Agriculture and Agri-Food Canada | Agriculture et Agroalimentaire Canada

Canada

International Markets Bureau

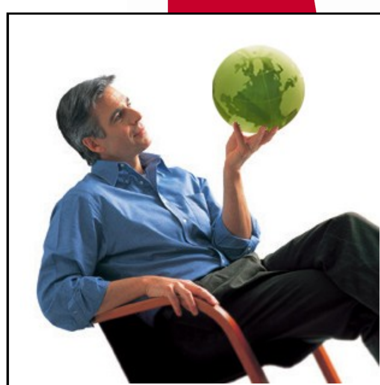
MARKET ANALYSIS REPORT | FEBRUARY 2010

GERMANY

Health and Environmental Trends

Source: Mintel

Source: Mintel



Growing Forward

Canada

EXECUTIVE SUMMARY

A growing trend toward health and wellness in Germany presents many opportunities for Canadian manufacturers and suppliers, despite the global economic downturn. There is growing demand for healthier options in the market as the population ages and younger consumers are encouraged to consume lighter foods.

A number of factors have come together to shape the health and wellness trend in Germany and these are influencing how food choices are being made in this market.

Affordability/Price - German consumers purchase food and beverages on the basis of "value for money". Nevertheless, health and wellness considerations remain important to consumers in Germany. Demand for products with clear health benefits, regardless of economic circumstances, is expected to continue. German consumers are still opting for new products in the market and have not demonstrated a huge shift in spending habits on food and beverages. Price conscious consumers will likely opt for private label, a sector that is already well established within the German marketplace. Chicken has also been highlighted as the preferred and most consumed meat in Germany, as trends in vegetarianism and the effects of the downturn have influenced meat consumption.

Growing health concerns - Wellness is shaping food markets worldwide and this is particularly true in Germany. While health becomes a status symbol for the newly old, the number of young people who are interested in preventing illness has also shown growth. Consumers increasingly recognize the importance of maintaining their physical and mental health and this has driven sales of wellness-linked foods such as natural products, organics and nutraceuticals. These products have shown substantial growth in recent years. Although organic products experienced a lower growth rate in 2008 due to the downturn, this sector will remain popular as the German population continues consuming more natural options.

The need for convenience - Convenience, a common trend globally, has also been welcomed into the German marketplace. Although ready meals and packaged foods are experiencing growth, healthier options are most sought after.

Innovations in the industry (functional foods/personalized foods) - Innovation in personalized foods and nutrigenomics, the study of the effects of foods and food constituents on gene expression, may become the way of the future as top players in the market invest in this sector to enhance their position in the marketplace.

Increasing environmental consciousness - German consumers are increasingly keen to buy eco-friendly products as the interest in preserving the environment intensifies. Packaging and communicating the appropriate messages to the consumer is therefore essential.

INSIDE THIS ISSUE

EXECUTIVE SUMMARY (CONT.)

Current Opportunities in the German Marketplace

Healthy Options:

- All Organics
- Vegetarian foods (vegetarian packaged foods, meat substitutes, soy based meats)
- Pet food (both organic and non-organic)
- Baby food (both organic and non-organic)
- Fresh foods
- Functional foods
- Dairy (yogurt, yogurt with fiber, soy)
- Vitamins and dietary supplements (juices with extra vitamins, herbal teas, vitamins difficult to find in food)

Environmentally friendly Options:

- Sustainable products
- Ethical packaging

Convenient Options:

- Ready meals
- Chilled ready meals
- Frozen ready meals
- Exotic ready meal options e.g. Tandoori, Thai curry
- Vegetarian ready meals
- Low fat, low sugar ready meals with no additives
- Organic ready meals
- Packaged food
- Low calorie variant packaged food
- Vegetarian packaged foods

Innovative Options:

- Personalized functional foods
- Nutrigenomics

Strategic Orientation of Food Retailers

Opportunities within Discount Food Retailers:

- High value products
- Products that will help diversify their offerings

Opportunities within Non-Discount Food Retailers:

- Private label
- Fresh, organic and environmentally friendly products

Source: Mintel

THE BASICS

Germany, a wealthy country known as one of Europe's economic powerhouses, occupies a central position in Western Europe. Over the past three years, German imports of agri-food and seafood products have increased from US $62 billion in 2005 to US $97 billion in 2008, an increase of 56%. Of the US $97 billion imported in 2008, US $22 billion came from countries outside the European Union (EU).

Canada/Germany Exports – In Brief

Despite the synergy of multiple factors relating to the economy, health concerns and environmental initiatives, Germany is the world's largest agri-food importer, with imports totaling US $92 billion in 2008. Europe is Germany's largest supplier in this industry sector, with an 81% share of the market. Asia and Latin America follow with 7% and 8% of the market, and North America holds a 3% market share. Currently, Canada ranks as the 37th largest exporter to Germany, 22nd if the EU is represented as one single market. Statistics show that Canadian agri-food exports to Germany have decreased by 25% since 2006. This, however, is not due to the economic downturn, but rather to increased trade among EU countries.

THE BASICS (CONT.)

The largest Canadian exports to Germany include (Appendix 1):

- Miscellaneous seed and grain (soybean and rape/colza seed)—31%
- Fish and crustaceans (fish, fish fillet and dried/smoked fish)—12%
- Fruits and nuts (nuts, bananas, Citrus fruit, apples and pears)—9%
- Cereals (wheat, meslin and corn)—8%
- Sugars—6%
- Ready meals—5%
- Edible vegetables—5%
- Meat—5 %
- Dairy—3%

Spending on Food

German spending on food and non-alcoholic beverages has been more or less stagnant or decreasing since 1995. Statistics show that the areas of consumption most affected by rising prices are milk, eggs, oils and fats, sugar and confectionary, as well as meat; conversely, bread and fruit consumption increased. Nonetheless, comparative statistical data shows that per capita spending on food in 2007 was higher in Germany, at US $2,497, than in most countries where the average is US $1,530 (Euromonitor).

Seeking Convenience

A study by Datamonitor Group, a provider of global business information, indicates several product types promoting convenience have shown substantial growth in the German marketplace.

These products are expected to continue to grow:

- Dairy – more particularly soy and yogurt
- Frozen food and ready meals – frozen ready meals and frozen bakery products
- Impulse ice cream
- Savory snacks – processed snacks and others such as meat snacks
- Chilled and frozen pizza.

Source: Mintel

Seeking Health and Wellness

Germany's population is aging and, like other western countries, is struggling with a number of related health issues like rising obesity rates. As a result, health and wellness is at the forefront of the German consciousness and is an important trend affecting the German diet and food choices.

The health mega-trend is one of the most influential drivers of global consumer behavior today. More than two-thirds of respondents across eight European countries included in research conducted by Datamonitor indicated that health had become more important to consumers personally in the period of April 2007 through to April 2009. German respondents, 69%, indicated they placed significant importance on maintaining or improving their health within the last 2 years (Appendix 6).

German consumers continue to put emphasis on health and wellness as a result of government education programs, media advertisements featuring healthy lifestyles and a growing body consciousness. This rise in health awareness has stimulated consumer interest in healthy foods and related products for both people and pets, leading companies to look at marketing food and drinks on a health platform as a means of differentiation.

The health and wellness trend in Germany is not only expected to last over the longer term, but also to grow; new product launches with enhanced health features are likely to lead to future growth.

