



**MARKET ACCESS SECRETARIAT
Global Analysis Report**

Private Label Trends
Packaged Food in Germany

May 2016



EXECUTIVE SUMMARY

- The German package food market is the fifth-largest in the world with retail value sales of US\$108.8 billion in 2014. Although, the German market is mature and saturated, it is still forecasted to grow slightly through 2019.
- With retail value sales of over US\$292.8 billion, in 2014, the global private label industry accounted for over 12% of the total packaged food market.
- In 2014, Germany had the second-largest private label packaged food market in the world with retail value sales of US\$37.9 billion and the largest market in the European Union (EU). After Germany, the next three largest private label markets in the EU were the United Kingdom (US\$35.4 billion), followed by France (US\$25.4 billion) and Spain (US\$16.2 billion).
- The leading private label companies in Germany are Aldi Group, REWE Group, and Schwarz Group (Lidl) who accounted for over 59% of new product launches in Germany from January 2011 to August 2015.
- The German market saw over 14,000 new product launches from January 2011 to December 2014. With 3,013 new products launched in the first eight months of 2015 alone.

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MARKET OVERVIEW

Although the German economy initially bounced back well from the 2009 recession with good performances in 2010 and 2011, it has only seen minimal growth in the last few years causing retailers to be cautiously confident in the future outlook (Planet Retail, 2015). However, overall growth in the German retail market remains relatively flat in nominal terms due to market saturation, and has experienced declines in recent years because of the widening income gap (Planet Retail, 2015).

In terms of packaged food, the global packaged food industry had retail value sales of over US\$2.3 trillion in 2014 and is expected to reach over US\$3.2 trillion by 2019. Germany was the fifth-largest packaged food market in the world with retail value sales of US\$108.8 billion and by 2019, the German packaged food industry is forecasted to reach value sales of over US\$122.0 billion, but looks to fall to the sixth-largest market worldwide. This forecasted fall is a result of a mature and saturated market that offers little opportunity for growth. Although the German packaged food market experienced slight growth from 2010-14 with a compound annual growth rate (CAGR) of 1.6%, this growth can be attributed to favourable economic circumstances such as high employment rates, the fact that consumer confidence remained at an elevated level, and increased purchasing of premium private label products; all helping to benefit the packaged food industry (Euromonitor International, 2015).

Worldwide the private label packaged food industry was valued at US\$292.8 billion in 2014. Should the private label sector maintain its current market share of 12.4% through 2019, sales could reach up to US\$396.8 billion. In 2014, Germany was the second-largest private label packaged food market, only after the United States, with value sales reaching US\$37.9 billion and the largest private label market in the European Union (EU). The top three private label markets in the EU, after Germany, were the United Kingdom with US\$35.4 billion, followed by France (US\$25.4 billion) and Spain (US\$16.2 billion) (Euromonitor International, 2015).

MAJOR PRIVATE LABEL COMPANIES

**This section will highlight the top three private label companies in Germany as determined by the Mintel New Products Database (GNPD) and provide company information from Planet Retail.*

According to the Mintel New Products Database (GNPD), the top three private label companies in Germany, in 2014, which had the most new product launches, were Aldi Group, REWE Group, and Lidl. These three companies combined accounted for over 59% of all new product launches in Germany in 2014.

Aldi Group

Aldi Group is a discount retailer, headquartered in Germany that has two separate, but cooperating companies (Aldi Süd and Aldi North), with 90-95% of its product inventory coming from private labels. In 2015, Aldi Group is estimated to reach global banner sales of US\$90.1 billion from over 10,600 outlets (Planet Retail, 2015-A). The German market alone accounts for approximately 35% of the company's overall sales and almost 40% of all global outlets. In order to remain competitive, Aldi Group is looking to become a one-stop shop and is planning to achieve this by incorporating A-brands, such as Nutella and Coca-Cola, to be sold alongside their private label equivalents (Planet Retail, 2015-A).

Aldi Einkauf GmbH & Co OHG, a subsidiary for domestic German operations of Aldi Group, is responsible for the company's discounter channel, but is now looking to widen their product portfolio to include more brands and fresh products in order to reach a larger consumer market. In 2014, Aldi Einkauf GmbH & Co OHG had 4,228 outlets in Germany with retail value sales of roughly US\$31.0 billion. They primarily stock private label brand product lines, but have recently started introducing large brands such as Coca-Cola in order to remain competitive. Their private label brands are on the lower end of the price spectrum, but they have started expanding their private label products to include premium items to gain those consumers looking for higher-end products (Euromonitor International, 2015-B).



REWE Group

REWE Group is a grocery retailer which operates mostly supermarkets and discounters with estimated German grocery banner sales, in 2015, of US\$31.9 billion from over 6,800 outlets (Planet Retail, 2015-B). The company has three tiers for its private label brands which are: 1) economy with its brand Ja!; 2) mid-priced with the brands of REWE and REWE Bio; and 3) premium with the brand REWE Feine Welt, all of which account for approximately 20% of the company's sales (Euromonitor International, 2014). REWE Group is looking to increase its private label turnover in the long run to between 40%-50% (Planet Retail, 2015-B).

Rewe Markt, a subsidiary of Rewe Group located in Germany, is responsible for the company's grocery retailing business formats of hypermarkets, supermarkets, convenience stores, chained forecourts and internet retailing. In 2014, Rewe Markt had 2,885 outlets in Germany with retail value sales of over US\$21.1 billion. They have a number of private label brand product lines that are being enhanced and extended in order to reach a growing range of consumers (Euromonitor International, 2015-C).

