



# The German Organic Market

Prepared for Bord Bia, Dublin

November 30, 2017

# Germany is about SIZE!

**Population: 82.8m**

**Food industry: 5,940 companies**

**Food retail: 35,253 outlets**



Source: Eurostat; BVE (Confederation of the German Food & Drink industry); Nielsen Trade Dimensions



# Different regions, different habits



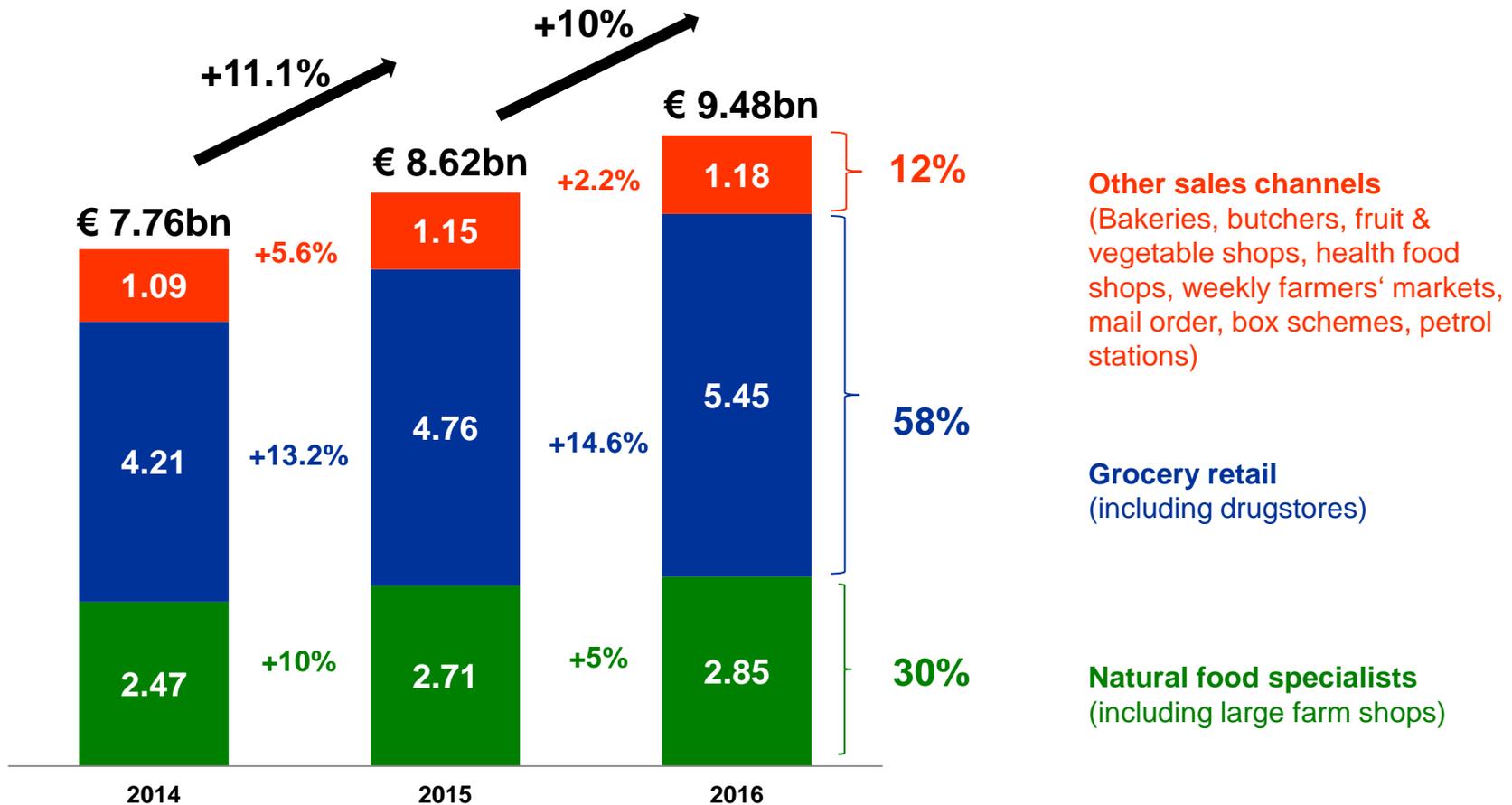
# Food is turning more and more into a status symbol

