The German Organic Market

April 2021

BORD BIA
IRISH FOOD BOARD

Rialtas na hÉireann
Government of Ireland

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1. Preface

The German organic market is the largest in Europe and has grown by over 50% since 2016. The market volume of € 14.99bn (2020) attracts many national and international suppliers. Hence, thorough preparation before approaching potential trade partners in Germany is indispensable and key to be able to succeed in this highly competitive market.

Although EU legislation constructed around food and drink trading facilitates international business, German food laws are often construed more strictly. Germany is not an easy market to enter but with a certain understanding of the mechanics, coupled with perseverance and patience, substantial volume and profit can be achieved in the medium and long term.

This report gives a comprehensive overview of the German organic market providing a clear understanding of the different channels within the organic sector as well as insight into the requirements of German trade partners. This report provides broad and relevant insight and knowledge for Irish companies seeking to approach the German market in the short to medium term. It will also serve as a preparation tool for anyone looking to attend the annual organic trade show "Biofach" as a visitor or exhibitor which takes place every February in Nuremberg. Bord Bia takes space at this show to assist Irish organic suppliers in their export efforts.

Bord Bia commissioned Green Seed Germany to update this study.

Green Seed Germany is part of the Green Seed Group network (10 international offices), an international sales and marketing consultancy that helps food & drink companies succeed in international markets by providing them with a range of consultancy and marketing services, industry contacts and local trade expertise.

The German office is the link for manufacturers to retail partners, distributors and the food industry in Germany, Austria and Switzerland.

Beyond strategic consulting and due to detailed knowledge of the markets, Green Seed Germany also acts as the extended marketing and sales arm of its clients, becoming part of their export team.

More information on www.greenseedgroup.de

2. Methodology

Any market data supplied in this study is based on retailer panels provided by the trade press and/or primary and secondary data. Apart from Green Seed Germany's own knowledge, expertise and experience, the following sources were used in order to produce this study:

Trade magazines and newspapers:

- Lebensmittel Zeitung
- Lebensmittelpraxis
- Rundschau für den Lebensmittelhandel
- Frankfurter Allgemeine Zeitung
- BIOwelt
- food-service and gv-praxis

Internet and online sources:

- Retailer and wholesaler websites
- Manufacturer websites
- Organic association websites
- Government and trade associations websites
- Logistics websites
- Trade show websites
- Other service provider websites

Primary and secondary sources:

- Agrarmarkt Informations-Gesellschaft (Agricultural Market Information Society) (AMI)
- Bord Bia Library
- Bundesanzeiger (German Federal Gazette)
- Bundesanstalt für Landwirtschaft und Ernährung (Federal Agency for Agriculture and Food) (BLE)
- Bund Ökologische Lebensmittelwirtschaft e. V. (Federal Association for Ecological Food Industry) (BÖLW)
- BVE (Confederation of the German food & drink industry)
- DEHOGA Deutscher Hotel- und Gaststättenverband e.V. (German Hotel and Restaurant Association)
- Deutscher Fleischer-Verband e.V. (German Butchers Association)
- Euromonitor
- dfv Mediengruppe
- Eurostat
- Federal Statistical Office
- Food report 2020, Federal Ministry of Food and Agriculture
- GfK
- GlobalData, 2020
- Liaison with trade partners
- Mintel
- Nielsen / Trade Dimensions
- Ökobarometer 2020, Federal Ministry of Food and Agriculture
- Ökolandbau
- Store visits

3. Background Information Germany

3.1. Key facts Germany

General information and socio-demographics

- Surface area: 357,386 square kilometres
- 9 neighbouring countries: Belgium, Denmark, France, Luxemburg, the Netherlands, Austria, Poland, Switzerland, Czech Republic
- 16 Federal States
- 11 major urban agglomerations
- Population: 83.2m (→)
- 233 inhabitants per square kilometre
- Households: 41.5m (↑)
- Average household size: 2 persons (↓)
- Share of senior citizens (65 years or older): 22 % (↑)
- Share of foreigners: 12.5% (+2.5%)

Economy and spendings

- Europe's largest economy
- Economic Growth: 0.5%
- Rate of inflation: 1.4%
- Unemployment rate: 4.4%

In comparison with other EU countries, Germans spend a lower percentage of their income on food. In 2019, only 9.5% of private household consumption was spent on food and beverages while the EU average is 11%. This confirms the wide-spread perception of Germany as a price-conscious grocery retail market.

3.2. Germans and food

There are many trends in the German food market. Some of the highlights are summarised in the 2020 food report, published by The Federal Ministry of Food and Agriculture, which focuses on German eating and grocery shopping habits. The data is based on market research institute forsa's interviews of 1,000 federal citizens aged 14 years or older. Taste is the most important factor for consumers when it comes to food, followed by health and convenience.

There are other main trends in evidence in the German market, such as the rising popularity of plant-based food and an increased health awareness. Germans have social and ecological concerns regarding food production. Animal welfare and sustainability have also turned into topics that even discounters have put on their agenda. This in particular applies for private label products: For example, Aldi Süd has recently waived extra plastic lids for yoghurt pots and coffee drinks. Instead of cardboard, Aldi Süd now offers organic tomatoes and organic apples in glass fibre trays. By the end of 2025, the discounter chain wants to offer at least 40% of all fruit and vegetable products without packaging. As a result of their improved waste management strategies, Aldi Süd and Aldi Nord have already saved around 67,000 tonnes of packaging material since implementation in 2015. These broad food trends are also reflected in the organic sector, see Chapter 4.5.

German consumption habits can differ from region to region and are often influenced by neighbouring countries and regional preferences. Consumers from the coastal areas of Northern Germany consume more fish compared to consumers that live far away from the coast - the distance from the German coastal area to the city of Stuttgart is 700 km. There is also a significant difference between urban and rural consumption patterns, e.g. food to go products are more common on shelf in grocery retail outlets in urban areas vs. rural areas.

Germans have a comparatively high environmental awareness and generally try to avoid excessive waste. This is often reflected in packaging material, e.g. using paper instead of plastic and more eco-friendly concepts such as “Unverpackt” in-store concepts, grocery products for purchase without packaging. The recent ban of plastic bags in retail and of single-use plastic straws, cutlery and containers, also in foodservice, highlight the relevance of the topic.

4. The German Organic Market

4.1. Overview and structure of the German organic market

Organic has gone mainstream in Germany; access to organic products has become very easy for German consumers even in conventional supermarkets and discounters. The number of specialised organic supermarkets is growing and there are new store openings every year.

Despite, the organic share of total grocery retail food turnover was “a mere” 5.7% in 2019 (estimated 6.4% in 2020) compared to Denmark (12.1%) and Switzerland (10.4%), according to “Numbers, Data and Facts 2021” published by the Bund Ökologische Lebensmittelwirtschaft e. V. (Federal Association for Ecological Food Industry) (BÖLW), the leading association of agricultural producers, processors and traders of ecological food in Germany. BÖLW’s aim is to ensure that the ecological, economic and social performance of the organic food industry is adequately represented in politics and society. In addition, the association is committed to creating favourable conditions for the further development of the organic food industry.

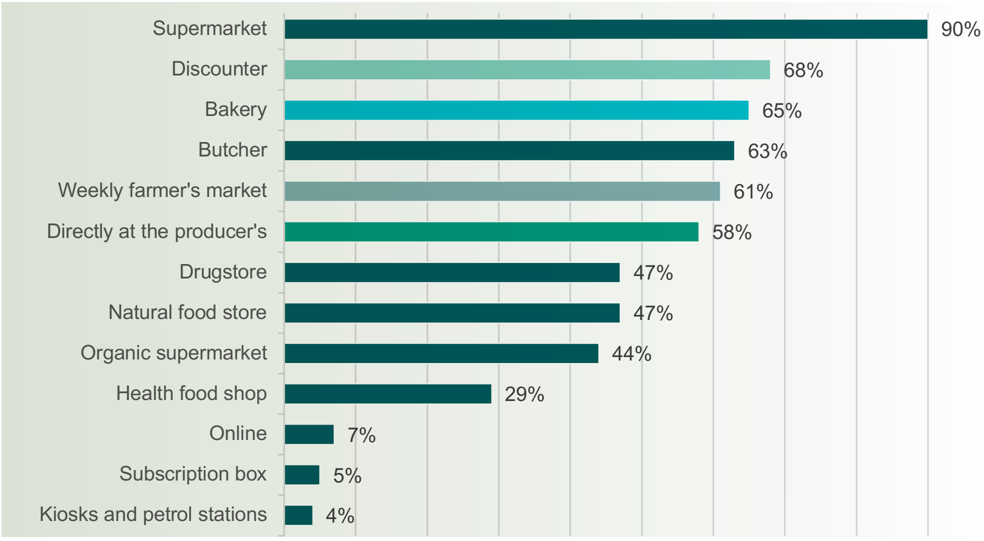
BÖLW differentiates between three principal organic sales channels:

1. **Grocery retail (conventional):** The by far most important sales channel for organic food includes all standard formats such as supermarkets and hypermarkets as well as discounters and drugstores.
2. **Natural food specialist stores:** Could be considered to be the origins of the organic movement in Germany and these include organic multiples, organic supermarkets and large farm shops that purchase goods with a net value of at least € 50,000 (e.g. from wholesale).
3. **Other sales channels including online sales** comprise a variety of different formats and channels such as specialised stores and online sales: bakeries, butchers, fruit & vegetable shops, health food shops (German: Reformhäuser), but also includes weekly farmers’ markets, mail order and online sales, subscription box schemes and petrol forecourts.

