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Agri-Food Consumer Profile

Germany

April 2006

Canada

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Overview

Germany is a market of over 82 million consumers driving the 5th largest economy in the world. Germany is the leading market for food and beverages in the European Union, and is also the largest food importer in the world.

Demographic and lifestyle similarities can be drawn nationwide; although there is a significant difference in income between residents in East and West Germany. Top markets in West Germany include Hamburg, Munich, and Cologne, while top markets in East Germany are Berlin, Leipzig and Dresden.

Demographics

- Germany’s population of 82.5 million residents is growing at less than 1% annually. Approximately 15 million people reside in East Germany.
- The median age is 42 years. Almost 45% of the population is 45 years or older. By 2030, it is expected that half of the population will be 50 years or older.
- Low fertility rates are resulting in a shrinking number of young Germans.
- Germany’s population includes 7 million landed immigrants.
- The literacy rate in Germany is 99%. More than 45% of the population has completed some form of post secondary education.
- The overall unemployment rate is 11.5%. Unemployment in West Germany is 5%, significantly lower than in East Germany, where unemployment is 22%. High unemployment has caused some residents to accept part-time and temporary positions.
- More favourable employment conditions in West Germany have given residents in this area of the country greater buying power.
- Almost 60% of women in West Germany are in the workforce, while in East Germany it is close to 75% of women.
- Almost half of single person households are of people less than 45 years of age.

Consumer Profile

- Young and affluent German consumers are generally more innovative and experimental than their older counterparts. These consumers are more willing to try new types of food products.
- The beverage sector is an area where German consumers are experimenting with new and different types of products, specifically with fruit juices, which are desired for their nutritious properties.
- Germans are looking for healthy, tasty, and nutritious products that have been safely grown and processes. Consumers want to be ensured the production of their food hasn’t caused significant environmental harm.
- Knowing their food is nutritional is important to consumers, although they are more concerned about food safety and contamination.

- Significant emphasis has been put on consuming organic products. Germany is the largest organic market in Europe; however, this market is satisfied almost entirely by domestic production.
- German consumers want tasty and filling, but also easy to prepare foods.
- Product prices are used as a quality cue. However, higher prices don't always guarantee quality; higher priced foods are a signal of trendy or special occasion foods, while significantly lower prices are considered to be of inferior quality.
- More time is spent by women than men on food preparation. Women aged 20-74 spend on average 20% of each day on food preparation; while men spend only 12%.
- More frequently, Germans are replacing home cooked meals with snacks and foods that can be consumed on the go. Prepared foods and snacks are replacing meals. It is not uncommon for one or two meals a day to be missed and replaced by snack type foods.
- Just over half of German households own a microwave oven. This is significantly less than in the United States and Canada, where close to 90% of households own a microwave.

Spending Habits

- Germany has a very high GDP per capita exceeding US$34,000.
- Food and beverage (including alcohol and tobacco) expenditure accounts for approximately 15% of a consumer's income. Each month, German households spend between 300 and 325 euros on food (excluding beverages).
- The remainder of household expenditure is on housing (24%), transportation (15%), leisure and recreation (9%), household goods and services (8%) clothing and footwear (6%), medical services (5%) and communication (2%). Almost 15% of disposable income is saved[1].
- Approximately 20% of food expenditure is the restaurant sector. Food consumption outside the home is becoming increasingly popular.
- Farm gate, bakery and butcher sales account for over 16% of food expenditure.
- Nearly 30% of food expenditure is at discount retail outlets, while other retailers including supermarkets, super centres, kiosks, gas stations and convenience stores accounting for another 30%. Discount retail outlet sales are growing most rapidly.
- Consumers are looking to purchase more single serving with resealing packages.
- Private label brands have taken market share from name brand products, and are increasing in popularity with consumers.
- Products with rising consumption include breads, pastas, soups, soy foods, nut and fruit mixes, fat reduced chips, wines, frozen foods, confectionary, fruit juices, whole fruits and vegetables, organic products especially meats, rice crackers and rice snacks.
- Products exhibiting declines in consumption include sweets and salty snacks (high fat and sugar content products), carbonated drinks, red meats, and non-organic products.

Import Situation

[1] Statistics from Euromonitor International, 2004

- Germans tend to be very nationalistic when it comes to purchase decisions, particularly when it comes to food. This is mainly a result of quality and safety concerns, but also to support national production. This is especially true for organic foods, which are not just viewed as safer and healthier, but also as a means of supporting domestic farmers and rural communities.
- More than 70% of agri-food imports are from the EU.
- Consumers under 40 years of age view imports much more favourably.
- German consumers have concerns about import foods due to lack of confidence in government controls to screen import food products.
- Germany is the world's largest importer of wine. Imports reached a record high in 2005, despite significant national production.
- Germany is the largest net importer of seafood products in the EU.

Canadian Position

- Canadian agri-food exports to Germany totalled almost $134 million in 2005. Almost 42% of these exports were consumer oriented products. The top ten consumer products shipped in 2005 were wild blue berries, hatching eggs, maple syrup, bison cuts, pet food, bottled rye, fruits and nuts, dairy products, sugars and sugar confectionary, beverages, and spirits and vinegar.
- German consumers don't know a great deal about Canada or Canadian products; however, Canada does enjoy a favourable reputation.
- Canada is viewed as having safer, healthier, and better food offerings than the United States.
- Germans see Canada as being stable and environmentally clean, although most consumers do not believe Canada has a strong economy or is technologically advanced.
- Younger, more innovative consumers favour Canadian products, as they reflect a more western way of life. This group is possibly the best target for Canadian products.
- Next to Germany's EU neighbours, Canada is seen as an excellent secondary source of food imports.
- Best prospects for Canadian suppliers include organic products, health foods and beverages, snack foods, fruit juices, alcoholic beverages, ethnic cuisines, and dairy products.

Opportunities for Canadian Exporters

Opportunities	**Canadian Advantage**
⇒ Younger population view imported food products favourably.	⇒ *Next to EU neighbours, Germans see Canada as a good source for food imports.*
⇒ Consumers want food produced in an environmentally friendly fashion.	⇒ *Germans view Canada as being clean, and able to produce clean and safe food.*
⇒ Many emerging product segments for fast paced German lifestyle.	⇒ *Canada is viewed as having innovative products that meet the needs of consumers.*
⇒ Income gap between East and West Germany is shrinking.	⇒ *Timing is good to enter the market to reach consumers before competitors do.*