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MARKET ACCESS SECRETARIAT
Global Analysis Report

Sector Trend Analysis

Bakery Products

In Germany

Decembre 2016

EXECUTIVE SUMMARY

Germany is ranked the 5th largest bakery market in the world and is the largest in the EU, closing with US$16.5 billion worth of value sales in 2015. Despite the market's maturity, the sector continues to experience positive growth, with a compound annual growth rate (CAGR) of 1.5% from 2010 to 2015.

Germany's total imports of bakery products* was worth US$2 billion in 2015. The top bakery suppliers were Poland, Netherlands, and Italy together accounting for 43% of Germany's imports. Alternatively, Canada only accounts for 0.01% of Germany's imports, with import sales of US$150,016.0 in 2015. As the 4th largest import market, Germany's bakery sector is heavily domestic and highly competitive. However, there are potential opportunities for Canadian bakery products, specifically in the bread substitutes, health and wellness, and other packaged bakery products subcategories such as veggie breads.

In addition, there are on-going efforts to launch new and revised bakery products that appeal to the current consumer trends. As a result, from January 2010 to December 2015, there were 8,419 new bakery products launched in Germany (including imports), with an average of 1,403 new products launch per year. This creates additional opportunities for Canadian bakery producers and ingredient producers to supply alternative bakery products and/or ingredients to help with the development of new bakery products, specifically in the health and wellness subcategory.

***Note:** For the purpose of this report, `bakery products' was defined using the following HS code: 1905

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INTRODUCTION - POSITIONING BAKERY PRODUCTS IN THE WORLD

The bakery market retail value worldwide is worth US$338.7 billion with a compound annual growth rate (CAGR) of 4.7% from 2010 to 2015. Within the last year of the review period (from 2010 to 2015) there was a 5.3% increase in value (US$321.8 billion to US $338.7 billion). In retail volume sales the market experienced a CAGR of 0.5% from 2010 to 2015 and a 0.7% increase from the previous year. The health and wellness (HW) bakery category also experienced a increase in value sales reaching US$35.3 billion a 7% increase from the previous year. This shows a continued interest in HW bakery products specifically in western countries (*see figure 2*). In the overall bakery market worldwide, the top markets are the United States, China, and Brazil, in total accounting for 30.8% of the world's market share (*see figure 1*).

Germany is the largest bakery product market in the EU and the 5th largest in the world, with retail value sales reaching US$16.5 billion and accounted for 5% of the world's market share in 2015 (*see figure 1& 2*).

Figure 1: Top Barkery Products Markets Worldwide in 2015, US$ Millions – Fixed Exchange Rate

#	Country	Retail Value ($)	Market Share (%)	*CAGR (%) 2010-2015	*CAGR (%) 2015-2020
Worldwide		**338,700.9**	**-**	**4.7**	**1.8**
1	USA	56,051.0	16.6	2.4	0.9
2	China	26,110.9	7.7	13.7	7.7
3	Brazil	21,925.6	6.5	10.1	3.0
4	Japan	18,512.9	5.5	-0.2	0.2
5	**Germany**	**16,460.9**	**4.9**	**1.5**	**0.3**
6	Italy	16,336.6	4.8	-0.4	0.2
7	France	15,864.2	4.7	1.2	-0.5
8	Mexico	15,718.0	4.6	5.5	2.4
9	Turkey	14,162.8	4.2	3.3	-1.5
10	United Kingdom	9,466.3	2.8	-0.2	0.4

Figure 2: Top Health and Wellness Bakery Products Markets Worldwide in 2015, US$ Millions - Fixed Exchange Rate

#	Geographies	Retail Value ($)	Market Share	CAGR* (%) 2010-2015	CAGR* (%) 2010-2015
1	**Worldwide**	**35,316.2**	**-**	**6.0**	**3.5**
2	USA	6,398.1	18.1	2.6	0.9
3	Brazil	3,623.4	10.3	14.7	7.1
4	Canada	2,054.0	5.8	4.9	3.5
5	Mexico	1,919.5	5.4	4.6	2.9
6	**Germany**	**1,722.7**	**4.9**	**1.9**	**0.9**
7	United Kingdom	1,597.6	4.5	3.0	3.3
8	France	1,490.3	4.2	6.2	2.6
9	Netherlands	1,391.4	3.9	3.2	1.4
10	Turkey	1,146.8	3.2	25.6	19.2
11	Australia	1,136.7	3.2	2.6	-0.9

Source for both: Euromonitor International, 2016 *__CAGR__ - Compound Annual Growth Rate

TRADE

In spite of having a large domestic production of bakery products, Germany imports US$2.0 billion worth of bakery products predominately from other EU countries such as Poland with a 15% market share, Netherlands (15%), and Italy (13%) (*see figures 3 & 4*).