**LECKER**  
**Delicious**  
**Convenient**



Source: Food report 2017, Federal Ministry of Food and Agriculture

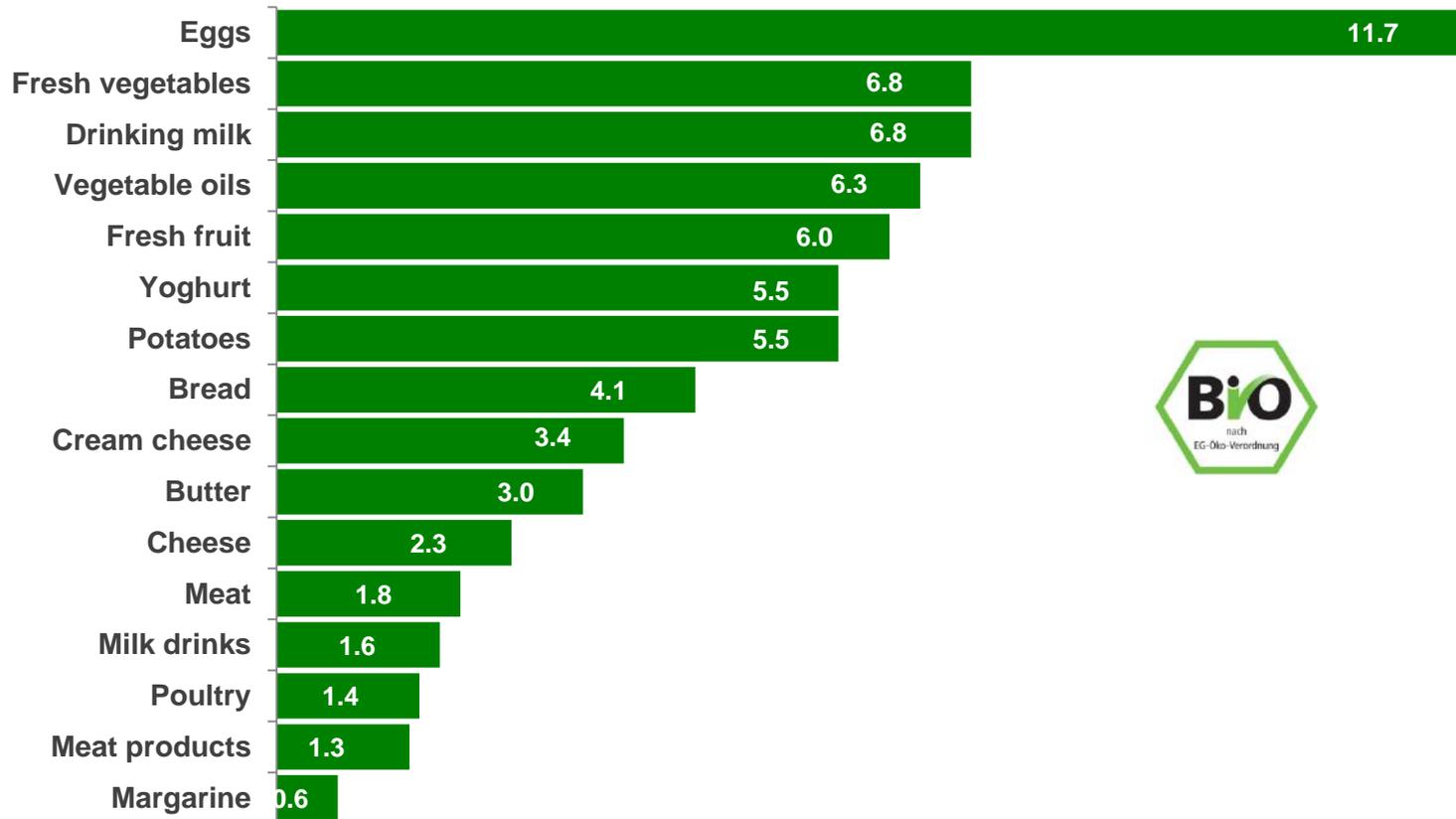
# Grocery retail is the most important channel for organic product sales



Source: Bund Ökologische Lebensmittelwirtschaft e. V. (Federal Association for Ecological Food Industry) (BÖLW)