Opportunity – Marrying Health to Convenience

As a result of the accelerated pace of life in today's Germany, an ongoing trend toward convenience, combined with a growing demand for healthy options, has created an opportunity for ready meals featuring health benefits. Conversely, meal replacements have shown a decline in volume sales, as the German population looks to more natural ways of losing weight. Similar to the trend toward convenience, 2007 witnessed a growing demand for quick and convenient food options, as well as take-out options for on-the-go and at-home consumption.

THE BASICS (CONT.)

Innovation – An Opportunity for Differentiation

It is expected that the personalization of nutrients and foods based on lifestyle, socio-demographics, blood type or genetics will become an important component of diet programs in the future. Advancements in nutritional science have led researchers to recognize the effects of genetics in relation to food consumed for the purpose of weight management, nutrition and general health. As a result, in anticipation of growing wellness market opportunities in the near future, big players have already chosen to invest in nutrigenomics in order to enhance their current positions in the marketplace.

Germany is the world's first major renewable energy economy and is a supporter of sustainable consumption resulting in potential opportunities for Canadian suppliers in eco-nutrition. With concerns for health and the environment rising, manufacturers are focusing on offering innovations in health features, ethical packaging, as well as organic ingredients, which have a strong association with being healthier and environmentally-friendly.

IMPLICATIONS OF THE GLOBAL RECESSION

While the global recession has had an impact on the German marketplace, the effect in Germany has been somewhat less pronounced than elsewhere.

Germany currently holds the highest number of wealthy consumers in Europe, 10.7 million, as revealed in a study by Euromonitor, a provider of global business intelligence and market analysis. Western Europe is also known to have fewer income disparities, therefore countries within the region tend to have a larger middle class and higher income levels. Nonetheless, consumers, in general, are concerned about the economic situation; however, reactions have generally been calm except for an increase in deposits with state-associated and co-operative banks, which in turn affected the spending habits of German consumers. Lower income earners and the elderly have been most affected by the crisis.

Results of a survey distributed by Datamonitor Group in Germany in January of 2009 indicate that a large percentage of respondents (61.7%), were making efforts to save more money since the crisis began. The same survey also shows that 70% of respondents felt their lifestyles had changed as a result of the downturn.

Despite the recession, consumer confidence rose by 3.6 points mid-way through 2009; however, it remains low. Fears over rising unemployment are expected to bring down consumer morale in the coming months, as government relief to companies and the effect of stimulus programs slows down. Expected economic growth rates for 2009 were reduced by the German government, citing uncertainty in global financial markets. Moreover, the Organization for Economic Cooperation and Development (OECD) recently indicated that the German economy is likely to shrink 6.1% this year with a rising unemployment rate of up to 8.7% in 2009 and 11.6% in 2010 (Wall Street Journal). However, the unemployment rate remained unchanged at 7.7% mid-way through 2009, despite the slump in global demand and the adverse effects of the contracting manufacturing sector on labor markets (Euromonitor).

Price Matters

Consumers, in general, are price-conscious which affects their food purchasing decisions. Although food is known to be the last area to see a heavy impact, commodity prices in this sector are a sensitive issue for most countries, and are among the most likely to drive consumers to adjust their spending priorities and brand choices. As suppliers set the stage for pricing due to increased costs, interest in private label products is moving forward. This concept is already popular in the German market-place.


Source: Mintel

Post-downturn, German consumers are purchasing food and beverages on the basis of value or cost. According to a Nielson study, good "value for money" has become the most important influence governing grocery store choices for 85% of consumers globally. Still, German consumers continue to opt for new products in the market and have not demonstrated a huge shift in spending habits on food and beverages. A recent study on the recession and recovery in Germany indicates that only 20% of German consumers are cutting back on premium products; moreover, most consumers currently looking for discounts and comparison shopping are those over 65, those with children, and those earning lower incomes.

IMPLICATIONS OF THE GLOBAL RECESSION (CONT.)

Health and wellness considerations remain important to consumers in Germany. As a result, they are not expected to cut back on products with clear health benefits regardless of economic circumstances. Still, pricing is playing an important role—this has encouraged companies to clearly label their products and communicate messages that draw out product performance, benefits and other positive assets that outweigh price considerations.

MAPPING THE RETAIL CONCEPT

As inflation rose in 2008, German consumer confidence plummeted, which has resulted in lower growth rates; Germany's real annual savings ratio increased from 15.2% to 15.6% (Euromonitor), the second highest in Western Europe, allocating less money to retail. Inflation levels are expected to decline in the short term, therefore creating hope for retailers; meanwhile, sales in 2009 are expected to be stagnant, as opposed to decreasing, as German consumers slowly regain confidence.

Private Label Products

Switching to private label products has been one of the growing trends in the German market. Private label products offer retailers a range of benefits, not only in terms of margin, but strong private label offerings are giving retailers leverage with which to negotiate with manufacturers and can be used, especially at the premium end of the scale, as a way to differentiate themselves from competitors.

The expansion of discounters has affected the ongoing spread of private label products across Germany—the importance of private label continues to increase, and is spreading to other categories of retail such as pharmacies, drugstores and supermarkets. Studies on the impacts of the recession reveal that 60% of German consumers are opting for private label products—which is in line with the increased interest in discounters. Furthermore, the overall quality of private label products has also improved. While large discount retailers such as Aldi typically feature a high percentage of private label products in their stores, the market share of private label across the German retail landscape has traditionally remained low.

In this difficult operating environment, where consumers continue to be reluctant to spend, discounters are expected to be the winners. Most future growth in retail will remain restricted to retailers taking turnover from one another, or expanding sales through lower retail prices.

Supermarkets and Hypermarkets

Supermarkets in the German marketplace have suffered through the downturn with a 2% decline in value sales in 2008 (Euromonitor). Two major players, Rewe and Edeka, have soared through the downturn, experiencing rapid expansion in the German marketplace. Their success was mostly due to their strategy of offering high quality products with a regional focus as well as the attention they pay to customer service.

Organic products, which were high revenue earners for most supermarkets pre-downturn, became less popular in 2008, although discounters continued to show high growth in this sector due to their capacity to offer low prices. Both leading organic supermarkets in Germany, Alnatura and Basic, reported falling revenues in 2008.

The expansion of Rewe and Edeka, and the dominance of discounters have made it difficult for smaller supermarkets to survive in this challenging economic environment. These quick expansions have increased rent and property prices for competing retailers – therefore intensifying the challenge of surviving in a competitive landscape.

Source: Mintel

In contrast to the decline in value sales in supermarkets, value sales in hypermarkets have remained constant in 2008. Nonetheless, hypermarkets are still threatened by discounters and large supermarket chains. Often, hypermarkets are located outside city areas or in green field sites, which is a disadvantage in attracting time-poor consumers. Hypermarkets will need strong selling points in the near future, other than purely low prices, and will be forced to incur large investments in order to increase in-store traffic and provide competition to other grocery retailers in Germany.

MAPPING THE RETAIL CONCEPT (CONT.)

Retail Consolidation

Consolidation has acted as the most common solution for grocery retailers in Germany since the onset of the recession. As a result of aggressive expansion strategies in grocery retailing, there is a homogenization of Germany's retailing landscape, to the detriment of numerous regional retailers unable to compete. Euromonitor Group prepared a study indicating that leading discounters such as Aldi and Lidl in Germany are increasingly taking sales away from strong supermarket chains such as Edeka and Rewe, who have expanded noticeably in the past year – other regional retailers are struggling to keep a competitive position in the marketplace. Large supermarket and hypermarket chains are expected to continue to dominate the German market; although consolidation is expected to continue, at least during 2009, when it may hit its maximum consolidation capacity in many categories. Consolidation is expected to move from large-scale mergers and acquisitions to increased competitiveness, as remaining independent retailers will be unable to cope with the challenging operating environment.