Currently, Canada has a 0.01% market share in Germany's total imports which were worth US$150,016.00 in 2015 (*see figure 4*). Germany's import of Canadian bakery products has been on an ongoing decline with a compound annual growth rate (CAGR) of -13.8% and a gross export gap with a CAGR of 3.8% (*see figure 5*). As seen in the supply gap analysis, German imports of Canadian bakery products are relatively small in comparison to their imports from the world. An important factor that will positively impact Canadian bakery product exporters' competitiveness in Germany is the Canada-European Union Comprehensive Economic and Trade Agreement (CETA), which was concluded in August, 2014. Once CETA enters into force, all EU tariffs on imports of Canadian bakery products such as savoury or salted breads, sweetened pastries and biscuits, which are largely subject to complex tariffs, will become duty-free. For more information on CETA, please visit the following website: http://www.international.gc.ca/trade-agreements-accords-commerciaux/agr-acc/ceta-aecg/index.aspx?lang=eng

Figure 3: The Bakery Products Markets in Germany in 2015, US$ Millions

Indicator	Value
Retail Sales, 2015	$16.5 billion
Domestic manufacturer shipments *(value of goods consumed domestically)*	$14.5 billion
Imports of bakery products* from the world	$ 2.0 billion
Exports of bakery products* to the world	$ 3.5 billion
Dependence on Imports	12.0%

Source: Global Trade Tracker, 2016
***Note:** For the purpose of this report, "bakery products" was defined using the following HS code: 1905

Figure 4: Top 10 Importers of Bakery Products* Worldwide 2015, US$

Country	Imports US$	Top Supplies & Market Share						Canada's Share
		1		2		3		
1. USA	4,097,501,115	Canada	47%	Mexico	20%	Italy	4%	46.78%
2. United Kingdom	2,424,306,426	Germany	19%	France	17%	Ireland	12%	1.17%
3. France	2,038,455,580	Germany	26%	Belgium	21%	Italy	14%	0.03%
4. Germany	**2,007,323,478**	**Poland**	**15%**	**Netherlands**	**15%**	**Italy**	**13%**	**0.01%**
5. Canada	1,457,542,181	USA	79%	Mexico	3%	UK	2%	0.02%
6. Belgium	1,016,941,626	France	32%	Netherlands	25%	Germany	16%	0.20%
7. Netherlands	832,902,404	Belgium	36%	Germany	28%	France	9%	0.09%
8. Italy	828,443,201	Germany	30%	France	17%	Austria	14%	0.00%
9. China	679,508,616	Indonesia	22%	Hong Kong	14%	Malaysia	10%	0.12%
10. Spain	669,111,983	Germany	26%	France	16%	Italy	16%	0.00%

Source: Global Trade Tracker, 2016
***Note:** For the purpose of this report, "bakery products" was defined using the following HS code: 1905

Figure 5: Bakery Products* Export Gap, 2015 in US$ Thousands

	2010	2011	2012	2013	2014	2015	CAGR* (%)
Germany's Imports from the World	1,669,215	1,962,998	1,895,351	2,099,012	2,166,510	2,007,323	3.76
Germany's imports from Canada	316.0	457.0	192.0	189.0	175.0	150.0	-13.83
Gross Export Gap	**1,668,899**	**1,962,541**	**1,895,159**	**2,098,823**	**2,166,335**	**2,007,173**	**3.76**

Source: Global Trade Tracker, 2016 *__CAGR__ - Compound Annual Growth Rate
***Note:** For the purpose of this report, "bakery products" was defined using the following HS code: 1905

MARKET TRENDS

The bakery products category continues to show slight growth, with a compound annual growth rate (CAGR) of 1.5% from 2010 to 2015. Therefore showing a positive recovery from 2009 decline due to the global economic and financial crisis. From 2010 to 2015, bakery products continued to maintain an 19% market share of total packaged food in Germany with a 7% increase from 2010. Throughout the review period, consumer confidence surged, resulting in successful growth for the sector. Even if the German market were to remain the same, it would still be attractive to Canadian suppliers because of its size.

As consumer spending grew due to favourable economic development in the last few years of the review period, German consumers developed a higher preference for higher-value offerings such as products with health and wellness-related (HW) attributes. For instance, in the HW bakery category, there was a 1.9% CAGR and a slight increase in market share in the overall bakery products category from 10.3% in 2010 to 10.5% in 2015. Nevertheless, German consumers are more likely to purchase artisanal, private label and branded products with perceived high quality when economic conditions are good versus when the economy is unfavourable, where they are most likely to purchase economy brands and other value for money products (Euromonitor International, 2015). Lastly, German retailers and importers prefer to source credible products from original destinations, such as importing original Italian biscuits from Italy as pose to importing Italian biscuts from Canada.

Figure 6: Packaged Food and Packaged Bakery Products Retail Value Sales in Germany, in US$ Millions, Fixed 2015 Exchange Rate

Category	2010	2011	2012	2013	2014	2015	CAGR* %	Market Share %	
								2010	2015
Total Packaged Food	**80,772.1**	**81,175.8**	**82,372.2**	**84,573.5**	**86,382.8**	**88,134.8**	**1.8**	-	-
Packaged Food	67,320.7	67,435.2	68,469.6	70,310.4	71,710.5	73,086.5	1.7	83.3	82.9
HW Packaged Food	13,451.4	13,740.6	13,902.6	14,263.1	14,672.3	15,048.3	2.3	16.7	17.1
Total Pakacged Bakery Products	**15,258.8**	**15,311.1**	**15,650.9**	**15,977.1**	**16,180.9**	**16,460.9**	**1.5**	-	-
Bakery Products	13,688.4	13,724.1	14,039.2	14,333.7	14,499.4	14,738.2	1.5	89.7	89.5
HW BakeryProducts	1,570.4	1,587.0	1,611.7	1,643.4	1,681.5	1,722.7	1.9	10.3	10.5