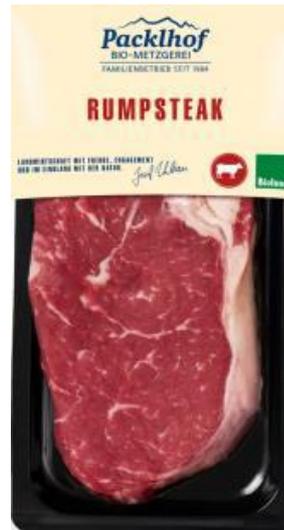
# The relevance of organic differs per product category and per segment

Organic shares of household purchases of selected ambient, fresh and chilled products in Germany in 2016, volume shares in %



Source: Agrarmarkt Informations-Gesellschaft (Agricultural Market Information Society)

# Organic meat



Source: [www.aldi-sued.de](http://www.aldi-sued.de), [www.alnatura.de](http://www.alnatura.de), [www.ruegenwalder.de](http://www.ruegenwalder.de)



# Organic dairy „white line“



Source: [www.bergbauernmilch.de](http://www.bergbauernmilch.de), [www.soebbeke.de](http://www.soebbeke.de), [www.andechser-natur.de](http://www.andechser-natur.de)



# Organic dairy „yellow line“



Source: [www.andechser-natur.de](http://www.andechser-natur.de), [www.aldi-sued.de](http://www.aldi-sued.de), [www.kaeserei-schlierbach.at](http://www.kaeserei-schlierbach.at), [www.weissenhorner.de](http://www.weissenhorner.de)

# Organic chilled food



Source: [www.isana.de](http://www.isana.de), [www.lizza.de](http://www.lizza.de), [www.soto.de](http://www.soto.de), [www.tukan-vegan.de](http://www.tukan-vegan.de)

# Organic ambient grocery



Source: [www.rapunzel.de](http://www.rapunzel.de)



# Trends in organic



Source: [www.ecoinform.de](http://www.ecoinform.de), [www.biofach.de](http://www.biofach.de)