“Where do you buy organic products?” is a question included in the Ökobarometer (Eco Barometer), a representative telephone survey which is commissioned by the Bundesministerium für Ernährung und Landwirtschaft (Federal Ministry of Food and Agriculture) at regular intervals since 2002.

According to the Ökobarometer 2020, the supermarket (90%) is the No. 1 shopping location of choice for buying organic products, followed by discounters (68%) and bakeries (65%). In Germany, the turnover share of online food sales is just 1.4% but with a positive trend. 7% of Germans currently use online offers for organic food shopping.

Shopping locations for organic products in percent (“Where do you buy organic products?”)



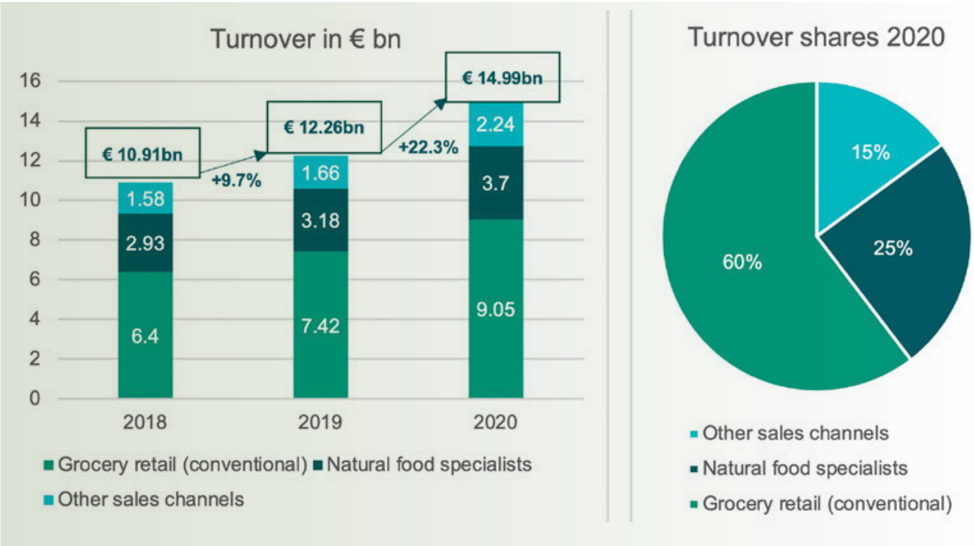
Source: Ökobarometer 2020

4.2 Size & development of German organic market

The organic market grew to a total of € 14.99 bn in the "Covid-19 year" 2020. This means that Germans spent 22% more on organic food and beverages than in 2019. Organic grew about twice as fast as the total food market, as people cooked and ate more often at home during the pandemic and focused on healthy and environment-friendly food as well as on animal welfare. This brings the organic share of the food market to a preliminary 6.4%.

The organic market study group monitors the organic turnover development based on market and consumer information obtained from GfK, Nielsen, bioVista and the Kommunikationsberatung Klaus Braun (communication consultancy Klaus Braun). Here is an overview of developments from 2018 to 2020:

Turnover and turnover shares for organic products in Germany per sales channel



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

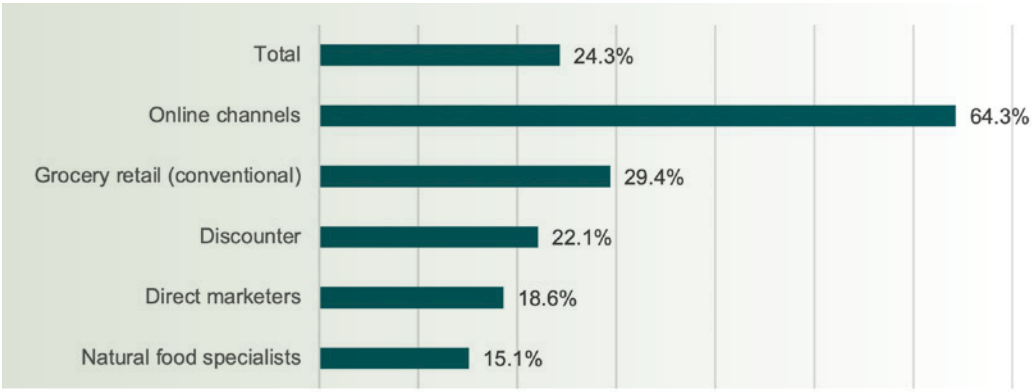
Sales volumes across all sales channels increased at almost the same rate as sales value. Consumer prices increased only for organic meat, fruit and vegetables, remaining largely stable in the other product groups. Therefore, growth resulted almost exclusively from larger sales volumes and only slightly from price increases.

Grocery retail (conventional) is by far the most important sales channel for organic food. With a total of € 9.05bn in 2020, they hold a 60% share of the organic market. They increased their sales of organic food and beverages by 22%.

Regulars and new customers enabled natural food specialists to increase their sales t/o by 16.4% to € 3.7bn reflecting 25% market share.

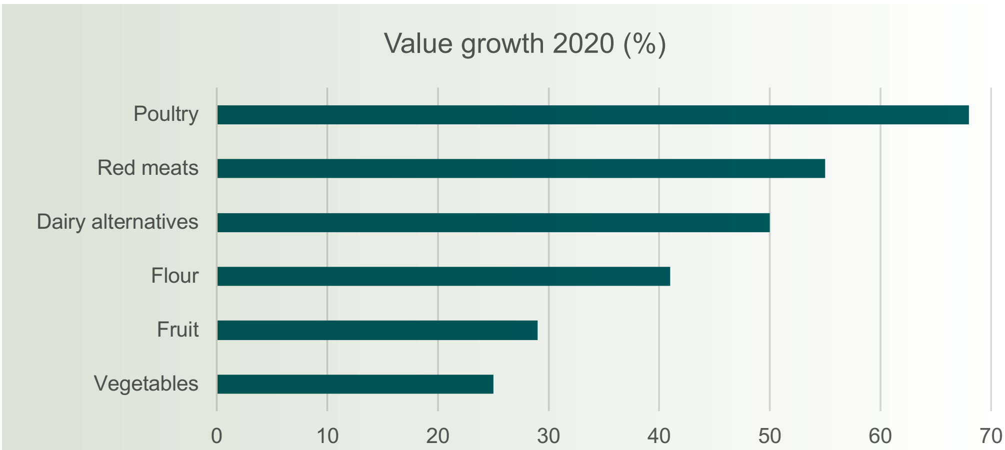
With an increase of 35%, "other sales channels" achieved the highest sales growth. The consumers' desire for trustworthy, regional food, which became increasingly important in the pandemic period contributed to this positive development. As shown in the graph below, the largest growth was recorded by total online retail sales, with an increase by a factor of 1.5 for fresh products. Part of the booming online trade: Subscription boxes. At the beginning of the pandemic, the demand for organic boxes was so high that suppliers were soon barely able to take on new customers and were working close to their capacity limits.