With fierce competition in Germany, very few foreign competitors are expected to enter the market in the coming years. However, some large players in the market may create new areas of opportunity as they spin off some of their less profitable operations in order to better cope within a challenging market.

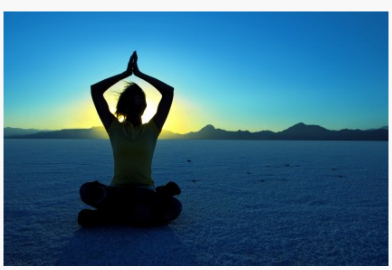
Discounters vs. Non-Discounters

Discounters have been a threat to non-discounters as consumers become more price-sensitive in Germany. The economic downturn has only increased growth levels for those retailers who have continued to expand outlet numbers, selling spaces and value sales, due to the increased demand for lower-priced food items. Leading discounters such as Aldi and Lidl are expected to diversify their offerings, introduce soft discounting and widen their product offerings to include high value products to make themselves more attractive.

A recent study on the recession and recovery in Germany indicates that 60% of consumers are shopping at discount retailers rather than non-discount retailers (Datamonitor). The same study reveals that discounters and supermarkets hold approximately the same share for fresh fruits and vegetables. Conversely, speciality stores offering fresh bakery products retain a dominant position in this category, though the switching intention (consumer decision to purchase a product brand different from that previously or usually purchased) is high and could change relatively quickly. Packaged food and drinks is the category that is most heavily dominated by the discounter channel, meanwhile convenience stores are most likely to benefit from any switching by German consumers.

This continued expansion has caused considerable problems for other retailers, who see these players as an increasing threat to their position and turnover. Unable to compete directly with discounters, non-discounters are likely to distance themselves from direct competition with discounters, and concentrate on their own strengths. These players are likely to increasingly introduce their own private label products and are expected to upgrade their average selling space and expand their product ranges to include more fresh, organic and environmentally friendly products, to widen their appeal to larger consumer segments.

HEALTH AND WELLNESS—A TREND WITH LONGEVITY



Source: Mintel

In the 1990s, the wellness wave was introduced in the German marketplace. Since then, wellbeing as a lifestyle and marketing concept has grown in importance as the German population ages. Wellness is shaping food markets worldwide and in a particularly strong manner in Germany. While health becomes a status symbol for the newly old, the number of young people who are interested in preventing illness has also shown growth. Consumers increasingly recognize the importance of maintaining their physical and mental health, which has driven sales of wellness-linked foods such as natural products, organics and nutraceuticals, which show substantial growth in recent years.

According to the German Allensbach Demoscopic Institute, the number of people concerned about their health is growing in Germany. A 2001 survey indicated that 27% of interviewees said their way of living reflected awareness of health issues; by 2007 this number had grown to 33% (Euromonitor).

The German media has been reporting health or wellbeing information, therefore intensifying German people's interest in natural products. As more Germans become aware of health issues, demand for health-benefiting products increases overall among all consumer segments within the German population, regardless of income levels.

HEALTH AND WELLNESS—A TREND WITH LONGEVITY (CONT.)

Food manufacturers are also affected by this increased interest in wellbeing as they are forced by massive international health campaigns to rethink their offering, and produce and sell healthier food. Menu sales under brands such as Weight Watchers have also grown in popularity and are building a solid consumer base in German retail due to their perceived image as modern, high in quality and healthy.

Source: Mintel

Faced with a low birth rate and insufficient immigration, Germany's population continues to age and shrink. The effects of this will include increased value growth in organic foods as well as vitamins and supplements typically not found in food.

Conversely, the growth in demand for fast food and ready-made food, at the expense of home cooking, has caused a nutritional shift in Germany, leading to an increase in high cholesterol, obesity and diabetes. "In 2007, 14.3% of the population were counted as obese (defined by a body mass index above 30), up from 11.2% in 1995. Germans are still below the Consumer Lifestyles Country average for obesity (15.5% in 2007), but they are quickly catching up" (Euromonitor). A watchdog organization in Germany stated that Germans spend up to €100 million a year on slimming aids, most of which are damaging to the health; however, as more Germans feel strongly about preserving their health and wellbeing, opportunities become available for health-oriented agri-food suppliers.

In the medium and long term, there will be an increased demand for clearer information and personalized support for food consumption. Paying attention to consumer needs, desires and habits will become key for Canadian companies to stay ahead in the dynamic health market.

Germany's Aging Population

As is the case with all EU countries, the proportion of the elderly in Germany will continue to increase well into 2020. A Euromonitor study shows that the number of people over 65 is predicted to increase from 16 million today to 22 million in 2030, rising to about 23 million by 2050; this implies that one in three people living in Germany may be over 65 and that only one in six is under 20, compared to 2007 when there were equal numbers in both generations. Moreover, the overall size of the population in Germany will continue to decline, even as the ranks of the older generations increase.

As a result, the next decade will be led by the baby-boomer generation (born between 1946 and 1962), who will dominate events in the health sector. This generation is one of the fittest and healthiest observed in German history. This can be linked to the degree to which the German population attributes importance to health and wellness. More than half of German baby boomers believe they are in good health and feel up to 10 years younger than they are.

With 27% of the total population in Germany, baby boomers are the dominant consumer group influencing the market. With an average monthly net income of €2,683 this generation is the most solvent. Studies have shown that this market segment is family-oriented and fond of consuming.

As a result, over the medium-to-long term there will be an increasingly affluent section of the population that enjoys spending money. Multiple studies have shown that price is not the main buying criterion for this age group. First, aging Germans look at the brand and then consider the quality of the product; this does not exclude the possibility of them looking at discount brands or at the production and sourcing mechanisms.

If the population were to increase in Germany through increased birth rates and immigration, the current forecast of the median age may be lowered in the near future. The result could be a slightly younger consumer market than predicted. Nonetheless, many of the over-50s are enjoying better health than previous older generations; therefore, they share some consumer interests with younger age groups.

The combination of this age group's economic power and growing openness to innovation creates enormous opportunities for Canadian companies. Healthy, often organic food is a priority for this group, as well as vitamins and food supplements, herbal teas and self-medication products. Suppliers of fortified and functional foods containing dietary supplements, as well as yogurt with fiber, juices with extra vitamins and herbal remedy teas will also benefit from the aging population.

Obesity is on the Rise

Due to a lack of physical exercise among young German consumers, obesity rates are rising. Although Germany's obesity statistics are not as staggering as those of the United States (US) or the United Kingdom (UK), there will be a growing emphasis on the topic of youth obesity.

Source: Mintel

Obesity is a problem primarily in the tweenager age group. Tweenagers range from 10 to about 13 years old, with some industries including children as young as six. Nonetheless, Germany still has a high share of mothers who cook at home or at least provide food for their children, with 30% working part-time and 40% not working at all (Euromonitor). A combination of fast food chains adapting to the wellness trend, and the food and catering sectors demonstrating improvements in the health of their products makes obesity a less urgent problem in Germany.