# Once upon a time in Germany...



# Organic goes mainstream



1st store opening 1987

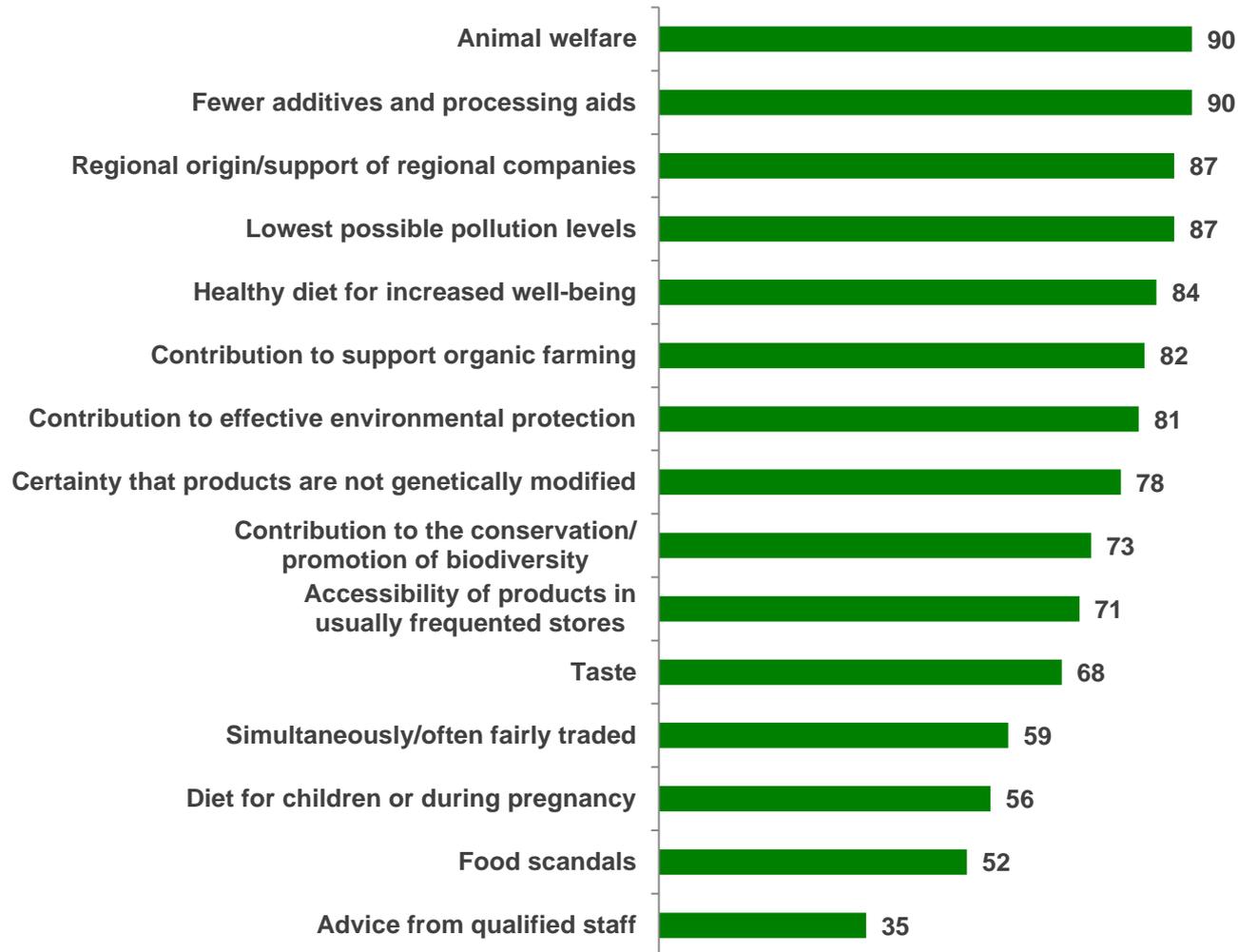


124 stores today



Source: Welt am Sonntag, November 12, 2017, retailer and manufacturer websites

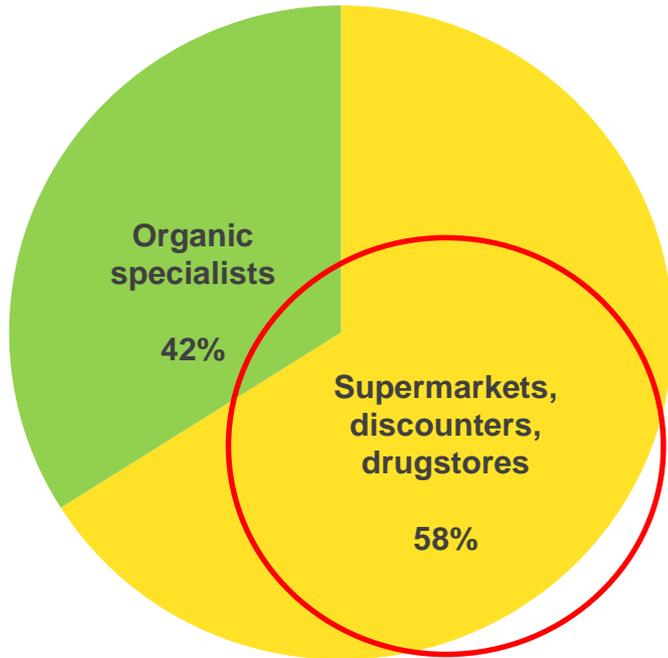
# Germans spend an average of € 106 per capita and year on organic food – why?



Source: Ökobarometer 2017

# Demand in organic products increasing

Almost 2/3 of **organic product turnover** is generated in supermarkets, discounters and drugstores



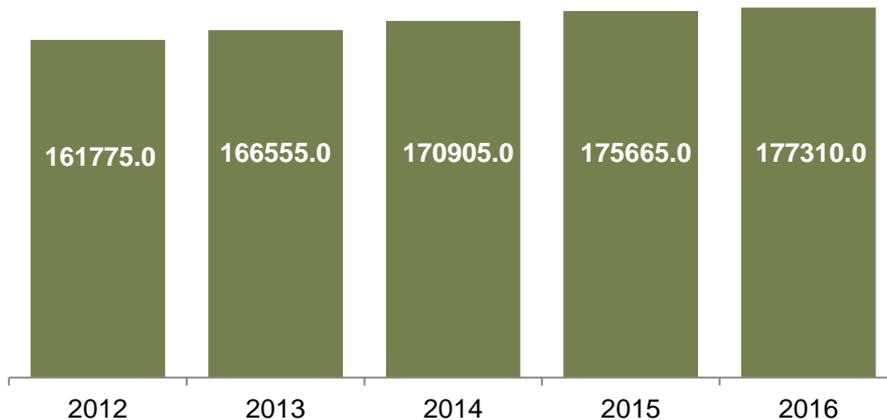
Source: Lebensmittel Zeitung September 5, 2017