Change in sales value for fresh organic products Jan-Nov 2020 vs. Jan-Nov 2019 (in %)



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

All product groups benefited from the fact that in the course of the pandemic, home cooking and eating at home became increasingly relevant. Here are the organic products with the largest growth rates in 2020:



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

Total turnover of selected organic packaged food and drinks categories in €m

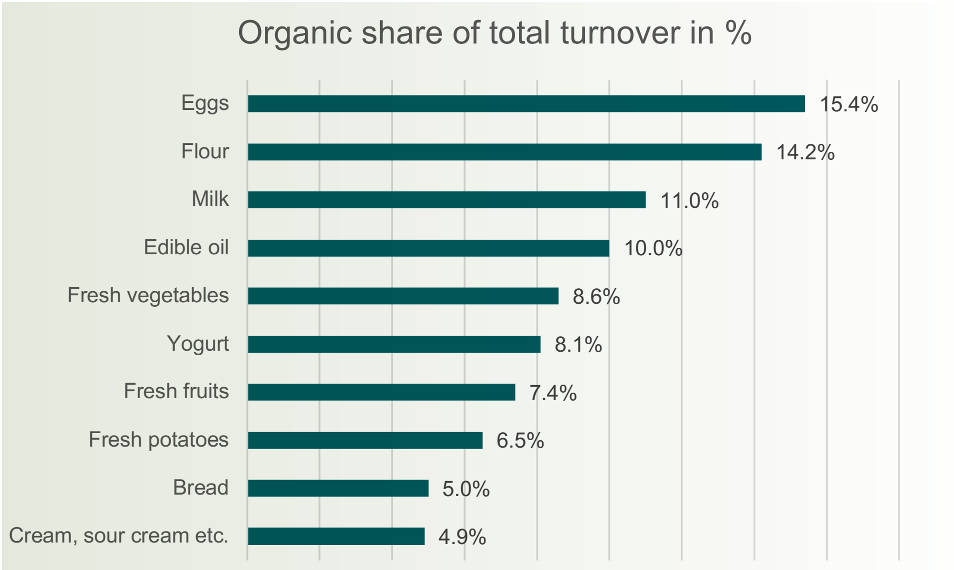
Category	2019	2020	2025 (est.)
Organic Dairy	939,9	1.002,5	1.235,7
Organic Bread	659,6	681,4	756,9
Organic Chilled Processed Meat and Seafood	479,8	491,6	547,9
Organic Soft Drinks	362,9	389,2	462,8
Organic Hot Drinks	370,7	387,6	528,4
Organic Baby Food	368,0	375,9	425,2
Organic Confectionery	294,2	301,2	362,2
Organic Shelf Stable Meat, Seafood, Fruit and Vegetables	159,9	164,2	183,9
Organic Spreads	137,6	154,5	167,3
Organic Frozen Meat, Seafood, Fruit and Vegetables	134,4	137,5	153,2
Organic Edible Oil	79,1	85,7	100,9
Organic Ready Meals	53,3	61,5	74,1
Organic Breakfast Cereals	57,5	60,3	69,6
Organic Sauces, Dressings and Condiments	36,0	41,2	44,7
Organic Sweet Biscuits, Snack Bars and Fruit Snacks	31,6	32,7	39,7
Organic Rice, Pasta and Noodles	27,8	30,4	36,1
Organic Savoury Snacks	28,7	30,1	37,7
Organic Ice Cream	20,6	21,2	25,3
Organic Soup	5,1	6,2	7,1

Source: Euromonitor 2021

4.3. German organic categories of relevance

The relevance of organic for consumers differs depending on the product category and the segment in question. The following graph gives an overview of the organic share in selected categories. German consumers place the highest importance on organic eggs (Top 1), organic flour (Top 2) and milk (Top 3).

Top organic shares of household purchases of ambient and chilled products in Germany in 2020; volume shares in %



Source: Agrarmarkt Informations-Gesellschaft (Agricultural Market Information Society) based on GfK consumer household panel

The following paragraphs summarise recent developments in organic meat, dairy, chilled and ambient grocery products and show examples of key products or recent launches.

4.3.1. Organic meat

In 2020 German per capita consumption of organic and non-organic meat decreased by 750g to 57.3kg, this is the lowest it has been since Bundesinformationszentrum Landwirtschaft (German Federal Information Center for Agriculture) started recording the consumption.

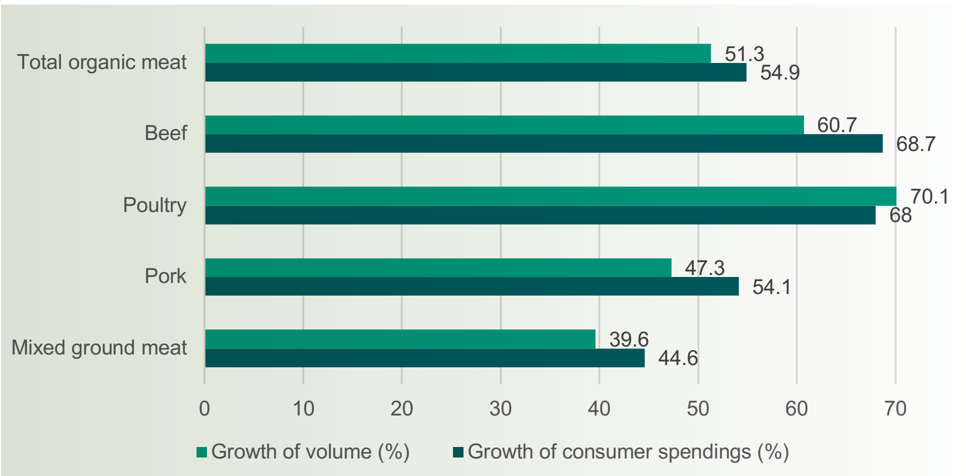
Development of per-capita-consumption in Germany per meat type in kg (organic and non-organic)

	1995	2005	2015	2020
Beef and veal	11.5	8.4	9.5	9.8
Pork	39.8	39.5	37.9	32.8
Poultry	8.0	10.5	12.0	13.3
Other meat types	2.8	2.0	1.7	1.4
Meat total	62.1	60.4	61.1	57.3

Source: Bundesinformationszentrums Landwirtschaft (German Federal Information Center for Agriculture)

With 2% the share of organic meat consumed in Germany it is relatively moderate. But even though on a low level, Germans bought over 50% more organic meat in 2020 as in the previous year. The demand across all meat types increased equally for both loose and pre-packed meat. The table below shows that especially organic beef and organic poultry grew significantly in volume and value in 2020. It is noteworthy that approximately 60% of organic meat purchases were ground meat (beef, pork or mixed).

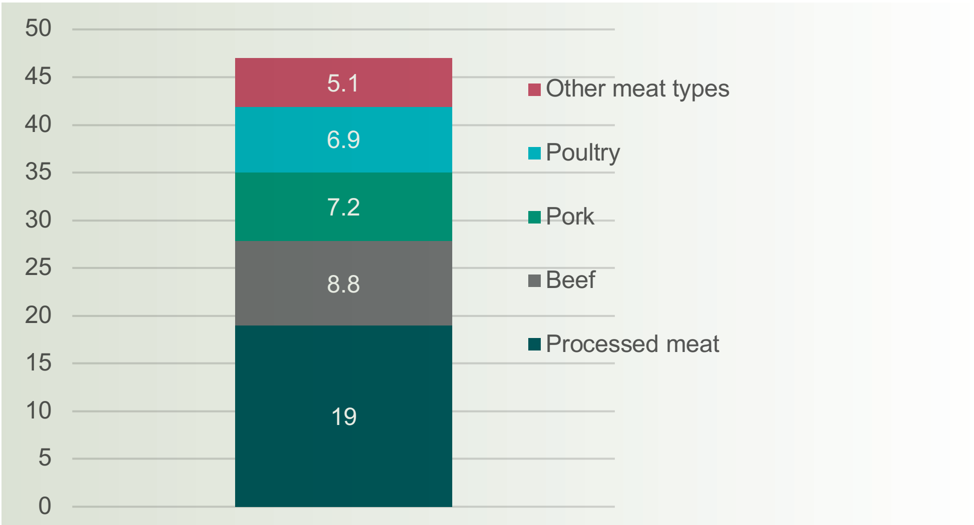
Growth in demand of organic meat MAT Jan-Nov 2020



Source: Agrarmarkt Informations-Gesellschaft (Agricultural Market Information Society) based on GfK consumer household panel

In their 2020 report, The Federal Association for Ecological Food Industry (BÖLW) published the volume of household purchases for organic meat and processed meat. According to this data, beef is the most popular organic meat type amongst German consumers, while pork is the most popular meat type in general. The segment of processed meat includes products like sausages, ham and salami.