Table A **Obese Population in Germany vs. CLIFE countries**

% of Population aged 15+	**1995**	**2000**	**2002**	**2004**	**2006**	**2007**
Obese Population (BMI 30kg/sq m or more)	11.2	11.9	12.6	13.3	14.0	14.3
Average of CLIFE Countries	11.5	13.1	13.6	14.4	15.2	15.5

Source: OECD, International obesity taskforce, Euromonitor International
Note: Data are for Population aged over 15 years

Closely related to the rise in obesity is the large number of people with diabetes – Germany currently ranks 5th in the world for cases of diabetes with 7.4 million individuals with the disease. This rising concern, for both obesity and diabetes, creates opportunities for Canadian suppliers to focus on offering German consumers healthier options in order to address specific health matters.

Quality Baby Food Gains Popularity

As a result of a more health-conscious population, mothers are paying more attention to the content and quality of the food they feed their children. Hipp, a leading baby food producer in Germany, has experienced very positive growth levels in recent years, indicating that parents, despite a general trend toward a falling number of births, are spending more money on fewer babies.

When it comes to children, German consumers are even more health conscious, as they try to meet their children's dietary needs. Market growth in baby food and baby care products has been strong in recent years. More particularly, Hipp's success has been linked to the quality and organic nature of its baby foods.

Brand loyalty is not as strong in this sector, as German parents are open to trading brands, if there is a clear and tangible advantage in the quality and benefits of the baby food offered. The time limitations experienced by parents due to longer work hours and busier lifestyles have also resulted in a stronger demand for convenience, which is identified as another key factor likely to help boost value growth in this sector.

Demand for Healthy Pet Foods Rises despite the Economic Downturn

As birth rates decrease, pets are becoming more and more important in German households. These animals are usually treated with great affection, extending to the purchase of better quality food and pet care. Trends in health and wellness have therefore affected this sector, as well acting as a factor in pet food purchasing decisions and driving premiumisation.

According to Euromonitor forecasts, the Western European market for pet food and pet products will be worth almost US $24.5 billion in 2009, accounting for nearly one third of global sales.

As a result of the growing sales in this sector, German pet superstore giant Fressnapf opened its 1000th store in Munich in June 2009. Germany has been described as saturated with pet superstore retailers. Despite this sector's prosperity, organic pet foods experienced a drop in sales since the economic downturn. Non-organics have remained unaffected.

Overall, pet food is expected to rise steadily in 2009—private label brands will also see growth as German consumers continue to be price-sensitive as a result of the economic slowdown.

Future Prospects for Organics

Organics is an important food sector in Germany. As the health and wellness trend intensifies, organics become increasingly popular among consumers for all commodities.

Germany has been listed as Europe's most dynamic market for organic products, representing 28% of sales according to IRI GfK Retail Services. Over the past two years, there has been extreme growth in organic products in Germany, with organic stores opening across the country. Food retail chains have also profited from the boom by offering consumers their own organic product ranges, which in turn has led to all the food retail chains establishing their own organic lines.

Although organics have shown strong growth in recent years, organic supermarkets Alnatura and Basic, both leading chains in the country, reported falling revenues in 2008. This is due, in essence, to an increasingly competitive and price-sensitive market as a result of the economic downturn.

Due to the global increase in food prices, the boom in organic foods, while still growing, appears to have slowed. According to reports from Zentrale Markt-und Preisberichtstelle (ZMP), the official German agricultural research company, the recent economic crisis with the accompanying inflation slowed growth in the organic sector to 4% in the first half of 2008, compared to 20% in the previous half year. Although this trend is likely temporary, the organic food industry will have to contend with the nation's natural tendency toward saving on food expenses despite this strong green current in Germany.

A New Vegetarian Boom

Another trend in Germany is the growing popularity of vegetarian foods as more and more Germans tune into environmental and health issues and become turned off by meat.

Rising meat prices have served as a driver of global food price inflation—although meat suppliers have worked hard to make meat more appealing to consumers through a variety of cheaper cuts and selections, German consumers have still chosen to cut down on meat consumption.

Earlier in 2009, Germany's Federal Environment Agency began advising consumers to eat meat only on special occasions for environmental and health reasons. According to Euromonitor statistics, meat consumption in Germany has in fact decreased by 2% in the past year and there are no signs to lead suppliers to believe this trend is only temporary. As Germans slowly move away from meat-centered diets, opportunities for meat substitutes and packaged vegetarian foods develop.

Increased meat prices and a subsequent reduction of meat consumption have already begun to influence the consumption of meat substitutes. Soy-based meat alternatives have proven to be the most popular in Germany with sales of US $16 million in 2007.

Source: Mintel

Chicken on the Rise

The economic downturn has not only encouraged the vegetarian boom, but among meat eaters, has influenced consumers to buy cheaper cuts or seek alternatives. The least expensive meat option for consumers today is chicken which, in 2008, demonstrated noticeable growth to the detriment of beef and pork consumption. In Germany, volume sales of fresh beef and veal declined by 3%, while poultry rose by 4% (Euromonitor). Even within the chicken category, most consumers have begun opting for cheaper cuts as well as dark poultry meat, which was identified as the favorite among consumers due to its high iron content and flavor.

Opportunities for Functional Foods

The trend toward a healthier lifestyle has influenced vitamin and dietary supplement sales patterns. These items are often viewed as artificial and non-natural which has created opportunities for suppliers offering foods high in vitamins. The strongest performance in supplements came from single vitamins, which are difficult to obtain in natural foods. Moreover, despite the general expectation that increased health consciousness would lead to increased consumption in this sector, consumers may increasingly turn to more natural options such as fresh foods, functional foods, and herbal teas.

Exploring Personalized Nutrition

As a result of the importance attached to health and wellness, as well as the need for differentiation and innovation in Germany, manufacturers will be required to invest in creating new and exciting functional foods and drinks in the near future. Moreover, industry players will need to be future-focused and must review the potential benefits of opportunities presented by developments in nutritional science.

HEALTH AND WELLNESS—A TREND WITH LONGEVITY (CONT.)

Increased attention paid to health and individualism is driving a desire among consumers for products, services, and experiences that cater to their specific needs and identities. Personalized nutrition can be perceived as an emerging, potentially influential trend as consumers become more interested in sophisticated and effective forms of nutrition.

A survey conducted by Datamonitor in 2008 indicates that 50.5% of German respondents are influenced by health benefits when purchasing food and beverage products. Further, the same survey suggests that 82.2% of German respondents attach importance to individuality and self expression—these results being noticeably higher than in other surveyed countries. Using products and services designed for the consumers' specific needs also proved popular, as 60.3% of German respondents revealed this to be important. Many German consumers feel overwhelmed with the choices available to them in grocery stores (48.3%), therefore creating an opportunity for manufacturers to grasp their attention through personalization.

Another study conducted by Datamonitor identifies the value of the functional foods and drink market in Germany at US $1,982 million in 2007 (Appendix 3) and predicts that this value will increase by almost 30% by 2012, as indicated in table 5. Germany is among the most prominent market for this sector, its market value was the sixth largest among 15 evaluated countries in Europe, the US and Asia Pacific.

To date, a number of food and beverage trends overlap with personalized nutrition. However, this trend has recently evolved to include nutritional science involving genetics. Although some consumers are still skeptical as to the effectiveness of personalized nutrition, this trend will eventually allow manufacturers to produce food and drink products that cater to individual consumer nutritional requirements, aspirations and preferences.

Innovative approaches vary from offering functional food and drinks with antidotes for health problems faced by consumers, to targeted food and beverage solutions designed for specific age, gender, or occasion-segmented groups.