## Grocery retail market

# German grocery retail is continuously growing, store numbers are declining



Grocery retail (incl. discounters) and drugstores increased by 0.9% to € 177.3bn in 2016

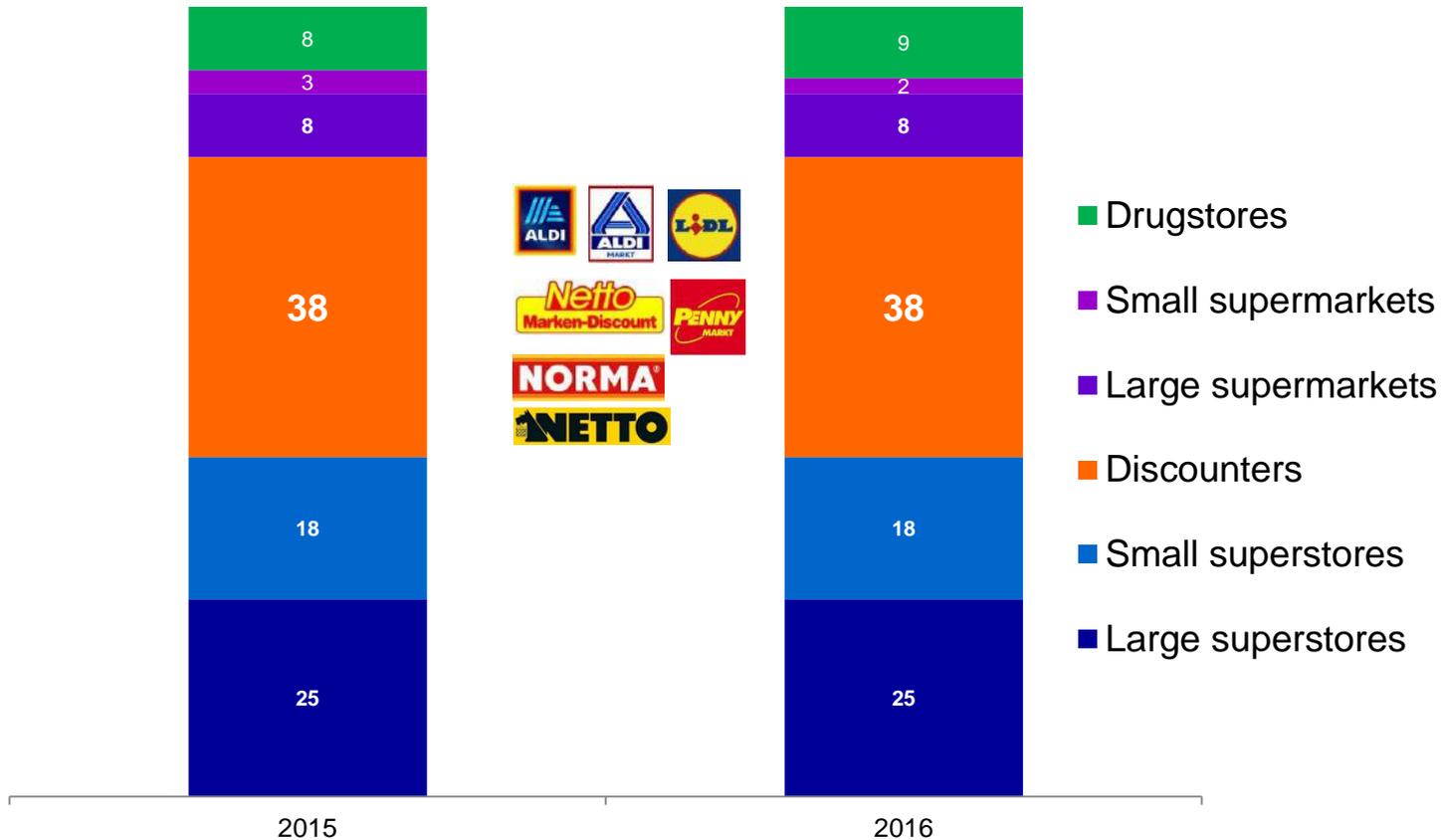
~~Sunday~~



Number of stores at 35,253 and declining year on year

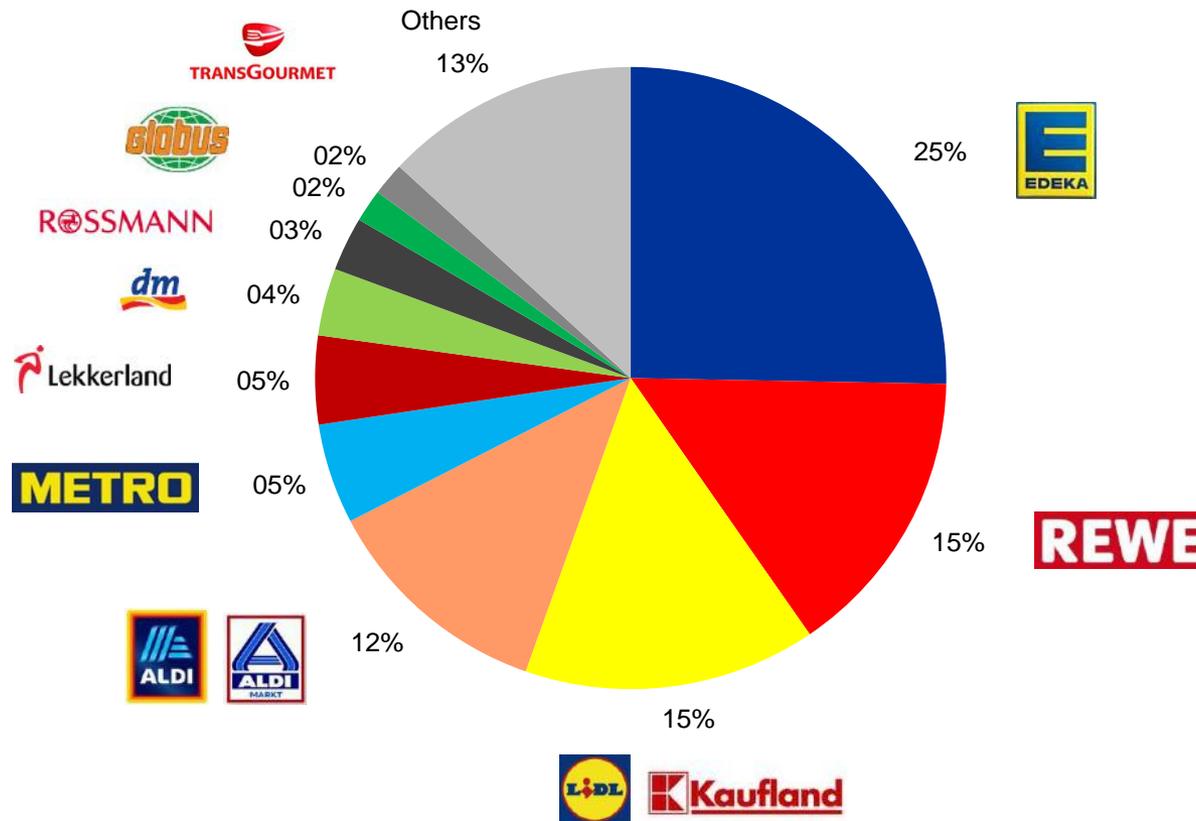
Source: Nielsen „Handel, Verbraucher, Werbung“ 2017, published September 2017

# 38% of grocery retail turnover is generated in discounters



Source: Nielsen „Handel, Verbraucher, Werbung“ 2017, published September 2017

# The Top 5 German retail groups have a market share of almost 75%



Source: Bundesvereinigung der Deutschen Ernährungsindustrie e.V. 2017 (Confederation of the German food & drink industry) – based on € 195.5bn grocery retail turnover in 2016