Household purchases in 1,000 tonnes for organic meat and organic processed meat products in 2018 (BÖLW 2020)



Source: Agrarmarkt Informations-Gesellschaft (Agricultural Market Information Society) based on GfK consumer household panel as published in BÖLW report 2020.

In line with increasing consumer demand, organic meat products have become part of the standard range of retailers and even discounters. Organic meat producers need to be aware that a consistent supply is beneficial for a listing. As only organic meat is guaranteed GMO free, certain buyers (e.g. Tegut) prefer organic meat over e.g. grass-fed meat. Except in the segment of processed meat products, branded products play a minor role in the organic meat category.

A voluntary on-pack animal welfare label on meat products has been launched by the German government in 2019 and is increasingly visible across all retailers. Organic Irish Beef would (under additional requirements) allow it to gain Haltungsform Accreditation Level 4, which would give them competitive advantage and aid consumers justifying the higher price point.

Recently launched products in organic packaged meat include branded and private label products - a few examples:

Private label


Product examples from left to right: Aldi (Sued and Nord) organic private label minced beef, Rewe organic private label chicken wings in “Naturland” quality; Edeka Nord organic private label seasoned beef entrecôte, Penny organic private label pastrami.

Source: Mintel

Brand

Product examples from left to right: Wiltman pepper salami, Pichler organic beef burger patties (100% German beef), Der Grüne Weg fillet steak.

Source: Mintel

4.3.2. Organic dairy

The market for milk and dairy products in Germany is divided into two main categories: Weiße Linie (white line) and Gelbe Linie (yellow line).

The “white line” includes drinking milk (fresh and UHT milk), milk drinks (buttermilk, kefir, mixed milk products, drinking yoghurt and drinking whey and sour milk), cream products (e. g. sweet cream/ sweet whipped cream, sour cream/ “Schmand”, crème fraîche/ double cream), yoghurt (fruit and plain yoghurt), “Quark”/ curd cheese/fromage frais (with fruit, plain or with herbs) and prepared desserts (e.g. rice pudding). The “extended white line” includes butter.

The turnover for organic white line products in grocery retail increased by 20.5% to € 1.02bn in 2020 vs. 2019 while the total white line category increased by only 10.4% (total turnover € 9.3bn) in terms of growth. Within the total white line category, the segments “high protein” and “less sugar” are trending with a turnover growth rate of over 40% each.

The “yellow line” broadly includes cheese products, i.e. natural cheese (firm cheese, sliced cheese and semi-firm cheese), cream cheese, soft cheese, processed cheese, ‘sour milk cheese’ and red mould cheese as well as mozzarella and feta cheese.

Grocery retail turnover of the total pre-packed cheese category amounted to € 8.1bn (MAT May 2020), a growth of 3.43% vs. the previous period. The organic share of 3.7% equals a turnover of € 0.29bn and a growth of 21%.

In Germany, milk and dairy products are increasingly labelled as deriving either from “Weidemilch” or from “Heumilch” - “grass-fed” as used in Ireland, is somewhat of a mixture of the two.

The term “Weidemilch” (“pasture milk”) is more commonly used on front of pack of milk and other dairy products and refers to the cow’s raising location - therefore only indirectly to the feed. It is neither defined nor protected under German food law but according to the Higher Court it is not misleading if the cows are out in the pasture for at least 6 hours 120 days a year. That means: According to the “120/6” rule, the dairy cows do not have to be on the pasture for the remaining 245 days of the year. The milk is sold as pasture milk all year round.

The term “Heumilch” (“hay milk”) is less commonly used and refers to the type of feed, it therefore relates somewhat closer to Ireland’s term “grass-fed”. The term is protected by EU regulation since 2016. In summary: the feeding procedure is adapted to match seasonal changes: in the ‘green-feeding period’, animals are fed fresh grass and foliage and some hay and forms of feed permitted (bran, pellets, wheat, barley, oats, triticale, rye and maize). In the winter period, animals are fed hay, or other forms of feed permitted. Forbidden is the use of fermented fodder, such as silage, and feed which are identified as “genetically modified”.

Animal welfare on-pack label “Haltungsform” is moving from meat into dairy products in 2022. The four-stage classification label is mainly focusing on conditions for indoor raising and GMO-free feed, and less so on outdoors & grass-fed - most likely causing Irish products to score rather low on pack. All major retailers (Aldi Nord, Aldi Süd, Edeka, Kaufland, Lidl, Netto, Penny and Rewe) have agreed to incorporate the new labels.

Recently launched products in organic "white line" include yogurt in smaller packaging sizes, pasture/ hay milk, sheep and goat milk yogurt, children's desserts.

Product examples from left to right: Andechser Natur yogurt "The little ones"(4 x 100g), Schwarzwaldmilch pasture milk in Bioland quality, Rewe Bio (organic private label) sheep milk yogurt, Danone Fruchtzwerge children's dessert

Source: www.rewe.de

Recently launched products in organic "yellow line" include several branded and private label products.

Product examples from left to right: Andechser grated cheese, Gazi grill cheese, Aldi Nord GUTbio butter, Penny NATURGUT gouda, EDEKA Bio mozzarella

Source: Mintel New Products Monitor, www.rewe.de, Penny, Aldi Nord, Edeka

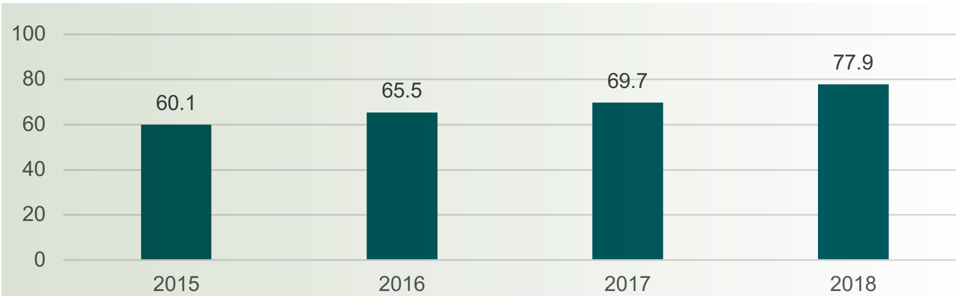
4.3.3. Organic plant-based dairy alternatives

Plant-based dairy alternatives are becoming increasingly popular in the German grocery retail market. Initially, mainly consumers with food intolerances purchased plant-based dairy alternatives. Meanwhile, more and more consumers choose plant-based dairy alternatives also for environmental or ethical reasons.

In 2019, 68% of the purchased plant-based milk alternatives were organic. This is a decrease compared with the share of 86% in 2012, resulting from more conventional producers entering the market. Whereas a few years ago, the major share of products was based on soy, organic and non-organic manufacturers now use a greater variety of raw materials, such as oats, almonds, rice, hemp or peas.

In their 2020 report, The Federal Association for Ecological Food Industry (BÖLW) published data about the volume development of organic plant-based milk alternatives from 2015 to 2018 that prove an increasing demand as shown in the following graph.

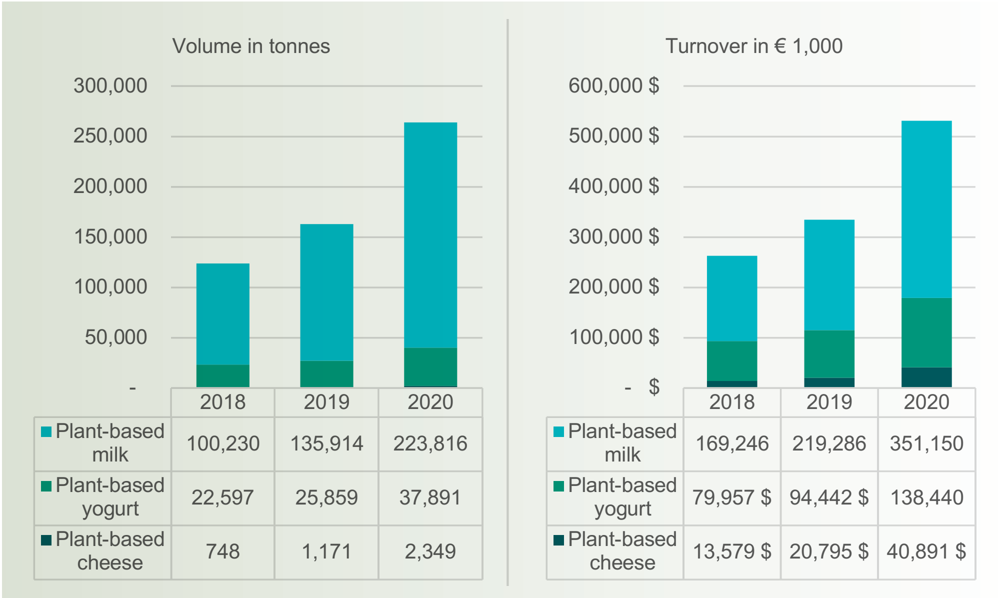
Household purchases in 1,000 tonnes for organic plant-based milk alternatives



Source: Agrarmarkt Informations-Gesellschaft (Agricultural Market Information Society) based on GfK consumer household panel as published in BÖLW report 2020.