Given the growth of aging populations and escalating levels of obesity in Germany, the personalization trend offers manufacturers a significant growth opportunity to market targeted food and drink products to a wide range of consumers. Food and drink is becoming a more important way of living healthily, which in turn creates significant opportunities for Canadian functional food and beverage manufacturers, as consumers demonstrate a desire to eat more nutritiously or to compensate for lifestyle habits that contribute to poor diet. Dieting is often believed to only work for certain people, creating an opportunity for personalization, whether based on lifestyle, ethnicity, blood type or genetics, in order to increase the odds of success. "Personalized diets will have replaced 20th century mass consumerism by 2030," according to speakers at the Perspectives for Food conference, held by the European Commission's Directorate-General for Research in Brussels in April 2007"(Datamonitor).

Successfully branding personalized products requires having the consumer perceive the product as possessing unique values which match their needs more closely. Personalized nutrition can be viewed as an important component of future-focused food and beverage branding (Appendix 4, lists the drivers and inhibitors impacting the potential success of personalized nutrition).

Nutrigenomics – An Innovative Platform

Functional food and drinks are formulated to offer specific health and wellness benefits to targeted groups of consumers. This sector has increasingly gained popularity in Germany, as figures have shown. Manufacturers and retailers have responded to consumers' increasing sensitivities to food, including allergies and intolerances, as well as to the trend toward the individualization of tastes and flavors.

Source: Mintel

Studies in nutritional science have proven that all individuals have average dietary requirements. However, advancements in this sector have led researchers to recognize the effects of genetics in relation to food consumed for the purpose of weight management, nutrition and general health. This science, known as nutrigenomics, seeks to understand the impact of dietary patterns and intakes on the functioning of genes; therefore it uncovers the cause and effect relationship between food and health. Studies can be used to identify innovative nutritional products that can be marketed to provide a variety of targeted health benefits based on a person's genes (Datamonitor).

HEALTH AND WELLNESS—A TREND WITH LONGEVITY (CONT.)

Leading nutrition-focused companies such as Danone, Nestle, Gene Smart Health and Well Gen have already begun exploring opportunities in nutrigenomics individually and through alliances. In addition, larger players in the market have created alliances such as Nestle and GE, as well as the National Research Council (NRC), Alberto Santos Dumont Association for Science (Brazil), and the Swiss Federal Institute of Technology (EPFL) who are collaborating in their research. Research findings will allow for the development of a variety of food and beverage applications "to meet consumer needs at all ages and stages of life" (Appendix 5 lists the available opportunities of personalized nutrition). In anticipation of growing wellness market opportunities in the near future, these players have chosen to invest in nutrigenomics in order to enhance their positions in the marketplace.

Nonetheless, the niche for consumers who need personalized nutrition in food and drink is not a mass market; therefore, innovation in this area is unlikely to be vast. The consumer's perception of the value of the benefit versus the cost of the product, as well as sustainable concerns, may hamper consumer adoption and deter manufacturers and suppliers.

However, as the need for differentiation increases, a need for 'brand personality' and the push to tailor the brand to the identity of the target consumer will become increasingly popular. Manufacturers and retailers have already begun moving from traditional "features and benefits" marketing to create more emotionally-led, experience-based benefits for consumers.

ECO-TRENDS

German consumers are concerned about the environment; this trend has the potential to affect food choices in Germany. Hand in hand with the health and well-being trend, German consumers have begun to associate environmentalism and ethics with a higher quality of life. Studies have shown German concern for the environment through evaluations of actions related to energy conservation, such as the reduced central heating, the adoption of solar energy, as well as their willingness to put electrical equipment on standby and to separate and recycle household waste.

In addition, a survey was conducted by Datamonitor Group in 2008, revealing that 41% of German respondents felt it was important to live an ethical or sustainable lifestyle (Datamonitor). The same survey indicated that 77% of German respondents assigned much importance to protecting the environment. These results clearly identify an area of opportunity for Canadian suppliers prepared to invest in offering the German population sustainable products and ethical packaging methods and processes.

Environmental technology is turning out to be the growth market of the future; the Environmental Technology Atlas from the Roland Berger consultancy indicates that environmental technology will make up 16% of German industrial production by 2030 – representing a fourfold increase since 2005 – as Germany has become the world's leading exporter of environmental technology (Euromonitor). The country is also accelerating its efforts to become the world's first industrial power to use 100% renewable energy, signaling to the German population that the preservation of the environment is essential.

Source: Mintel

Despite the downturn, companies are still eager to be perceived as environmentally-friendly. Eco-claims made on new food and non-food packaged goods from around the world have nearly doubled in the last two years, according to Datamonitor. While green technology generates positive and optimistic feelings about the future, Germans have met genetic engineering in agriculture with strong resistance, generating opportunities and challenges for Canadian companies to gain competitive advantage in the world's largest import market for agri-food in the near future.

Packaging /Branding of Food

In Germany, multiple anti-pollution measures have already been introduced, signifying that Germany is a country where a large proportion of the population is already aware of environmental issues and is required to act to protect the environment. Advertising campaigns are regularly launched to stimulate environmental awareness and motivate consumers to actively take part in the recycling process.

ECO-TRENDS (CONT.)

Packaging has an impact on the environment. While the major consideration of packaging used to be product protection, easy storage and transportation—it now must take into account environmental-friendliness, due to increased regulations and laws on waste management in Germany. Packaging companies today pay more attention to the resources used for production processes and to reducing the greenhouse effect.

A survey conducted by Datamonitor in 2008, suggested that 46% of consumers in Germany agreed that they actively seek out environmentally friendly products—these results raise the idea that packaging can provide an added 'eco–feel-good factor' by minimizing environmental impacts. It is also important to remember that packaging plays a communicative role. Agri-food industry players should effectively use packaging as a communication vehicle to demonstrate a brand's ethical and environmental credentials.

The importance of ecology in the issue of sustainable packaging should not be underestimated, as it is the prime driver of concern and action among consumers. With growing ecological awareness, there is an increasing expectation for packaging with minimal environmental impact.

Ethical Food

In keeping with the health and wellbeing trend, eating within environmental limits is seen as the way forward. In the face of global warming and food shortages, eco-nutrition has emerged as a trend. The concept of eco-nutrition is connected to raising awareness among consumers about food miles, carbon footprints, and the environmental impact of air freighting as well as global food and water shortages. These issues are beginning to affect consumption patterns, particularly within the already sizeable health and wellness consumer segments found in Germany.

Carbon trading was initially devised to enable companies and countries to meet Kyoto treaty requirements. Today however, wealthier consumers increasingly want to participate in reducing carbon emissions through selective consumption in order to mitigate global warming. Global warming is strengthening the consumer's concept of the carbon footprint and will increasingly affect buying behavior globally.

In 2008, the Potsdam Institute for Climate Impact Research (PIK) and THEMA1 launched a pilot project in Germany with the intention of developing international standards for calculating and communicating product-associated greenhouse gas emissions to the general public. This project would eventually facilitate the collection of data indicating potential emission reductions, as well as communicate best practices with regards to the marketing of climate-friendly products (WIPAK).

The main objective of the pilot is to provide recommendations for the ongoing development and international harmonization of production methods and standards. In the medium and long term, the goal is to be actively involved in the international debate on carbon labeling of products, due to the need for consumers to gain factual information and make climate-conscious buying decisions.

Studies indicate that the food industry will actively support the reduction of greenhouse gases associated with climate change. The chairman of the Federation of German Food and Drink Industries stated that the percentage of greenhouse gas emissions occurring during food production is already relatively low. However, all areas involved in the overall life cycle of food products, such as agriculture, food processing and packaging industries, wholesale, retail, transport and consumer consumption should be examined in order to identify a viable emission reduction potential.