Schwarz Group (Lidl)

Schwarz Group is a privately owned German grocery retailer which has two channels: Lidl which is their hard discount stores (direct competition for Aldi Group) and Kaufland which are price-focussed hypermarkets and supermarkets. In 2015, Schwarz Group is estimated to achieve global banner sales of US\$103.2 billion from over 11,500 outlets worldwide. Approximately 40% or US\$40.8 billion of their overall global sales comes from Germany alone while almost 35% of their outlets are located in Germany (Planet Retail, 2015-C).

Lidl, a subsidiary of Schwarz Group, is responsible for the company's discounter channel which sells 75% private label products along with over 400 manufacturers' brands (Planet Retail, 2015-C) and their core business focus is providing consumers with good quality products at affordable prices (Euromonitor International, 2015-D). Lidl ranks second in grocery retailing in Germany, after Aldi, and is now starting to focus on fresh foods in order to gain a competitive advantage (Euromonitor International, 2015-D).

NEW PRODUCT ANALYSIS

According to the Mintel Global New Products Database, there were 17,307 new private label product launches in the European Union market between January 2011 and August 2015. Over 45.1% of the launches were new varieties or range extensions and 33.0% were completely new products. The most commonly used claim was "organic" which appeared on 13.7% of the total launches, followed by "premium" with 10.0%, and "no additives/preservative with 9.9%. Approximately 12.5% of the total launches were in the bakery category and 10.6% were in the processed fish, meat and egg products. Over 60% of the product launches fell within the US\$1.17-US\$4.34 price range.

Number of New Private Label Product Launches in Germany, by Year and Feature

Feature**	2011	2012	2013	2014*	August 2015
Total launches	1,758	2,741	4,459	5,336	3,013
Top 5 flavours (incl. blend)					
Unflavoured/plain	362	537	764	906	614
Chocolate (unspecified)	54	64	89	87	61
Vanilla/vanilla bourdon/vanilla Madagascar	18	28	64	72	31
Strawberry	23	32	56	58	28
Apple	22	31	40	51	27



Number of New Private Label Product Launches in Germany, by Year and Feature (cont'd)

Feature*	2011	2012	2013	2014*	August 2015
Top 3 launch types					
New variety/range extension	696	1,146	2,150	2,445	1,369
New products	777	943	1,463	1,664	863
New packaging	235	554	615	713	475
Top 5 claims					
Organic	249	414	581	616	511
No additives/preservatives	236	323	371	539	252
Ethical – environmentally friendly product	23	72	377	525	403
Premium	190	248	439	520	335
Ethical – environmentally friendly packaging	71	126	207	422	228
Top 5 categories					
Processed fish, meat and egg products	182	206	415	663	376
Bakery	217	325	669	622	339
Sauces and seasonings	187	281	457	555	258
Dairy	191	326	341	529	356
Meals and meal centres	80	143	226	374	178
Top 5 parent companies					
Aldi Group**	407	606	1,113	1,352	712
REWE Group	313	364	561	1,008	496
Lidl	213	332	804	790	430
Penny Markt	239	274	445	728	339
Aldi Süd	0	3	498	706	273
Price range in US dollars					
\$1.17 - \$2.22	608	912	1,674	1,845	896
\$2.23 - \$3.28	357	517	809	1,264	641
\$3.29 - \$4.34	161	205	367	484	264

*Note: The features analyzed above were ranked based on 2014 data.

**Note: Aldi Group product launch numbers do not include those from Aldi Süd

NEW PRODUCT EXAMPLES, 2015

Vanilla Cream Pudding



Company: Lidl
Brand: Milbona
Subcategory: Desserts & Ice Cream
Launch type: New Variety/Range Extension
Price in US\$: 1.63
Claims: N/A

Description: Milbona Sahne-Pudding Vanille (Vanilla Cream Pudding) is new to the range. The product retails in a 500g pack with four 125g tubs.

Source: Mintel GNPD, 2015



Egg Salad Spread



Company: REWE Markt
Brand: Ja!
Subcategory: Sandwich Fillers/Spreads
Launch type: New packaging
Price in US\$: 1.13
Claims: Economy

Description: Ja! Brotaufstrich Eiersalat (Egg Salad Spread) has been repackaged. This economy product is retailed in a new 150g tub.

King Prawns with Provençal Seasoning



Company: Aldi
Brand: Ristic
Subcategory: Fish Products
Launch type: New Variety/Range Extension
Price in US\$: 5.34
Claims: N/A

Description: Ristic Riesengarnelenschwänze Gewürzt á la Provençal (King Prawns with Provençal Seasoning) is now available and retail in a 250g pack.

Source for all: Mintel GNPD, 2015

FOR MORE INFORMATION

International Trade Commissioners can provide Canadian industry with on-the-ground expertise regarding market potential, current conditions and local business contacts, and are an excellent point of contact for export advice.

- **Overview of Trade Commissioner Services in Brussels**
<http://www.tradecommissioner.gc.ca/eng/office.jsp?oid=140&cid=111>
- **Find a Trade Commissioner**
www.tradecommissioner.gc.ca/eng/find-trade-contacts.jsp

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- ats-sea.agr.gc.ca

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RESOURCES

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