The total turnover for plant-based milk and yogurt alternatives has grown rapidly in recent years and almost doubled in just 2 years from € 249.2m in 2018 to € 489.6m in 2020 (see chart below). In addition to Alpro, which has been around for decades, start-ups such as Vly, Bedda, Prolupin, The Coconut Collaborative, Friendly Viking's or The Hempany and start-up spin-offs from established dairies such as E.V.A. from Hochland or Black Forrest Nature from Schwarzwaldmilch have entered the market. Recently, classic branded companies have also ventured into the category: Molkerei Müller, Ehrmann, Bauer, Meggle, Emmi, Schwälbchen, Andros, Elsdorfer, Bel Group or Dr. Oetker. Plant-based cheese alternatives are also gaining momentum after rapid growth as turnover and volume each increased by more than 60%, even though on a low level in the permille range within the total category, as shown in the below chart, and even lower in organic.

Turnover development plant-based dairy alternatives (organic and non-organic)



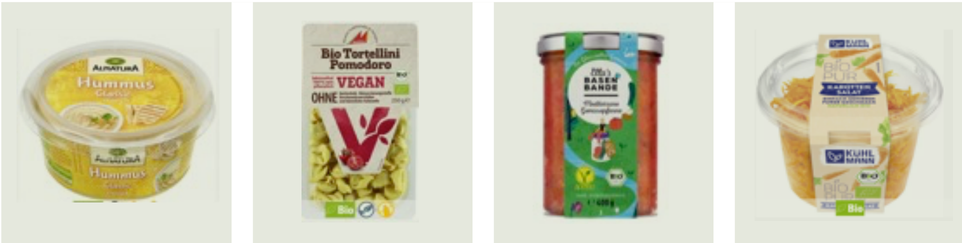
Source: ZMB/ NIELSEN HANDELSPANEL MARKETTRACK

Product examples (organic) from left to right: dm bio nut-based pasta topping/ parmesan alternative; Nice coconut-based yogurt alternative; hemi hemp seed drink; Alnatura oat-based barista drink; Veggyness coconut-based vegan cheese alternative in slices

Source: Mintel

4.3.4. Organic chilled food

Convenience, plant-based meat alternatives and low/reduced carbohydrates are important claims or key words in organic chilled food. Recently launched products include hummus, filled pasta, ready meals and fine food salads. A few examples:

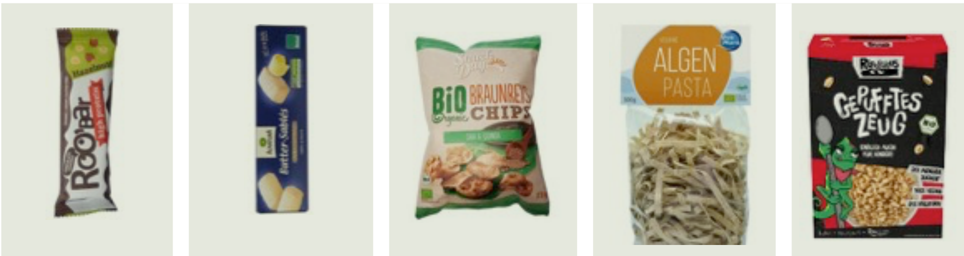


Product examples from left to right: Alnatura hummus, Mosna Tortellini, Ella's Basenbande Mediterranean vegetable stew, Kühlmann carrot salad

Source: www.globus.de

4.3.5. Organic ambient grocery

As organic ambient grocery is comprised of a broad range of categories, this document only takes a peek at some product examples.



Product examples from left to right: Roobar high protein bars, Alnatura butter biscuits, Snack day Lidl private lable rice chips with chia seeds & Quinoa, Viva Maris algae pasta, Rebellicious kid's cereals

Sources: Mintel New Products Monitor; www.rewe.de, www.globus.de

4.3.6. Organic baby food

80% of products in the baby food segment are now certified organic. It is proving difficult for producers to differentiate their product in this way, thereby making it harder for manufacturers to justify the price differential with non-organic ranges.

Until quite recently, all baby meals sold in Germany were ambient and sold mainly in drugstores e.g. dm (see picture below), Rossmann and Müller.

This is slowly beginning to change and manufacturers have begun to explore opportunities for ranges of both frozen and chilled baby food.

Experts believe that it will only be a matter of time before frozen and chilled baby food ranges begin to gain traction on the market and win acclaim from parents.

Typical baby food shelf in dm drugstore

4.4. Trends in organic

As showcased at the world's leading trade fair for organic food BIOFACH in Nuremberg in 2020, which took place as an online event, sustainable alternatives to traditional packaging materials are among the most important trends in the industry. In addition to regional products and open pollinated varieties, "vegan" is a dominant theme on the organic market.

Innovative packaging concepts: Manufacturers are noticeably concerned with improving existing packaging, making sure to use as little material as necessary, relying on reusable containers or supporting reforestation projects to offset the carbon footprint. Retailers increasingly pay attention to sustainable packaging for branded and private label products like the below product examples demonstrate: Private label "Rewe Bio" label their sweet potatoes directly on the peel by use of a laser.

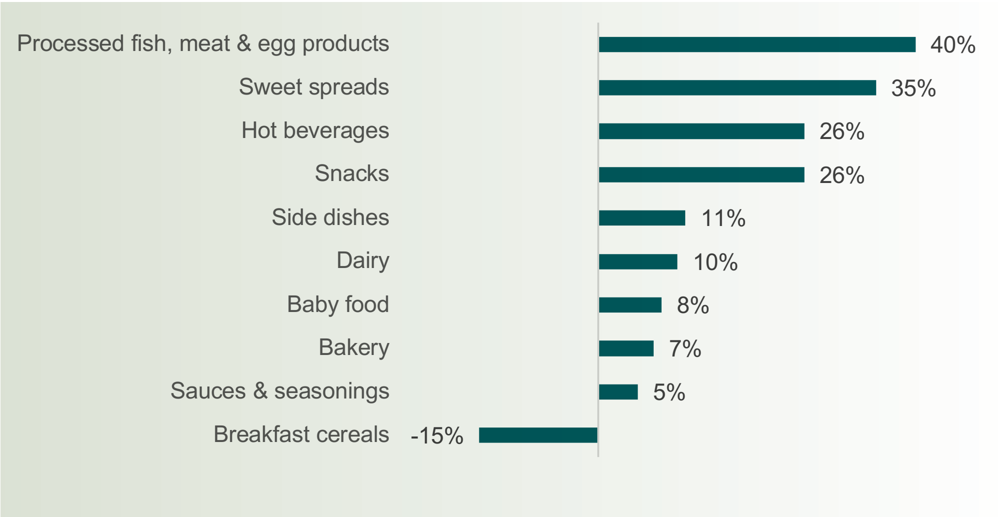
Arla new milk carton with one layer less and made of 100% unbleached cardboard, Penny "Naturgut" private label coconut yogurt alternative without plastic lid, "nautica" smoked salmon in coated paper packaging (Lidl).

Vegan 2.0: The market for vegan products continues to grow across all product groups. Plant-based milk alternatives, meat alternatives and desserts are just a few examples of the ever-growing variety of vegan organic products. Product examples from left to right: (chilled) Harvest Moon coconut dessert, Velike oat drink, Like Meat chicken alternative; (frozen) lycka ice cream; (ambient) Rossmann "Babydream" oat drink.

A visit to German stores shows that many of these 'new' products showcased at Biofach have already made it to the shelves and are often highlighted there as being "NEU" (new).

Global market intelligence agency Mintel analysed the number of organic new product launches in Germany. The top trending categories 2020 vs. 2019 are processed fish, meat & egg products, sweet spreads and hot beverages. The chart below provides a more detailed overview.