## Natural food specialists

Alnatura



# Natural food specialists come in different shapes and sizes

## Big players



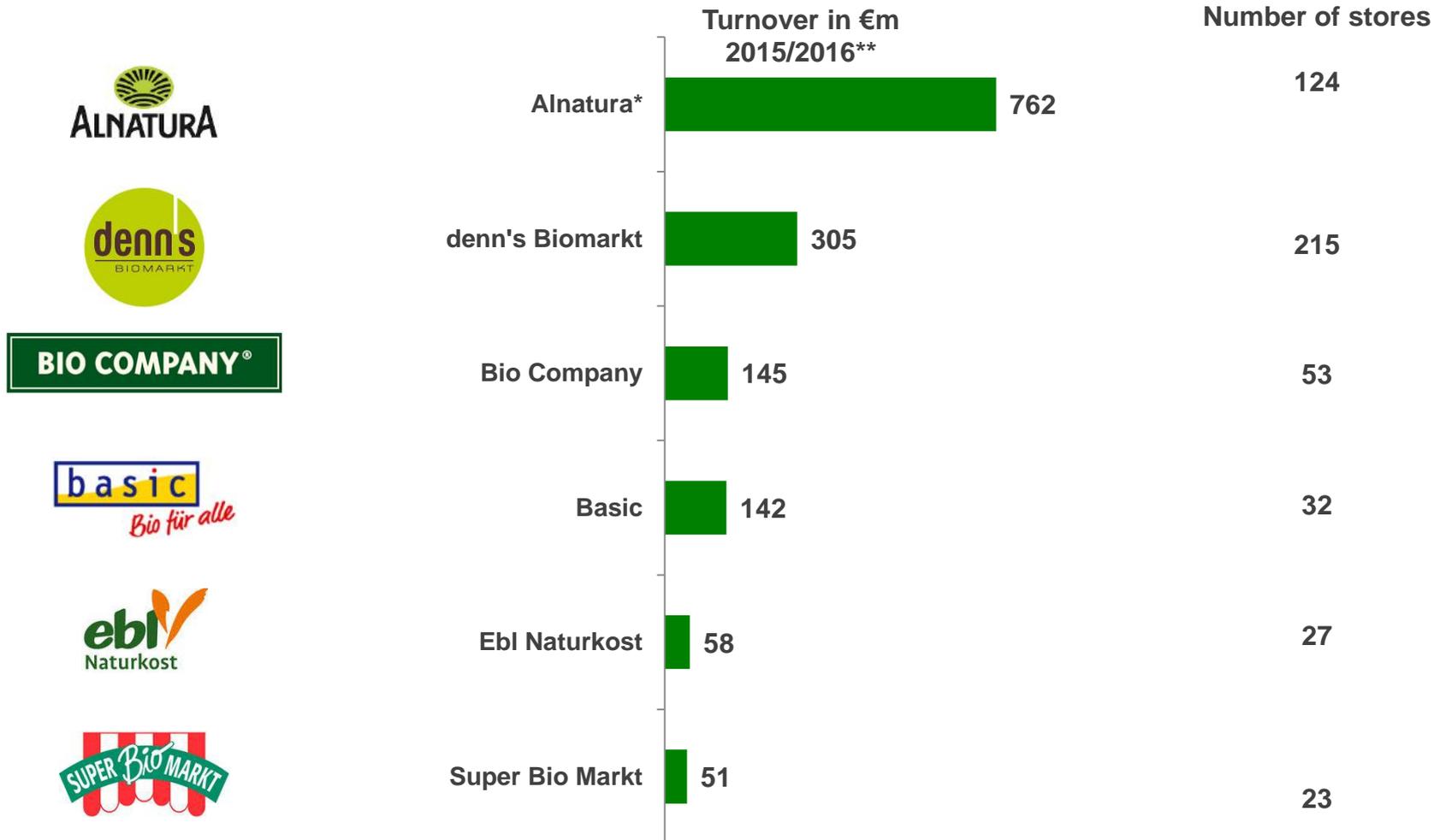
## Regional multiples



## Individual owner-managed stores



# Alnatura generating highest sales\*, denn's Biomarkt has more stores



Source: Company websites, BIOwelt March 2017; \*incl. wholesale; \*\*partly estimated