CONVENIENCE IS A MUST

Source: Mintel

Busy lifestyles and long working hours have meant that German residents have less time to cook at home. As a result, consumers are looking for meal options that are convenient, as well as healthy and affordable.

The convenience trend and the growing demand for health and wellness products in Germany have resulted in continuous growth in the ready meals and packaged food sectors, while also affecting the foodservice industry, as consumers increasingly appreciate the convenience of take out meals.

CONVENIENCE IS A MUST (CONT.)

Growth of Ready Meals

In 2008, retail sales of ready meals increased by 4%. The highest sub-sector growth continued to be chilled ready meals, with a 21% growth rate, due to their healthy image (Euromonitor). Frozen ready meals maintained their position as the largest sub-sector in Germany, having already gained popularity in the market, due both to convenience and nutritional value.

Key national brands and private label products continue to dominate the German marketplace thanks to competitive pricing, brand loyalty and trust; however, Canadian suppliers have already shown potential growth in this sector, with ready meals accounting for 5% of Canada's total agri-food and seafood exports to Germany.

Price increases since the economic downturn have resulted in a decrease in volume growth, particularly in the chilled pizza and prepared salad area; however, studies indicate that the drop is a result of the novelty wearing off, as opposed to the downturn. Increased prices have nonetheless resulted in a higher sales growth in value terms in this sub-sector.

German consumers have opted for more traditional ready meals such as Italian and Asian mixes in the past. However, exotic dishes, such as Thai Green Curry and Indian Tandoori, are gaining in popularity. Vegetarian dishes have also proven to be popular as German consumers' move away from excessive meat consumption.

Organic options still remain important in the ready meals sector as the health effects of pesticides and genetic modifications to food are heavily discussed and important to German consumers. Moreover, products with low fat and sugar content, no additives and, ideally, 100% organic ingredients are expected to grow to take on a significant share of the ready meals sector in Germany.

In the competitive landscape, the leading company in ready meals continues to be Dr August Oetker Nahrungsmittel KG with 14% of current value share. Other important players are Wagner Tiefkuhlprodukte GmbH, with 12% of value share and Gartenfrisch Jung GmbH, Germany's largest producer of prepared salads and fresh cut fruit. Private label alone accounts for 36% of value share in the German marketplace, as a result of the significant range extensions in ready meal offerings (Euromonitor).

Sales are forecast to increase in the coming years in this sector, as consumers believe that buying ready meals is cheaper than buying all the single ingredients for a homemade meal. However, increased supplier costs may result in increased prices, which will not be well-received by price-conscious German consumers.

Meal Replacements on the Decline

In Germany, consumers perceive meal replacements as unnatural, weakening the sector's growth. Consumers increasingly replace meal replacements with more natural methods for losing weight, such as choosing to eat healthier alternatives and increasingly paying attention to low-calorie ingredients found in packaged foods. Even though the global economy continues to face considerable uncertainty, thus far, the impact on the packaged food industry appears to be fairly limited.

Weight reduction and slimming pills, as well as "better-for-you," reduced-fat, ready meal variants have challenged meal replacements and taken on an increasingly important role in weight loss. Nonetheless, the German obsession with naturally healthy and organic foods will always hinder the growth of meal replacements, which are not expected to see growth in the near future, but rather a decline in volume sales.

Foodservice Sector

Despite the increased Value Added Tax (VAT) and a ban on smoking in restaurants in Germany, the foodservice industry saw growth in 2007—however, due to the downturn, the foodservice industry has suffered in 2008.

Conversely, the growing demand for convenience has had a positive effect on the fast food service industry as more German consumers lack the time to prepare meals at home. Although independent operators continue to dominate, national and multinational chains have a significant presence in the German marketplace. Leading players promote their foods and offer low prices, making their venues appealing to the consumer.

Source: Mintel

CONVENIENCE IS A MUST (CONT.)

In terms of value sales, McDonalds remains the leading foodservice provider in Germany; however, as a result of a growing concern for the environment, the company has put in place an environmental program that acts to reduce emissions, which includes an anti-litter campaign and promotes recycling. In addition, McDonalds also has responded to the increased interest in health and wellness by adding healthier choices to their menu.

Studies show that there has been a shift in consumer habits. Consumers are eating at home more. This has influenced the food service industry negatively; meanwhile, it has positively affected sales in certain supermarkets and department stores.

GERMANY—A MARKET WITH OPPORTUNITIES—IN SHORT

Overall, this report has shown opportunities in the German marketplace in key areas:

- In terms of product, a growing trend toward healthy and environmentally friendly foods in Germany presents many opportunities to Canadian manufacturers and suppliers, despite the Global Economic downturn. Convenient options such as ready meals and packaged foods, combined with healthy ingredients and options such as organic, vegetarian, fresh and functional foods, as well as dairy and vitamins, present opportunities.
- On a sustainability front, the desire to preserve the environment also has a strong influence in Germany, as consumers look to buy ethical products and pay attention to environmentally friendly packaging.
- In the food retail industry, discounters and non-discounters will increasingly work not to compete directly with each other by offering German consumers more variety at numerous price ranges by strategically expanding their product assortments in opposing directions as a means of differentiation. As a result, as retailers diversify to be competitive, a number of opportunities will become available for Canadian suppliers and manufacturers. The value aspect of food will remain most important to the discounter trend, while private label and fresh, organic and environmentally-friendly products remain the main interest of non-discounter retailers.

In sum, a combination of sustainability, health and convenience will give a strong competitive advantage in the German marketplace.

BIBLIOGRAPHY

- Datamonitor, “Consumer Survey: stated importance of protecting the environment,” 2008.
- Datamonitor, “Next Generation Functional Foods and Drinks: Opportunities in Personalized Nutrition,” November 2008, Page 8, 23.
- Datamonitor, “Recessionary Consumers & Product Choice: Implications for 2009,” January 2008, Page 37.
- Euromonitor, “Consumers Trade Down to Cheaper Meats as Recession Bites,” July 2009, Page 1.
- Euromonitor, “Monthly Economic Review of G7 Economies: July 2009 Update,” Page 6.
- Euromonitor, “Ready Meals – Germany –June 2009,” Page 3-4.
- Euromonitor, “Consumer Lifestyles – Germany –December 2008,” Page 11, 15, 28, 57, 78.
- Euromonitor, “Retailing-Germany, March 2009,” Page 5.

BIBLIOGRAPHY (CONT.)