Number of organic new product launches 2019 vs. 2020 per product category (change in percent)



Source: Mintel 2021

While on an absolute level, the claims "vegan", "sustainable", "low/no/reduced allergen", "environment-friendly product" and "environment-friendly packaging" are most frequently used, top trending product claims in the period from 03/2019 to 03/2021 were "immune system", "vitamin/ mineral fortified", other functional claims and "carbon-neutral".

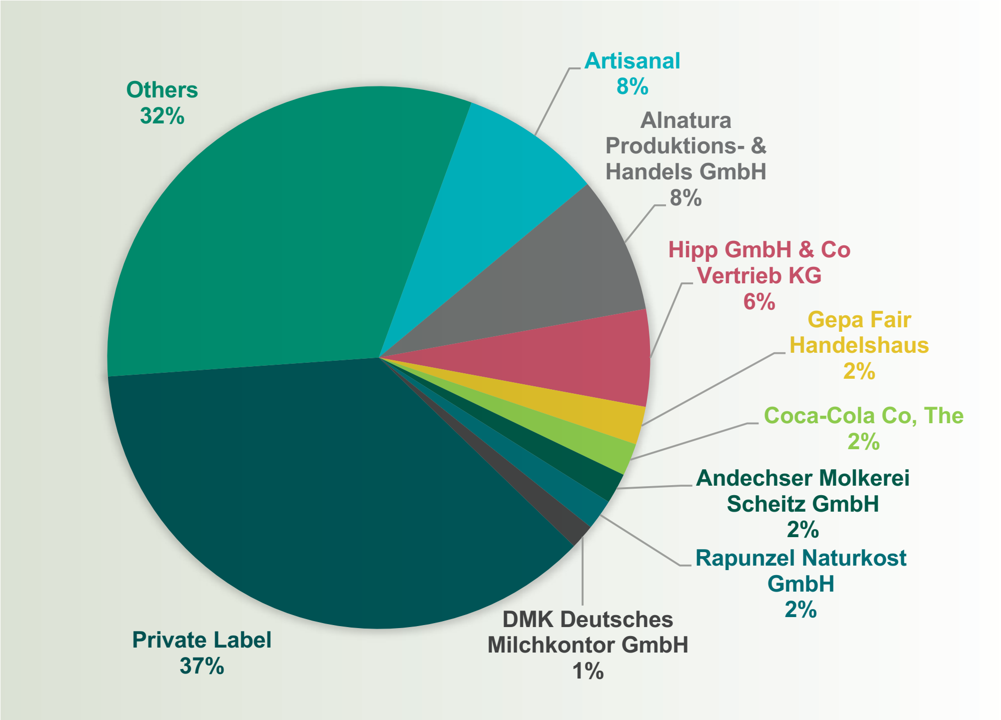
4.5. German organic producers and manufacturers

Farmers in Germany are increasingly moving to organic production methods. The ecological crop area grew by +10.2% to 1.7m hectares in 2020 which is a share of 13.4% of total German agricultural land mass. The number of organic producers grew by +3.8% to 35,413 in 2020. Of those, 50% are members of an organic farming association like demeter, Bioland or Naturland (for more details see paragraph 4.6.).

While 12,930 organic food manufacturers were registered in Germany in 2014, their number increased to 16,281 companies by 2019 - an increase of almost 26%. The majority of companies are medium-sized and operate in rural areas.

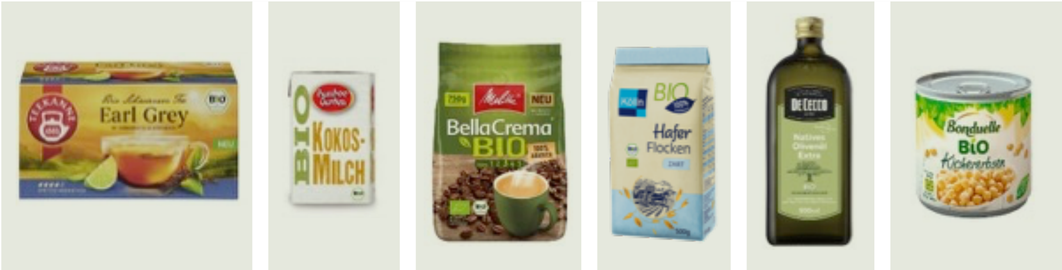
The high fragmentation of the market is shown in the below pie chart. Amongst the largest players in organic grocery retail are manufacturer and retailer Alnatura (8% market share), baby food manufacturer Hipp (6% market share) and a range of artisanal producers with a total of 8% market share. Private label accounts for 37% and other companies for 32% of the turnover.

Market shares organic manufacturing companies 2020 in %



Source: Euromonitor 2021

Some manufacturers that are better known as suppliers of conventional food and drink have added an organic variety or even a range of organic products to their portfolio in a bid to tap in to the growing market opportunity. Here a few examples:



Sources: www.rewe.de

Product examples from left to right: Teekanne organic Earl Grey, Bamboo Garden organic coconut milk, Melitta Bella Crème organic coffee, Kölln organic oats, De Cecco organic olive oil, Bonduelle organic chick peas

4.6. Organic farming associations

As outlined in paragraph 4.5., 50% of all German organic producers are members of an organic farming association. In 2020, 67,598 ha of organic farms were converted to the associations' particularly high organic standards.

Associations provide consulting as well as political representation and assist in marketing activities.

More importantly, farmers as well as organic producers want to benefit from associations' labels on their product packaging. Each association has a catalogue of strict certification criteria that their members, e.g. farmers and producers have to comply with - certified companies are obliged to use the association's label. The criteria are superior to the standards of the EU and German organic regulations.

For example, the EU organic regulation still allows additives that are a no-go for the association demeter.

Therefore, natural food specialists, grocery retailers and even discounters prefer to list products with organic farming association labelling. Due to category and retailer specific market requirements, an organic farming association label could even be a prerequisite for a listing.
From a consumers' perspective, products with association label are of superior product quality - and are often linked to the acceptance of a higher shelf price.

The most relevant organic association labels in the German market are demeter, Naturland and Bioland. Irish manufacturers and producers are free to apply for a demeter and Naturland certification. A Bioland certification is only open to manufacturers and producers from Germany and South Tyrol (Italy), currently.

Further information regarding the certification process and a criteria catalogue on associations' websites:

- demeter
- Naturland

Generic guidance on which association/ label to choose is outlined in the following paragraph.

4.7. Organic labelling in Germany

As outlined in paragraph 4.6., retailers and wholesalers generally prefer products with demeter, Bioland and Naturland certification over German and EU organic certification. The use of foreign certification labels, which are unfamiliar to German market players, is not recommended.

The following ranking is a guideline for Irish producers and shows a list of labelling options from the most preferred label with the highest certification standard to the least preferred labelling option in Germany. As the product examples below further demonstrate, a combination of organic association labels in combination with the German and/ or EU organic label is commonly used on pack.

demeter: The oldest umbrella organisation of organic farming associations in Germany has the strictest guidelines of all farming associations. Stricter in a variety of respects than those of the EU organic regulation, demeter members pay particular attention to seasonality and to producing in a way aligned with nature. Irish manufacturers and producers are free to apply for a demeter certification. https://www.demeter.net

The standards of the Naturland Association also go beyond EU organic regulation. There are additional social guidelines to adhere to since 2005. Irish manufacturers and producers are free to apply for a Naturland certification. https://naturland.de/en/

The Bioland label is awarded to organic products by the Bioland Association, whose guidelines are stricter in many respects than those of the EU organic regulation. A Bioland certification is only open to manufacturers and producers from Germany and South Tyrol (Italy), currently. http://www.bioland.de

The "German" organic (or 'Bio') food label is an independent identification mark for organic products and well-recognised by German consumers. It is currently used by 4,995 companies on 77,185 products. International products can also be awarded the German organic label if they meet the requirements. The label can be used in conjunction with the EU organic label. Further information on https://www.oekolandbau.de/en/.

As Irish organic producers will all be aware, since July 2010, an official new organic label has been in force throughout the EU. To obtain this label, at least 95% of the product ingredients must come from organic farming. The use of the logo on pack requires a certification process. https://www.oekolandbau.de/en/bio-siegel/

Foreign organic labels are unknown in Germany and therefore not recommended.