# A peek at Alnatura



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Alnatura



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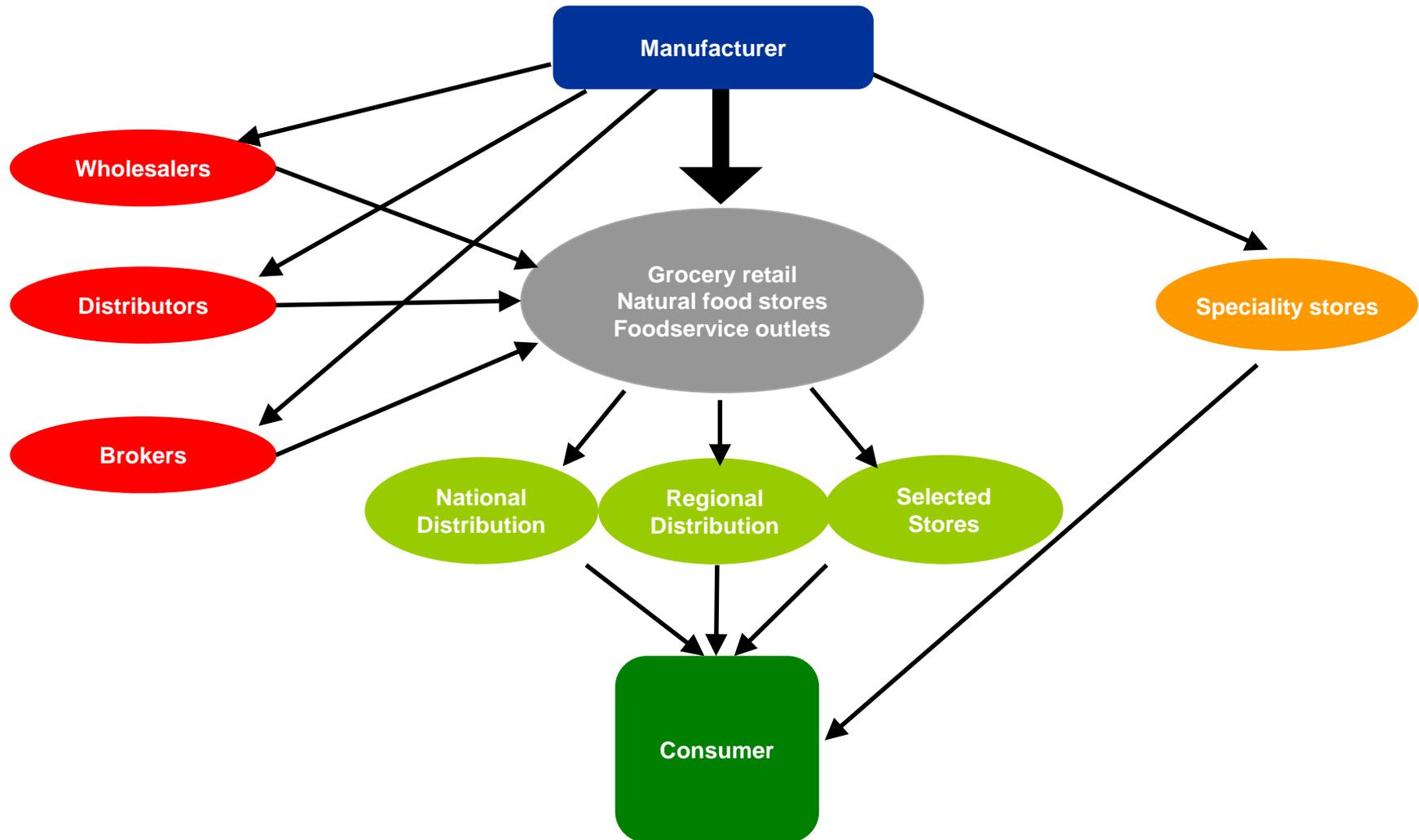
Alnatura



# Organic wholesalers play an important role in the natural food channel



# Route to market differs per channel and depends on various aspects



# SWOT

## German organic market for Irish suppliers

### Strengths

- Fourth largest economy in the world and thriving
- The largest Euro market
- Interesting market size with over 82m consumers
- Size of organic market (t/o € 9.48bn)
- Double digit growth of organic market in recent years
- Loyal, relatively affluent and well-educated consumers
- Loyal trade partners

### Weaknesses

- General low price level for food with organic products price-driven in grocery retail
- Complex market mechanics
- Strict requirements
- Listing fees are standard
- Language can be a barrier

### Opportunities

- Positive consumer perception of Ireland and Irish products, in particular dairy and beef
- Unique product propositions
- Market size means that even niches or individual trade customers can be promising
- Retailers have recognised that product differentiation is the way to position themselves against discounters
- Private label progressing well and differentiating more

### Threats

- Very competitive market
- Regional, local trend
- High discounter share of around 40 %

Thank you!



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