- Euromonitor, “Supermarkets in Germany,” March 2009, Page 3.
- Euromonitor: “Western European pet food and pet care product sales holding up in spite of economic slowdown,” June 2009, Page 2.
- Datamonitor: “Recession & Recovery – Retail and Consumer Goods Industry, Germany”, June 2009, Page 16
- The Wall Street Journal, “OECD Cuts 2009 German GDP Forecast, Warns On Jobless Rise,” June 24, 2009. http://online.wsj.com/article/BT-CO-20090624-702975.html
- WIPAK – Pattern in Packaging - Carbon Footprint: How Green is Your Packaging? – February 2009, http://www.wipak.com/wipak_news/articles/en_GB/carbon_footprint/

Appendix 1

Commodity	Description	United States Dollars 2006	2007	2008	% Change 2008/2007	% of total
Germany Import Statistics From Canada Commodity: Agri-Food and Seafood, (Locked) Calendar Year: 2006 - 2008						
Agri-Food and Seafood	(Locked)	$ 313,365,422	$ 288,630,146	$ 256,171,104	-11.25	
12	Oil Seeds And Oleaginous Fruits; Miscellaneous Gra	$ 19,608,295	$ 56,952,738	$ 78,838,449	38.43	31%
03	Fish And Crustaceans, Molluscs And Other Aquatic I	$ 24,574,934	$ 28,440,437	$ 29,753,487	4.62	12%
08	Edible Fruit And Nuts; Peel Of Citrus Fruit Or Mel	$ 20,015,395	$ 21,462,001	$ 24,102,096	12.3	9%
10	Cereals	$ 9,867,271	$ 8,537,743	$ 21,414,290	150.82	8%
17	Sugars And Sugar Confectionary	$ 10,388,156	$ 14,654,317	$ 14,480,391	-1.19	6%
16	Edible Preparations Of Meat, Fish, Crustaceans, Mo	$ 6,580,212	$ 6,961,422	$ 14,277,916	105.1	6%
07	Edible Vegetables And Certain Roots And Tubers	$ 8,381,066	$ 12,084,187	$ 13,601,830	12.56	5%
02	Meat And Edible Meat Offal	$ 4,294,894	$ 6,379,385	$ 8,722,821	36.73	3%
24	Tobacco And Manufactured Tobacco Substitutes	$ 13,342,496	$ 3,280,615	$ 6,885,507	109.88	3%
04	Dairy Produce; Birds' Eggs; Natural Honey; Edible	$ 4,094,745	$ 4,334,473	$ 6,584,529	51.91	3%
4301	Raw Furskins Nesoi (Other Than Raw Hides And Skins	$ 6,849,599	$ 8,015,446	$ 5,862,082	-26.87	2%
05	Products Of Animal Origin, Nesoi	$ 3,275,273	$ 4,479,762	$ 4,716,182	5.28	2%
21	Miscellaneous Edible Preparations	$ 1,986,071	$ 3,096,293	$ 4,559,435	47.25	2%
22	Beverages, Spirits And Vinegar	$ 3,804,241	$ 3,717,938	$ 4,290,816	15.41	2%
01	Live Animals	$ 3,517,028	$ 4,126,965	$ 4,157,774	0.75	2%
20	Preparations Of Vegetables, Fruit, Nuts, Or Other	$ 2,282,678	$ 3,861,118	$ 3,523,960	-8.73	1%
18	Cocoa And Cocoa Preparations	$ 1,413,136	$ 1,974,876	$ 2,127,579	7.73	1%
23	Residues And Waste From The Food Industries; Prepa	$ 638,557	$ 817,920	$ 1,977,053	141.72	1%
15	Animal Or Vegetable Fats And Oils And Their Cleava	$ 163,236,893	$ 81,942,394	$ 1,407,658	-98.28	1%
11	Milling Industry Products; Malt; Starches; Inulin;	$ 471,936	$ 5,496,913	$ 848,161	-84.57	0%
3504	Peptones And Derivatives; Other Proteins And Deriv	$ 67,882	$ 2,302,081	$ 809,950	-64.82	0%
3301	Essential Oils, Concretes And Absolutes; Resinoid;	$ 349,363	$ 410,685	$ 721,164	75.6	0%
09	Coffee, Tea, Mate And Spices	$ 14,099	$ 159,393	$ 675,501	323.79	0%
13	Lac; Gums; Resins And Other Vegetable Saps And Ext	$ 805,633	$ 674,124	$ 621,325	-7.83	0%
4101	Raw Hides And Skins Of Bovine Or Equine Animals (F	$ 1,576,592	$ 2,393,226	$ 612,411	-74.41	0%
06	Live Trees And Other Plants; Bulbs, Roots And The	$ 281,668	$ 176,909	$ 198,445	12.17	0%
3503	Gelatin (Including Gelatin In Rectangular Or Squar	$ 164,288	$ 582,585	$ 95,150	-83.67	0%
3502	Albumins (Incl Cncentrtes Two/More Whey Proteins,	$ 954,825	$ 334,551	$ 84,768	-74.66	0%
14	Vegetable Plaiting Materials And Vegetable Product	$ 5,096	$ -	$ 80,902	n/a	0%
3505	Dextrins And Other Modified Starches; Glues Based	$ 40,729	$ 448,371	$ 68,076	-84.82	0%
4103	Raw Hides And Skins Nesoi (Fresh Or Preserved, But	$ 21,183	$ 15,599	$ 29,259	87.57	0%
19	Preparations Of Cereals, Flour, Starch Or Milk; Ba	$ 295,162	$ 456,923	$ 20,801	-95.45	0%
5102	Fine Or Coarse Animal Hair, Not Carded Or Combed	$ -	$ 1,995	$ 9,661	384.37	0%
5202	Cotton Waste (Including Yarn Waste And Garnetted S	$ 166,026	$ 47,743	$ 7,235	-84.84	0%
5003	Silk Waste (Including Cocoons Unsuitable For Reeli	$ -	$ 9,018	$ 4,439	-50.78	0%

Source: World Trade Atlas

Appendix 2

CLIFE (Consumer Lifestyle) Countries	
Eastern Europe	Belarus - Bulgaria - Croatia - Czech Republic - Estonia - Hungary - Latvia - Lithuania - Macedonia - Poland - Romania - Russia - Serbia and Montenegro - Slovakia -Ukraine - Slovenia
Western Europe	Austria - Belgium - Denmark - Finland - France - Germany - Greece - Ireland - Italy - Netherlands - Norway - Portugal - Spain - Sweden - Switzerland - Turkey - United Kingdom
Australasia	Australia - New Zealand
Asia Pacific	Azerbaijan - China - Hong Kong, China - India - Indonesia - Japan - Kazakhstan - Malaysia - Pakistan - Philippines - Singapore - South Korea - Taiwan - Thailand - Turkmenistan - Uzbekistan - Vietnam
North America	Canada - United States
Latin America	Argentina - Bolivia - Brazil - Chile - Colombia - Costa Rica - Dominican Republic - Ecuador - Guatemala - Mexico - Peru - Uruguay –Venezuela
Middle East and Africa	Algeria - Cameroon - Egypt - Iran - Israel - Kenya - Kuwait - Morocco - Nigeria - Saudi Arabia - South Africa - Tunisia - United Arab Emirates

Source: Euromonitor International

Appendix 3

Functional food and drink market value in Germany ($ millions) 2002–12					
$ m	**2002**	**2007**	**2012**	**CAGR 2002–07**	**CAGR 2007–12**
Germany	1,497.90	1,982.50	2,524.80	5.80%	5.00%

Source: Euromonitor International

Appendix 4

DRIVERS

HEALTH & WELLBEING

- Intensifying health concerns and a better understanding understand of the relationship between food and health
- Aging populations and escalating concerns about diet related illnesses related to aging

INDIVIDUALISM/NEED SPECIFICITY

- A rejection of the one size fits all" approach to nutrition; dieters know from experience that not every diet works for everybody
- Increased self-responsibility for one's health and wellness
- The importance of the self and the desire for products that protect/reinforce self identity

INDUSTRY PUSH

- The recognition that science has a major role to play in the fight against many of the diseases prevalent in society
- The growth of functional food and drinks which are scientifically formulated to address consumers' individual nutritional needs
- Producing foods based on an individual's genetic make up is at the cutting edge of current nutritional research

Personalized nutrition reflects a cross-over between the health and individualism megatrends. These powerful drivers will generate an intensifying focus on how nutritional benefits can be tailored to meet the individual needs of consumers

However, the longer-term commercialization of personalized nutrition will be dependant on overcoming a number of inhibitors