The choice for the best label for the product in question is always related to the relevant product category. Rule of thumb: The more sensitive the product category, the more relevant is a label with high accreditation standards. For organic children food, a demeter certification is recommended, for organic dairy products a Bioland or Naturland certification could be beneficial, while for alcoholic drinks the EU organic label would usually be sufficient:

Product examples from left to right: Mogli children biscuits with demeter label in addition to German organic label; Lidl Milbona private label organic Maasdamer with Bioland label in addition to German and EU organic label; Aldi Süd organic gin with EU organic label.

4.8. The organic consumer

In 2019, German consumers spent € 144 per capita on organic products (AMI analysis of GfK consumer panel, excl. out-of-home consumption) which is an increase of 35% vs 2015.

The pandemic increased the desire for healthy food and sustainability once again in 2020. In a survey by market research company AMM, 30% said they bought more organic during the Covid-19 crisis. Consumers cited the benefits of organic mainly as: “High quality, environmentally friendly and healthy”. Respondents also said they wanted to support regional farmers more. A higher budget, for example due to savings from fewer restaurant visits, was also a reason for more organic purchases.

Since the start of the Covid-19 lockdown in March and until November 2020, customers spent about 24% more on organic fresh produce while overall, people spent about 13% more for food.

“The Ökobarometer” survey is a representative telephone survey on organic food consumption carried out on behalf of the German Federal Ministry of Food and Agriculture (BMEL). It investigates how consumers’ purchasing habits change from year to year with regard to organic food since 2002.

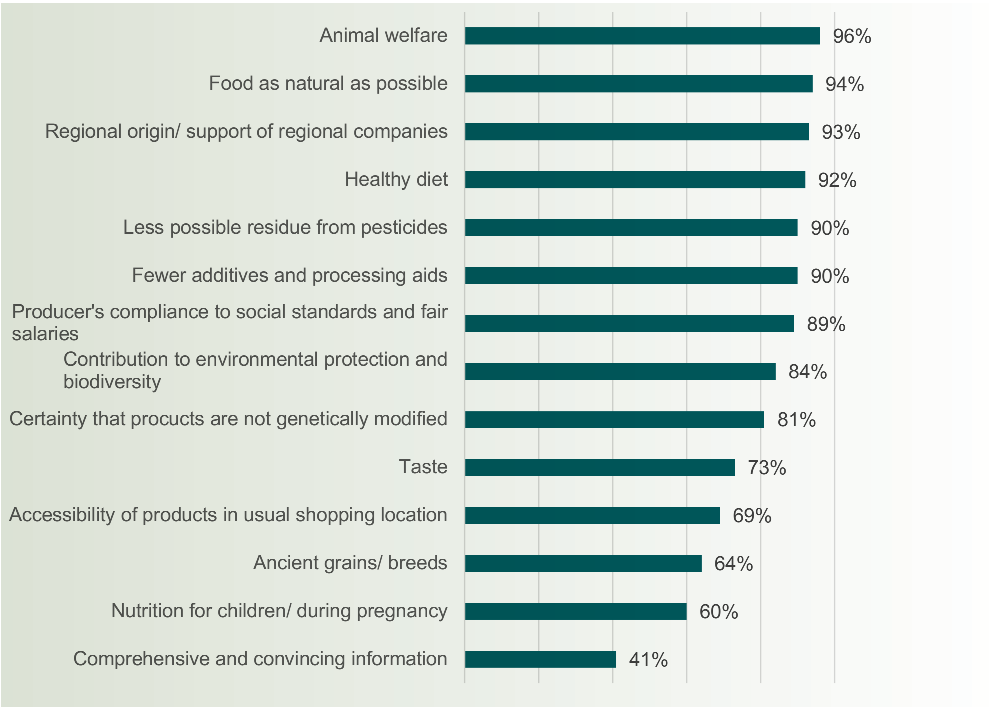
According to the Ökobarometer 2020, 37% of the respondents regularly buy organic products. Almost 90 % plan to purchase organic products in the future at least occasionally.

Certain target groups are more inclined than others to purchase organic food: Women buy organic food more often than men, students and people with a higher level of education have a special affinity to buy organic food.

While vegetables, fruit and eggs in organic quality have been in demand for some time, in 2020 there was also an increasing demand for organic meat (+8%). One in two said they bought organic meat exclusively or frequently. This corresponds with the reasons for buying organic. When asked which aspects are particularly important to consumers when buying organic food, the top priorities are environmental and climate protection and animal welfare.

The willingness to pay a premium for organic food depends strongly on the product and the respective price difference. These are the findings of a representative survey conducted by PwC Germany among 1,000 German consumers over the age of 18: While for organic milk, 50% of the respondents would pay up to 61% more than for conventional milk, the picture is different, when it comes to meat. Just under 50% would be willing to pay more for an organic chicken breast fillet. Consumers responded that 250g of organic poultry should only cost a maximum of € 3.91 on average. With an actual market price of € 7.35, only 21% would go for the organic version.

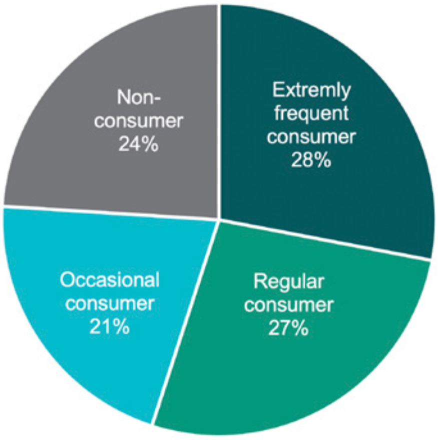
Reasons for purchasing organic products in %



Source: Ökobarometer 2020

The Ökobarometer consumer typology distinguishes between four user types that differ in the frequency of their purchases and their preferred places of purchase. The shares of consumer types are shown in the chart below.

Shares of consumer types



Extremely frequent consumer: frequent to exclusive organic food consumption and special organic shopping preference (organic store, organic supermarket, health food store, subscription box, producer, weekly market)

Regular consumer: frequent to exclusive organic food consumption in conventional shopping locations or occasional organic consumption at special organic shopping locations

Occasional consumer: infrequent organic food consumption and preference for conventional shopping locations (supermarket, discounter, baker, butcher, drugstore, kiosk, internet).

Non-consumer: no organic food consumption or not visited any organic shopping places at all.

Source: Ökobarometer 2020

5. German Grocery Retail

Overall German grocery retail turnover is continuously growing, however store numbers are in decline. Germany has for many years had an excess of retail outlets. Although store numbers have dramatically decreased in recent years, the store network remains dense nonetheless.

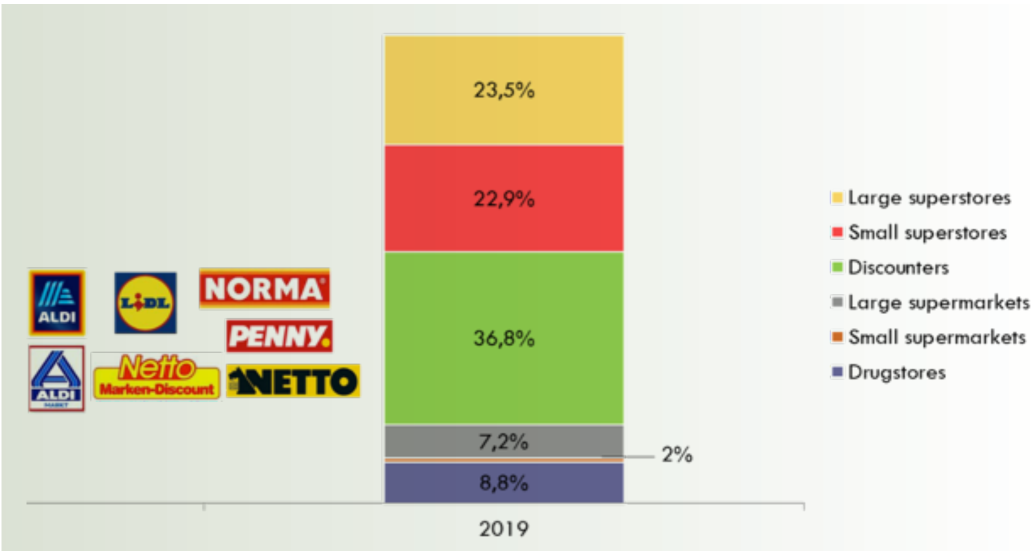
Stores are not open on Sundays. There are exceptions only a few times a year depending on federal rulings. Opening hours differ per store but are usually from 7 or 8 a.m. to between 7 and 10 p.m but very rarely until midnight. 24 hour stores are an exception and exist mainly at airports or main train stations.