Source: Euromonitor International, 2016 ***CAGR -** Compound Annual Growth Rate *** HW** – Health and Wellness

RETAIL SALES

Despite the maturity and saturation of the market, the category grew at an average rate of 1.5% in retail value sales, while volume sales decreased at a rate of 0.1%. This difference in growth, between value and volume, is due to the increase in prices. Compared to the overall period growth rates, 2015 experienced an above average increase in terms of retail value sales, this is due to increasing consumer spending generated from the rise in consumer confidence (Euromonitor International, 2015). The German bakery products market trend is expected to continue on an onward growth to 2020, where the growth rate is expected to increase by 2.2%, with health and wellness bakery category accounting for most of the forecasted value growth.

Overall package bakery products continue to be in competition with unpackaged bakery products. Despite having similar sales and volume performance, certain bakery products such as cakes and pastries are more likely to perform as well as packaged items while unpackaged bakery products such as bread perform better than packaged bread, which are often associated with higher quality and/or better taste (Euromonitor International, 2015).

Figure 7: Historic Retail Value Sales of Bakery Products in Germany, in US$ Million Fixed 2015 Exchange Rate

Category	2010	2011	2012	2013	2014	2015	CAGR* (%)
Total Packaged Bakery Products	**15,258.8**	**15,311.1**	**15,650.9**	**15,977.1**	**16,180.9**	**16,460.9**	**1.5**
Bakery Products	**13,688.4**	**13,724.1**	**14,039.2**	**14,333.7**	**14,499.4**	**14,738.2**	**1.5**
Bread	8,741.4	8,837.5	8,984.9	9,151.1	9,279.2	9,480.4	1.6
Cakes	3,086.0	3,054.4	3,179.2	3,270.4	3,284.1	3,302.4	1.4
Dessert Mixes	187.2	183.0	181.8	183.2	186.9	189.8	0.3
Frozen Bakery Products	373.4	364.8	372.6	377.8	382.3	385.8	0.7
Pastries	1,300.3	1,284.5	1,320.7	1,351.3	1,367.0	1,379.8	1.2
HW Bakery Products	**1,570.4**	**1,587.0**	**1,611.7**	**1,643.4**	**1,681.5**	**1,722.7**	**1.9**
HW Bread	1,529.8	1,545.5	1,569.3	1,600.0	1,637.0	1,677.3	1.9
HW Cakes	18.7	19.4	20.1	20.8	21.4	21.7	3.0
HW Dessert Mixes	-	-	-	-	-	-	-
HW Frozen Bakery Products	22.0	22.1	22.3	22.6	23.1	23.6	1.4

Figure 8: Historic Retail Volume Sales of Bakery Products in Germany, in '000 Tonnes

Category	2010	2011	2012	2013	2014	2015	CAGR* (%)
Total Packaged Bakery Products	**5,802.1**	**5,668.5**	**5,691.0**	**5,700.4**	**5,742.9**	**5,781.3**	**-0.1**
Bakery Products	**5,281.6**	**5,142.1**	**5,160.2**	**5,166.3**	**5,203.9**	**5,238.3**	**-0.2**
Bread	4,413.7	4,284.8	4,286.1	4,281.3	4,314.3	4,343.4	-0.3
Cakes	385.7	379.0	390.5	398.5	402.3	407.1	1.1
Dessert Mixes	30.8	31.0	30.9	31.1	31.5	31.8	0.6
Frozen Bakery Products	86.5	88.4	89.2	87.9	86.8	86.1	-0.1
Pastries	364.8	358.9	363.5	367.5	369.0	369.9	0.3
HW Bakery Products	**520.5**	**526.4**	**530.8**	**534.1**	**539.0**	**543.0**	**0.8**
HW Bread	514.5	520.3	524.6	527.8	532.6	536.5	0.8
HW Cakes	1.9	1.9	2.0	2.0	2.1	2.1	2.0
HW Dessert Mixes	-	-	-	-	-	-	-
HW Frozen Bakery Products	4.1	4.2	4.2	4.3	4.3	4.3	1.0

Figure 9: Forecast Retail Value Sales of Bakery Products in Germany, in US$ Millions Fixed 2015 Exchange Rate

