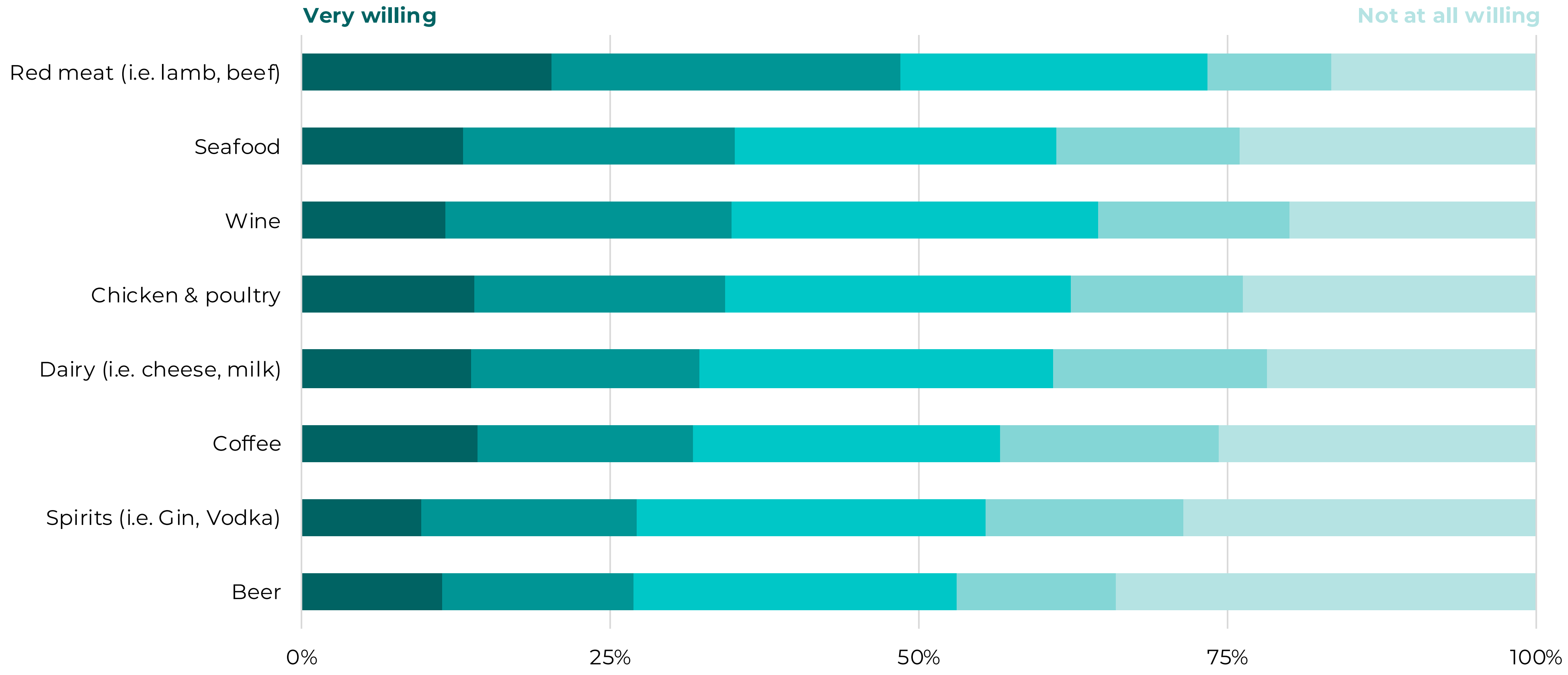
- Additionally, those with a higher income are more likely to say it is somewhat or very important to them. 44% of those with a gross household income of under €50,000 said this, versus 63% for those with a household income of €50,000 or more.

Source: NZTE survey, 2024.

German consumers are more likely to be willing to pay a higher price for New Zealand red meat, seafood and wine.

WILLINGNESS TO PAY MORE FOR NEW ZEALAND FOOD & DRINKS

'When eating out, would you think it's worth paying more to buy New Zealand foods or drinks? If so, please rank your willingness to pay slightly more for each:' (single pick), Germany 2024, N=350



Source: NZTE survey, 2024.

While some products are recalled by German diners, 58% do not recall ordering any New Zealand products.

New Zealand red meat is the most recognised category among German diners, with 18% of respondents having knowingly ordered it in the past 6 months.