INHIBITORS

ECONOMIC DOWNTURN

- Changing consumer priorities; economic wellbeing takes precedence over dietary wellbeing
- Personalized solutions are typically more expensive and are thus potentially less appealing to consumers who are trying to maximize their discretionary incomes

LACK OF TRUST & AWARENESS

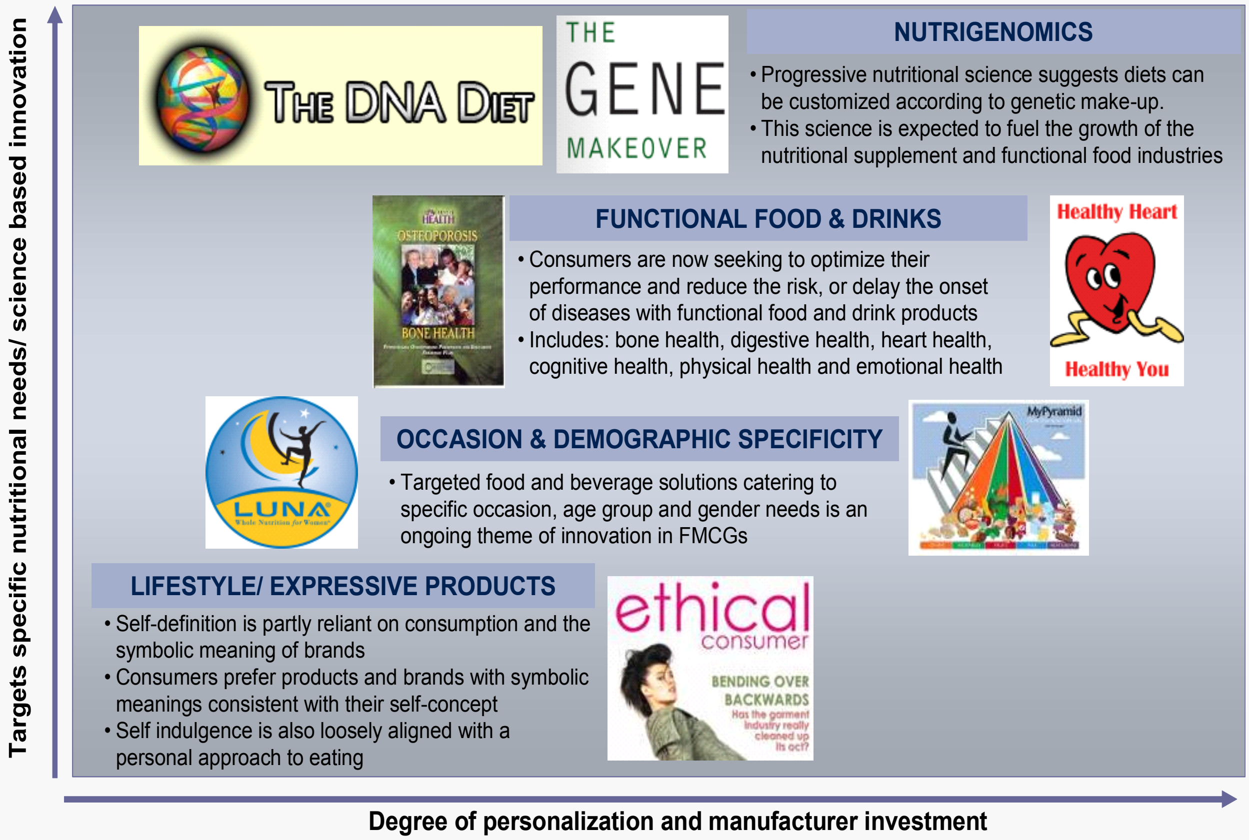
- Nutrigenomic science – the latest cutting edge approach to facilitating personalized nutrition – is still in its infancy
- So far, evidence on the interaction of nutrients, genetic variations and health implications is uncertain and controversial
- There is also evidence to suggest that consumer opinion is polarized. Some find the science-led approach to nutrition to be at odds with 'normal' food culture

A DESIRE FOR SIMPLICITY

- Consumer preference for a simpler choice and the desire for a less complication lifestyle moreover

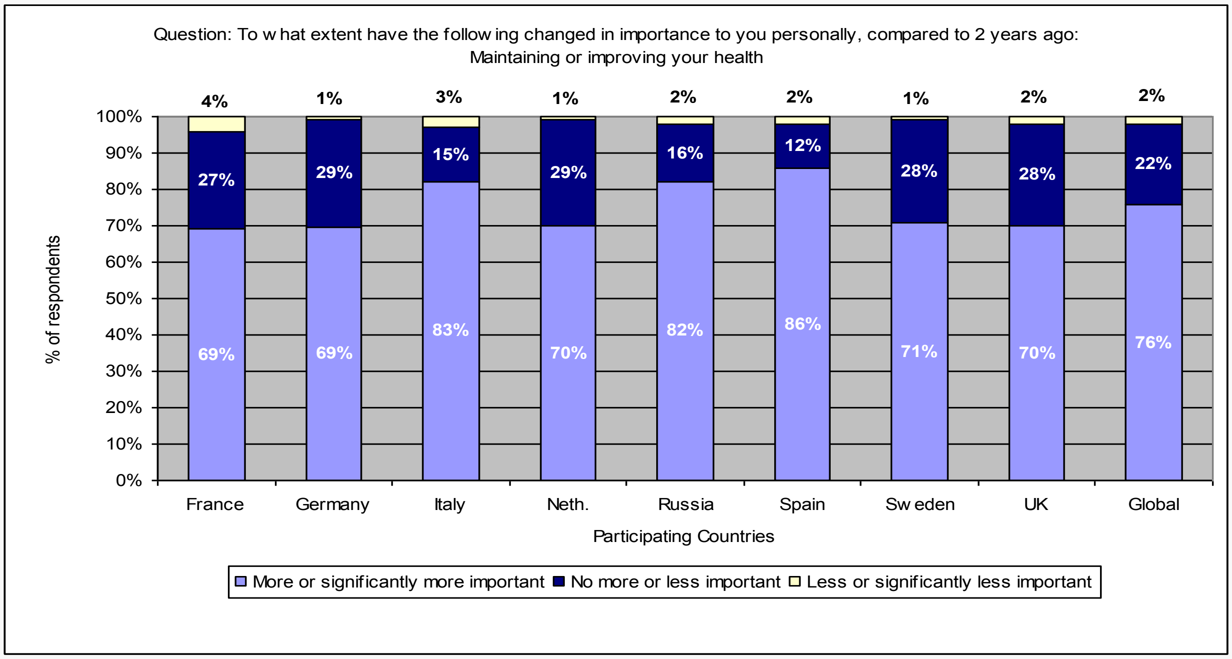
Source: Next Generation Functional Foods and Drinks: Opportunities in Personalized Nutrition, Datamonitor

Appendix 5



Source: Next Generation Functional Foods and Drinks: Opportunities in Personalized Nutrition, Datamonitor

Appendix 6



Source: Datamonitor

Germany – Health and Environmental Trends

ISSN 1920-6593 Market Analysis Report
AAFC No. 11156E

Photo Credits

For additional copies of this publication or to request an alternate format, please contact:
Agriculture and Agri-Food Canada
1341 Baseline Road, Tower 5, 4th floor
Ottawa, ON
Canada K1A 0C5
E-mail: infoservice@agr.gc.ca

Aussi disponible en français sous le titre :
La santé et l'environnement en Allemagne

Canada