Category	2016^E	2017^F	2018 ^F	2019 ^F	2020 ^F	CAGR* (%)
Total Packaged Bakery Products	**16,819.3**	**17,220.3**	**17,607.9**	**17,992.6**	**18,371.8**	**2.2%**
Bakery Products	15,045.0	15,391.6	15,727.8	16,062.6	16,393.7	2.2%
Bread	9,743.2	10,016.4	10,269.7	10,510.5	10,738.5	2.5%
Cakes	3,325.8	3,367.2	3,413.6	3,466.5	3,525.9	1.5%
Dessert Mixes	193.8	198.3	202.7	207.0	210.8	2.1%
Frozen Bakery Products	390.9	397.9	406.2	415.3	425.0	2.1%
Pastries	1,391.4	1,411.8	1,435.6	1,463.4	1,493.4	1.8%
HW Bakery Products	1,774.3	1,828.7	1,880.1	1,930.0	1,978.1	2.8%
HW Bread	1,727.7	1,780.8	1,831.0	1,879.6	1,926.4	2.8%
HW Cakes	22.2	22.8	23.4	23.9	24.6	2.6%
HW Dessert Mixes	-	-	-	-	-	-
HW Frozen Bakery Products	24.3	25.1	25.8	26.4	27.1	2.8%

Source for all: Euromonitor International, 2016 E= Estimate F=Forecast ***CAGR -** Compound Annual Growth Rate
***HW** – Health and Wellness

Figure 10: Forecast Retail Volume Sales of Bakery Products in Germany, in '000 Tonnes

Category	2016E	2017F	2018 F	2019 F	2020 F	CAGR* (%)
Total Packaged Bakery Products	**5,807.0**	**5,820.2**	**5,825.2**	**5,824.4**	**5,816.1**	**0.0**
Bakery Products	**5,261.1**	**5,272.0**	**5,275.4**	**5,273.5**	**5,265.3**	**0.0**
Bread	4,362.5	4,371.2	4,373.7	4,372.2	4,364.9	0.0
Cakes	410.7	413.2	415.0	416.0	416.6	0.4
Dessert Mixes	32.1	32.3	32.4	32.5	32.6	0.4
Frozen Bakery Products	85.5	85.0	84.7	84.5	84.3	-0.4
Pastries	370.3	370.3	369.6	368.5	366.9	-0.2
HW Bakery Products	**545.9**	**548.2**	**549.8**	**550.9**	**550.8**	**0.2**
HW Bread	539.4	541.6	543.2	544.2	544.2	0.2
HW Cakes	2.1	2.2	2.2	2.2	2.2	1.2
HW Dessert Mixes	-	-	-	-	-	-
HW Frozen Bakery Products	4.4	4.4	4.4	4.4	4.4	0.0

Source: Euromonitor International, 2016 E= Estimate F=Forecast ***CAGR -** Compound Annual Growth Rate
HW – Health and Wellness

RETAIL ENVIRONMENT

Company Shares

The bakery products market was lead by artisanal products, which accounted for 56% of bakery products retail value sales and 30% of health and wellness (HW) bakery products in 2015, followed by the private labels which accounted for over 20% of bakery products sales.

The largest company to have the most market share in terms of bakery product brands was Agrofert as, leading in both bakery products and HW bakery products, with 9.1% and 32.4% market shares in 2015 (*See figures 11 & 12*). Followed by Harry-Brot GmbH (with 4.6%), and Kuchenmeister GmbH (2.0%) within the bakery products category. In the HW bakery category, Alnatura Produktions & Handels GmbH, known to be a manufacturer of 100% organic products in Germany, accounted for 2.8% in market share and Barilla Holding SpA with 2.6%.

Figure 11: Top Five Bakery Products Companies in 2015

#	Company	Market Share (%)
1	Artisanal	56.0
2	Private Label	20.2
3	Agrofert as	9.1
4	Harry-Brot GmbH	4.6
5	Kuchenmeister GmbH	2.0

Figure 12: Top Five Health and Wellness Bakery Products Companies in 2015

#	Company	Market Share (%)
1	Agrofert as	32.4
2	Artisanal	29.5
3	Private Label	17.5
4	Alnatura Produktions- & Handels GmbH	2.8
5	Barilla Holding SpA	2.6

Source for both: Euromonitor International, 2016

Distribution Shares

From 2010 to 2015, store-based retailing continues to dominate the retail sales of bakery products in Germany with 100% market share, with the grocery retailers continuing to account for 97% of store-based retail sales for bakery products overall (including health and wellness bakery products). Within modern grocery retailers, convenience stores have the highest average growth rate of 20.6%, followed by discounters with 2.9%, and forecort retailers with 1.7% (*see figure 13*).

Figure 13: Outlet Value Sales for Bakery Products in Germany, in US$ millions in Fixed 2015 Exchange Rate

Outlets	2010	2011	2012	2013	2014	2015	CAGR* %
Store-Based Retailing	**15,258.8**	**15,311.1**	**15,650.9**	**15,977.1**	**16,180.9**	**16,460.9**	**1.5**
Grocery Retailers	14,816.3	14,928.3	15,181.4	15,513.8	15,703.6	16,000.0	1.5
Modern Grocery Retailers	10,086.0	10,227.8	10,423.5	10,704.7	10,857.4	11,078.2	1.9
Convenience Stores	33.6	41.3	48.5	59.1	72.8	85.6	20.6
Discounters	5,596.9	5,734.0	5,981.8	6,187.9	6,300.9	6,451.0	2.9
Forecourt Retailers**	379.9	381.2	397.5	413.8	409.4	413.2	1.7
Hypermarkets	1,733.4	1,727.1	1,685.6	1,700.0	1,711.9	1,731.7	0.0
Supermarkets	2,342.2	2,344.1	2,310.1	2,343.8	2,362.4	2,396.7	0.5
Traditional Grocery Retailers	4,730.2	4,700.5	4,757.9	4,809.1	4,846.2	4,921.8	0.8
Food/drink/tobacco specialists	3,738.4	3,720.6	3,771.9	3,818.5	3,859.2	3,917.7	0.9
Independent Small Grocers	793.5	780.9	782.5	782.9	784.8	798.4	0.1
Other Grocery Retailers	198.4	199.0	203.5	207.7	202.3	205.8	0.7
Mixed Retailers	442.5	382.8	469.5	463.3	477.3	460.9	0.0