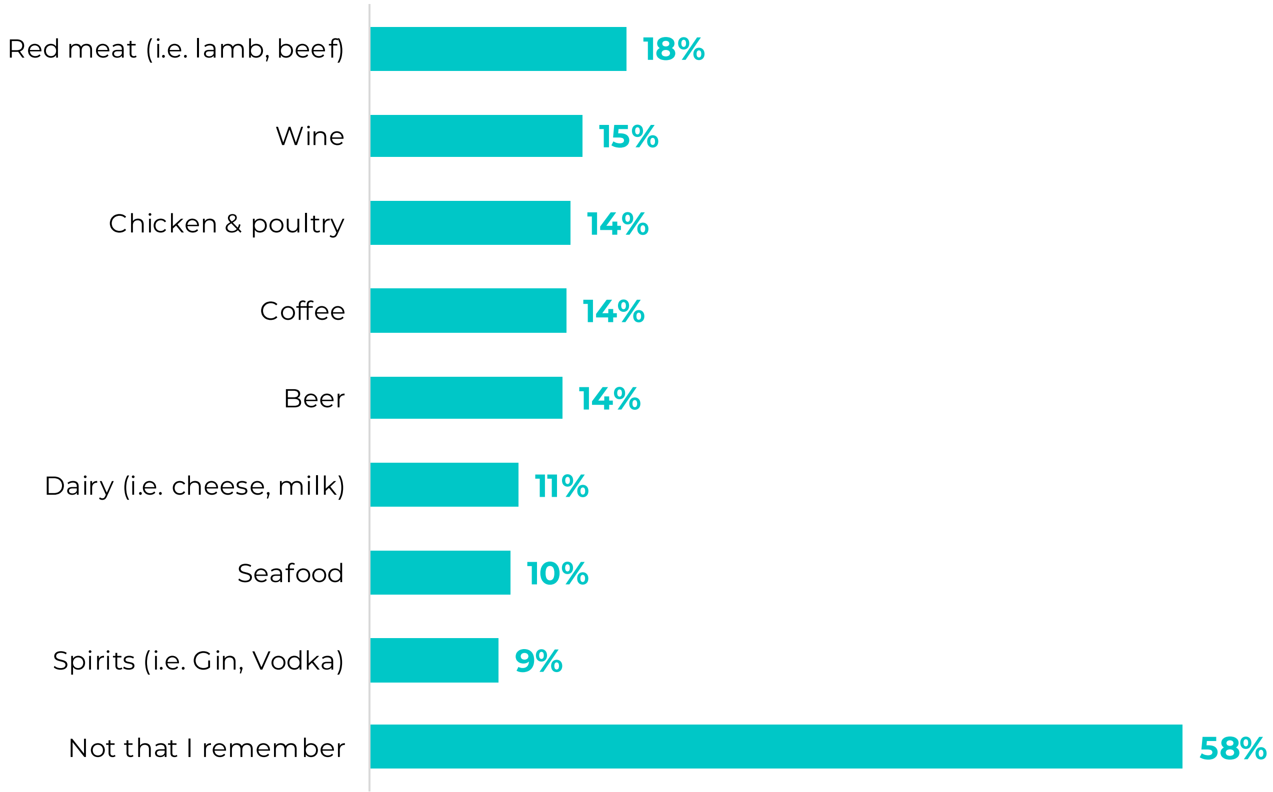
Wine is also relatively popular from New Zealand, with 15% remembering ordering a New Zealand wine at a foodservice establishment in recent months.

Despite this, a significant 58% of respondents do not recall ordering any New Zealand food or drinks. This highlights the possibility that either there are not a lot of New Zealand products in German restaurants, or just that the origin is not advertised.

Exporters should consider investing in marketing campaigns that emphasise the unique qualities and origins of New Zealand products. This may be more relevant for products that are particularly unique to New Zealand, such as lamb and wines.

ORDERED NEW ZEALAND FOOD OR DRINKS WHILE DINING OUT (PAST 6 MONTHS)

'In the past 6 months, did you order any of the following New Zealand foods or drinks while dining out?' (multi-pick), Germany 2024, N=350



Source: NZTE survey, 2024.

Although consumers in Germany know New Zealand for high quality food, environmental concerns are common. Products from New Zealand must be unique and quality enough to justify purchase.

EXPERIENCE WITH RECENTLY ORDERED NEW ZEALAND FOOD & DRINKS

'Please think of a specific New Zealand food or drink you had while dining out. Now please can you tell us all about it?' (open-ended), Germany 2024, N=147

Top three product mentions:

35 red meat

21 seafood

14 wine

"Roast lamb from New Zealand, tender and high-quality meat."

"Green-lipped mussels at their best."

"I drank a New Zealand red wine of a deep dark, almost black red colour, which tasted wonderfully light and very much like plums/strawberries... a wonderful pinot noir.."

OPINIONS ON NEW ZEALAND FOOD & DRINKS FOR THOSE WHO HAVE NOT RECENRLY ORDERED

'Although you don't remember having any New Zealand products while dining out recently, can you please tell us about your thoughts on New Zealand food and drinks?' *(open-ended), Germany 2024, N=204*

Top themes mentioned:

58 mentions of product quality

29 mentions of meat and agriculture

25 mentions of environmental concern for products shipped from New Zealand

"I think that New Zealand drinks and food are very high quality, but also highly priced."

"I like to eat New Zealand meat products because I am convinced of their quality."

"I think they're good, but from an ecological point of view it's madness to consume food from so far away."

Source: NZTE survey, 2024; Open-ended questions translated with DeepL.

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