Source: Euromonitor International, 2016 ***CAGR -** Compound Annual Growth Rate
****Note**: Forecort retailers - outlets selling a wide range of groceries from a gas/petrol station forecourt

Retail Prices

Figure 14: August 2015 Retail Price for Bakery Products in Germany

Category	Brands	Outlets	Package size (g)	Price (US$)
Organic Cakes	De Rit Bio Vollkorn Honigkuchen	Supermarket	300	3.12
Packaged Cakes	Aldi Baumkuchen	Discounter	300	2.89
Dessert Mixes	Dr Oetker Käsekuchen	Supermarket	570	2.74
Frozen Baked Goods	Coppenrath & Wiese 6 Bio Roggen brötchen	Supermarket	420	2.67
NH High Fibre Bread	Dr Karg Knäcke Käse-Kübriskern	Hypermarket	200	2.22
FF Bread	Activ3	Supermarket	500	1.89
Organic Bread	Alnatura Sonnenblumenkernebrot	Supermarket	500	1.66
Frozen Baked Goods	Aldi Bio Brötchen	Discounter	320	1.66
Packaged Pastries	Ibis Milchbrötchen	Supermarket	480	1.55
Bread Substitutes	Aldi Knäckebrot	Discounter	250	0.61
Packaged Bread	Aldi Vollkornbrot	Discounter	500	0.61

Source: Euromonitor International, 2016

SUBSECTOR ANALYSIS

Breads

Bread was the largest bakery products subcategory with US$11.2 billion in retail sales and with the highest average growth rate of 1.7% from 2010 to 2015. Within this subcategory, gluten-free, bread substitutes and unpackaged bread were the best-performing bread category (*see figure 15*). Bread substitutes and gluten-free bread had the highest compound annual growth rate (CAGR) at 3.3% and 5.3%, this growth is based on the positive image of being associated with health and wellness benefits along with the fact they are perceived as the least mature and old-fashioned in the bread subcategory. As a result, they have a greater appeal to younger consumers (Euromonitor International, 2015).

Unpackaged bread continues to sustain a greater growth advantage than packaged bread as they are considered to be of higher quality and better in taste (Euromonitor International, 2015). The top leading companies for packaged bread products in Germany is Harry-Brot GmbH and Lieken AG, in total accounting for 32.7% of the bread market share (*see figure 19*).

In the forecast period from 2016 to 2020, bread is expected to see positive growth with a less modest CAGR of 0.5%. Within this subcategory, upackaged bread and health and wellness bread (specifically gluten-free bread) is forecasted to have 0.9% and 1.0% growth rate from 2016 to 2020 (*see figure 17 & 18*).

Figure 15: Historic Retail Value Sales of All Bread Types in Germany, in US$ Millions Fixed 2015 Exchange Rate

Subcategory	2010	2011	2012	2013	2014	2015	CAGR* (%)
Bread	**10,271.2**	**10,383.0**	**10,554.2**	**10,751.1**	**10,916.2**	**11,157.7**	**1.7**
Bread Substitutes	196.2	200.7	210.2	218.4	224.5	230.5	3.3
Packaged Bread	4,405.0	4,424.4	4,453.6	4,498.6	4,531.0	4,594.0	0.8
Unpackaged Bread	5,670.0	5,757.9	5,890.3	6,034.0	6,160.8	6,333.3	2.2

Figure 16: Historic Retail Value Sales of Health and Wellness Breads in Germany, in US$ Millions Fixed 2015 Exchange Rate

Subcategory	2010	2011	2012	2013	2014	2015	CAGR* (%)
HW* Bread	**1,529.8**	**1,545.5**	**1,569.3**	**1,600.0**	**1,637.0**	**1,677.3**	**1.9**
FF* Bread	39.1	39.5	40.2	41.2	41.9	42.7	1.8
Gluten-Free Bread	49.7	53.6	57.1	60.1	62.9	64.2	5.3
NH* High Fibre Bread	745.1	753.3	766.4	781.8	799.1	819.0	1.9
Organic Bread	695.9	699.2	705.6	716.9	733.1	751.4	1.5

Figure 17: Forecast Retail Value Sales of All Bread Types in Germany, in US$ Millions Fixed 2015 Exchange Rate

Subcategory	2016 E	2017 F	2018 F	2019 F	2020 F	CAGR* (%)
Bread	**12,983.7**	**13,095.0**	**13,172.5**	**13,227.6**	**13,260.5**	**0.5**
Bread	*11,284.1*	*11,377.5*	*11,441.3*	*11,485.2*	*11,509.8*	0.5
Bread Substitutes	*232.7*	*234.5*	*235.9*	*237.0*	*237.7*	0.5
Packaged Bread	*4,607.3*	*4,611.9*	*4,606.4*	*4,595.8*	*4,579.7*	-0.2
Unpackaged Bread	*6,444.1*	*6,531.1*	*6,599.0*	*6,652.5*	*6,692.4*	0.9

Source for all: Euromonitor International, 2016 E-Estimate F-Forecast ***CAGR -** Compound Annual Growth Rate
***HW** – Health and Wellness **FF** - fortified/functional **NH** - Naturally Healthy

Figure 18: Forecast Retail Value Sales of Health and Wellness Breads in Germany, in US$ Millions Fixed 2015 Exchange Rate

Subcategory	2016E	2017 F	2018 F	2019 F	2020 F	CAGR* (%)
HW* Bread	***1,699.6***	***1,717.5***	***1,731.2***	***1,742.4***	***1,750.7***	**0.7**
FF* Bread	*42.9*	*43.1*	*43.3*	*43.4*	*43.5*	0.3
Gluten-Free Bread	*65.5*	*66.5*	*67.2*	*67.7*	*68.2*	1.0
NH* High Fibre Bread	*829.6*	*838.6*	*845.4*	*850.8*	*854.7*	0.7
Organic Bread	*761.5*	*769.3*	*775.3*	*780.4*	*784.3*	0.7

Source : Euromonitor International, 2016 E-Estimate F-Forecast ***CAGR -** Compound Annual Growth Rate
***HW** – Health and Wellness **FF** - fortified/functional **NH** - Naturally Healthy

Figure 19: Bread & Bread Products Market Share by Company (%)

Germany - Bread & Bread Products: Company retail market share by volume (%)	
Market Player	**2015**
Harry-Brot GmbH	16.7
Lieken AG	16.0
Own Label	60.8
Others	6.4

Germany - Bread & Bread Products: Company retail market share by value (%)	
Market Player	**2015**
Lieken AG	20.4
Harry-Brot GmbH	19.1
Own Label	49.3
Others	11.2

Source: Mintel Market Sizes, 2015

Cakes and Desert Mixes

Cakes are the second largest bakery products subcategory with US$3.3 billion in retail sales in 2015 and a compound annual growth rate (CAGR) of 1.4%. Within this subcategory health and wellness (HW) saw a positive performance with a CAGR of 3%, this is due to the continual rise of gluten-free cakes, which has a 5% growth rate and organic cakes with a 1.2% growth rate (*see figure 21*). Despite the positive experienced in the review period, cakes are forecasted to see a decline in overall growth. However, HW cakes are expected to see modest growth largely due to the anticipated rise in retail sales value for gluten-free cakes.

Desert mixes, one of the smallest subcategories of bakery products, continued to see positive growth at a CAGR of 0.3%, and is expected to see stagnant growth in the forecast period (*see figure 22*).

Figure 20: Historic Retail Value Sales of All Cake Types & Dessert Mixes in Germany, in US$ Millions, Fixed 2015 Exchange Rate

Subcategory	2010	2011	2012	2013	2014	2015	CAGR* (%)
Cakes	**3,104.7**	**3,073.8**	**3,199.3**	**3,291.2**	**3,305.5**	**3,324.1**	**1.4**
Packaged Cakes	926.0	910.1	953.4	983.1	988.6	996.1	1.5
Unpackaged Cakes	2,178.7	2,163.7	2,245.9	2,308.1	2,316.9	2,328.0	1.3
Dessert Mixes	**187.2**	**183.0**	**181.8**	**183.2**	**186.9**	**189.8**	**0.3**

Figure 21: Historic Retail Value Sales of Health and Wellness Cakes in Germany, in US$ Millions, Fixed 2015 Exchange Rate

Subcategory	2010	2011	2012	2013	2014	2015	CAGR* (%)
HW* Cakes	**18.7**	**19.4**	**20.1**	**20.8**	**21.4**	**21.7**	**3.0**
Gluten-Free Cakes	8.7	9.3	9.9	10.4	10.9	11.1	5.0
Organic Cakes	10.0	10.1	10.2	10.4	10.5	10.6	1.2
Dessert Mixes	-	-	-	-	-	-	-

Source for both: Euromonitor International, 2016 ***HW** – Health and Wellness ***CAGR** – Compound Annual Growth Rate

Figure 22: Forecast Retail Value Sales of All Cake Types & Dessert Mixes in Germany, in US$ MillionsFixed 2015 Exchange Rate

Subcategory	2016^E	2017^F	2018^F	2019^F	2020^F	CAGR* (%)
Cakes	***3,293.4***	***3,269.4***	***3,249.7***	***3,235.5***	***3,226.7***	**-0.5**
Packaged Cakes	*988.7*	*983.1*	*979.0*	*976.6*	*975.5*	-0.3
Unpackaged Cakes	*2,304.7*	*2,286.3*	*2,270.7*	*2,258.9*	*2,251.2*	-0.6
Dessert Mixes	***190.6***	***191.2***	***191.6***	***191.8***	***191.6***	**0.1**

Figure 23: Forecast Retail Value Sales of Health and Wellness Cakes in Germany, in US$ Millions Fixed 2015 Exchange Rate

Subcategory	2016^E	2017^F	2018^F	2019^F	2020^F	CAGR* (%)
HW* Cakes	***21.9***	***22.0***	***22.1***	***22.2***	***22.3***	**0.5**
Gluten-Free Cakes	*11.4*	*11.5*	*11.6*	*11.7*	*11.8*	0.9
Organic Cakes	*10.5*	*10.5*	*10.5*	*10.5*	*10.5*	0.0
Dessert Mixes	-	-	-	-	-	-

Source for both: Euromonitor International, 2016 E-Estimate F-Forecast ***CAGR** – Compound Annual Growth Rate
***HW** – Health and Wellness

Frozen Bakery Products

Frozen bakery products continued to see positive growth with retail values sales closing in at US$409.4 million in 2015. However, in the forecast period retail value sales are expected to stay stagnant with a growth rate of 0.2% from 2016 to 2020.

Figure 24: Historic Retail Value Sales of Frozen Bakery Products in Germany, in US$ Millions Fixed 2015 Exchange Rate

Subcategory	2010	2011	2012	2013	2014	2015	CAGR* (%)
Frozen Bakery Products	395.4	409.0	394.9	423.0	405.4	409.4	0.7
HW* Frozen Bakery Products	22.0	22.1	22.3	22.6	23.1	23.6	1.4

Figure 25: Forecast Retail Value Sales of Frozen Bakery Products in Germany, in US$ Millions Fixed 2015 Exchange Rate

Subcategory	2016^E	2017^F	2018^F	2019^F	2020^F	CAGR* (%)
Frozen Bakery Products	*408.4*	*408.0*	*408.5*	*409.4*	*410.9*	0.2
HW* Frozen Bakery Products	*23.9*	*24.2*	*24.4*	*24.5*	*24.6*	0.7

Source for both: Euromonitor International, 2016 E-Estimate F-Forecast *CAGR – compound annual growth rate
***HW –** Health and Wellness

Pastries

Pastries were the third largest bakery products subcategory with a closing retail value of US$1.4 billion in 2015 and with a compound annual growth rate (CAGR) of 1.2%. This growth is largely driven by packaged pastries which tend to out perform unpackaged pastries (*see figure 26*). In the forecasted period, pastries are expected to have a negative growth of 0.2% due to competition from other packaged food categories resulting in a slightly negative development on average (Euromonitor International, 2015).

The top companies to produce sweet bakery products are the following: IBIS Backwaren Vertriebs GmbH, Kuchenmeister GmbH, and Bahlsen GmbH & Co. KG. Together they account for 17% of Germany's sweet bakeries category (*see figure 28*).

Figure 26: Historic Retail Value Sales of Pastries in Germany, in US$ Millions Fixed 2015 Exchange Rate

Subcategory	2010	2011	2012	2013	2014	2015	CAGR* (%)
Total Pastries	**1,300.3**	**1,284.5**	**1,320.7**	**1,351.3**	**1,367.0**	**1,379.8**	**1.2**
Packaged Pastries	769.7	760.3	784.9	804.9	815.6	824.3	1.4
Unpackaged Pastries	530.6	524.2	535.7	546.3	551.3	555.6	0.9

Figure 27: Forecast Retail Value Sales of Pastries in Germany, in US$ Millions Fixed 2015 Exchange Rate

Category	2016 E	2017 F	2018 F	2019 F	2020 F	CAGR* (%)
Total Pastries	***1,368.7***	***1,361.6***	***1,357.4***	***1,356.5***	***1,357.2***	**-0.2**
Packaged Pastries	*819.3*	*816.1*	*814.3*	*815.2*	*817.1*	-0.1
Unpackaged Pastries	*549.4*	*545.5*	*543.1*	*541.3*	*540.1*	-0.4

Source for both: Euromonitor International, 2016 E-Estimate F-Forecast ***CAGR** – Compound Annual Growth Rate

Figure 28: Sweet Bakery Products Market Share by Company (%)

Germany - Sweet Bakery: Company retail market share by volume (%)

Market Player	2015
IBIS Backwaren Vertriebs GmbH	6.7
Kuchenmeister GmbH	6.3
Bahlsen GmbH & Co. KG	3.9
Rudolf Ölz Meisterbäcker GmbH & Co. KG	2.1
Dr. August Oetker Nahrungsmittel KG	1.8
Dan Cake A/S	1.5
Aachener Printen- und Schokoladenfabrik Henry Lambertz GmbH & Co. KG	0.9
Dr.Quendt GmbH & Co. KG	0.9
Mondelēz International Inc.	0.9
Balconi S.p.A.	0.8
Harry-Brot GmbH	0.7
Radner-Brot GmbH Vertriebsgesellschaft	0.6
Own Label	61.6
Others	11.3

Germany - Sweet Bakery: Company retail market share by value (%)

Market Player	2015
Kuchenmeister GmbH	6.0
IBIS Backwaren Vertriebs GmbH	5.0
Bahlsen GmbH & Co. KG	4.7
Dr. August Oetker Nahrungsmittel KG	2.8
Mondelēz International Inc.	2.6
Rudolf Ölz Meisterbäcker GmbH & Co. KG	2.5
Aachener Printen- und Schokoladenfabrik Henry Lambertz GmbH & Co. KG	1.6
Dan Cake A/S	1.6
Dr.Quendt GmbH & Co. KG	1.4
Balconi S.p.A.	1.0
Harry-Brot GmbH	1.0
Radner-Brot GmbH Vertriebsgesellschaft	0.9
Own Label	54.7
Others	14.1

Source: Trade Interviews, Mintel Market Sizes , 2016

NEW PRODUCT LAUNCH ANALYSIS

Bakery products in Germany are constantly being updated or revised in order to be in line with the latest developments in an already mature category (Euromonitor International, 2015). As a result of this, manufacturers/artisans of private labels and brands are offering a wide range of bakery products that are premium, standard, and economical. This is a direct result of offering products that German consumers value for their money given that they are highly price sensitive and more likely to purchase healthy products that align with the current health and wellness trends (Euromonitor International, 2015).

In Mintel`s Global New Products Database (GNPD), from January 2010 to December 2015, there were 8,419 new product launches within the bakery products category. The cakes, pastries, and sweet goods category lead in new product launches, with 1,716 new launches; while in the baking ingredients and mixes there were 1,580 launches followed by bread and bread products, with 1,560 products launches. Of the total products launched, 6,783 were new products, new varieties, and range extensions; while 1,636 products were new packaging, relaunches, and new formulations.

From 2010 to 2015, 2015 had the most bakery product launches with a total of 1,762 new products. Despite the slight decline in new product launches in 2014, there was an average of over 1,403 products launched each year.

Figure 29: New Product Launches of Bakery Products in Germany December 2010 to January 2015, by Feature

Feature*	Yearly Launch Counts					
	2010	2011	2012	2013	2014	2015
Yearly Product Launches	1,121	1,096	1,265	1,707	1,468	1,762
Top Five Claims						
Organic	236	210	265	321	215	352
No Additives/Preservatives	151	135	165	281	237	254
Low/No/Reduced Allergen	118	109	159	165	113	212
Seasonal	57	87	114	191	140	128
Gluten-Free	99	89	118	131	83	179
Imported Status						
Imported	0	3	0	223	251	504
Not Imported	0	0	1	218	287	283
Top Five Ingredients						
Wheat Flour	441	465	605	1,084	1,028	1,259
White Sugar	357	417	534	1,035	944	1,135
Salt	389	403	522	943	915	1,189
Emulsifiers	323	359	451	808	766	931
Raising Agents	291	344	408	754	657	827
Top Five Ingredients Origins						
Provence	4	3	3	3	6	4
Alpine	1	2	2	2	6	2
Himalayan	3	3	3	1	0	4
Swiss	0	3	2	7	1	0
Indian	1	1	1	0	1	7
Top Five Grain Type						
Wheat Flour	441	465	605	1,084	1,028	1,259
Wheat Starch	101	128	172	287	263	312
Corn Starch	45	56	92	119	112	136
Rice Flour	39	47	66	141	98	134
Rye Flour	54	49	71	98	118	119
Top Five Flavours						
Unflavoured/Plain	334	300	321	393	373	421
Chocolate	71	85	96	115	109	124
Chocolate (Milk)	26	47	42	62	57	54
Chocolate (Dark)	27	25	46	57	33	48
Cocoa/Cacao	16	25	31	35	31	44
Top Five Packaging Type						
Flexible	809	870	974	1,303	1,131	1,411
Carton	103	63	96	139	105	108
Flexible sachet	54	39	65	67	52	27
Tray	31	9	30	35	37	41
Flexible stand-up pouch	12	19	15	15	33	27

Feature*	Yearly Launch Counts					
	2010	2011	2012	2013	2014	2015
Top Five Companies						
Lidl	30	30	50	152	72	105
Aldi	157	98	123	0	0	1
Penny Markt	26	33	35	80	115	87
Aldi Nord	0	1	1	124	88	93
Aldi Süd	0	0	0	62	105	63

Source: Mintel Global New Product Database,, 2016

CONCLUSION

As one of the largest bakery markets in the world and the largest in the EU, the German market encompasses many beneficial opportunities for Canadain grain and bakery producers. These opportunities can be found in bread substitutes, health and wellness, packaged bakery and in new products launches. However, Canadian grain and bakery producers should be aware that Germany is a highly competitive market due to strong domestic production, strong competition from within the EU, and very low food prices. Nonetheless, the largest opportunities in the Bakery products sector in Germany are innovative and unique products that are not yet available in the German market and meet the growing trend towards health and wellness foods.

The Comprehensive Economic and Trade Agreement (CETA) will provide immediate duty-free treatment for all Canadian bakery products imported by the EU.

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 Germany**
  www.tradecommissioner.gc.ca/de

- **Find a Trade Commissioner**
  www.tradecommissioner.gc.ca/eng/find-trade-contacts.jsp

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Sector Trend Analysis
BAKERY PRODUCTS IN GERMANY
Global Analysis Report

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