5.1. Structure and development

According to Nielsen 2020, German grocery retail turnover amounted to € 194.2bn in 2019, an increase of +1.5% on 2018. The number of stores is currently at 34,742, a huge reduction of more than 25% from the 47,534 stores that existed in 2010.

Online food retail is growing, but on a low level. Total online food turnover was € 1.6 bn in 2019. In 2020, driven by the effects of the Corona crisis it grew strongly by 67.2% to almost € 2.67 bn.

Germany's retailers comprise a variety of formats. The leading retailers either operate a discount format or are fully-fledged discounters: 37% of grocery retail turnover was generated in discounters in 2019.



Source: Nielsen „Handel, Verbraucher, Werbung" 2020

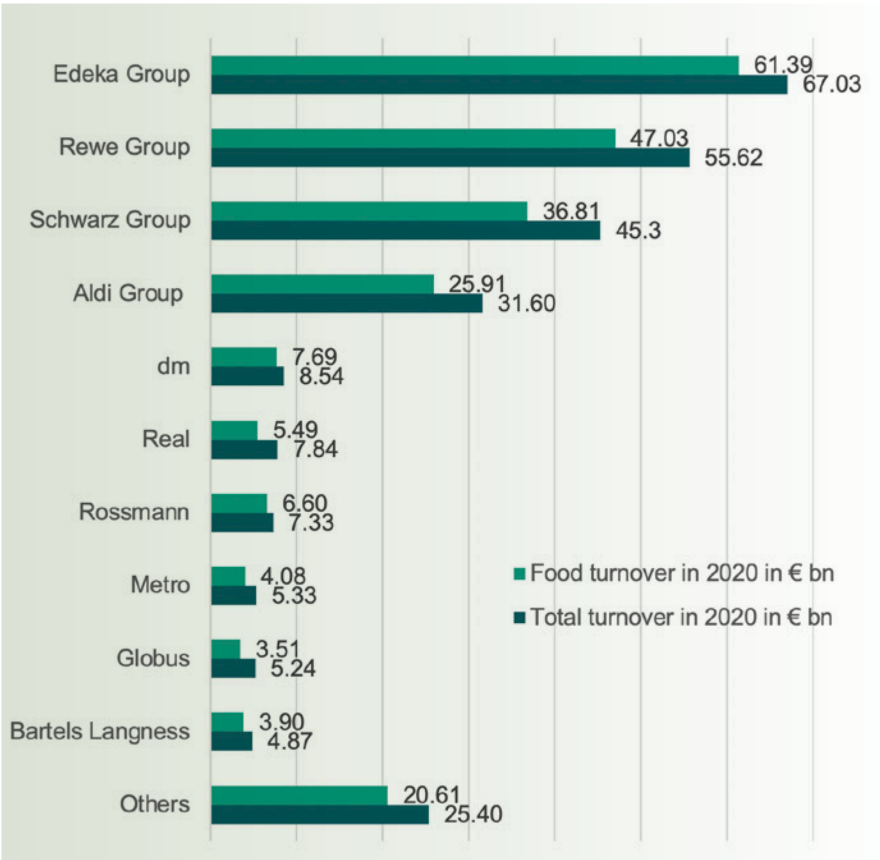
German drugstores are different from their counterparts in Ireland and the UK. Apart from toiletries, cleaning agents and cosmetics, they offer baby food and many other food products - mainly in organic quality - but no prescription drugs (see Chapters 5.4.6. and 5.4.7. for more details). Prescription drugs or medicines can only be purchased in pharmacies (Apotheken).

Given the specific German market situation with such a high overall discounter share, mainstream retail has seen the necessity for product differentiation vs. the discounters. Ranges need to reflect current trends and customer needs, i.e. new food concepts are actively being sought by Germany's retail category managers.

It cannot be denied that pricing plays an important role in Germany, as is reflected by the success of the discounters Aldi and Lidl. Although consumers are price-focussed they are, at the same time, quality-conscious. Recent reports and observations attest that price is still important but no longer takes centre stage in consumer purchasing decisions.

5.2. The top 10 food retailers in Germany

Top grocery retailer groups 2020 by food and total turnover (€ bn)

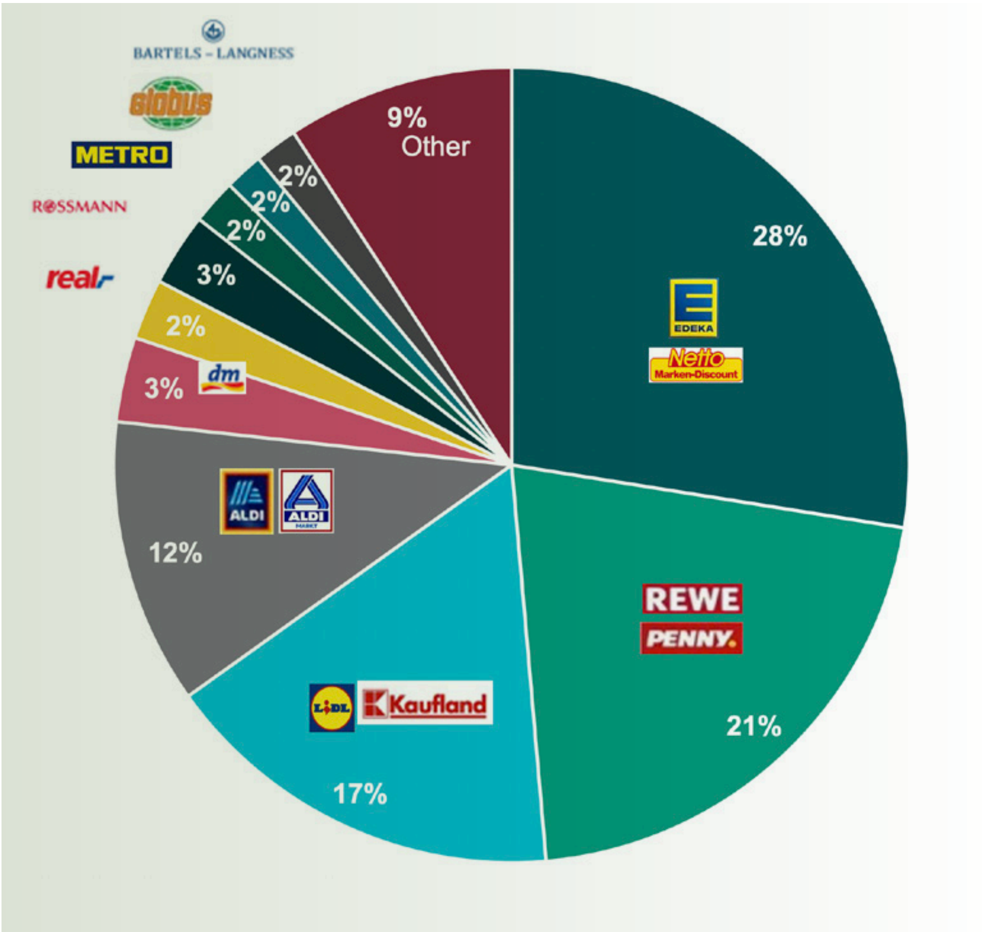


Source: Nielsen Top 30 LEH as published in Lebensmittelpraxis

The top 4 retailers account for a market share of almost 80%. Concentration is thus significantly higher than a decade ago when the Top 5 share was around 60%. A few comments:

- EDEKA Group (Nr. 1) is by far the largest player in German grocery retail.
- Rewe Group (Nr. 2) comprises Rewe and discounter Penny as well as “Lekkerland”, the largest specialist wholesaler incl. logistics for the convenience channel.
- Schwarz Group (Nr. 3) comprises Lidl discounters and Kaufland discount hypermarkets.
- Aldi Group (Nr. 4) = Aldi Süd (South) + Aldi Nord (North).
- dm (Nr. 5) and Rossmann (Nr. 7) are drugstores.
- Real (Nr. 6, Metro Group) is currently sold. Several retailers will take over the stores, pending approval from the Monopolies and Mergers Commission.
- Organic retailers: Dennree climbed to No. 16 in 2020 with € 1.4bn t/o and Alnatura to No. 19 with € 1.1bn t/o. Organic wholesaler Weiling ranks No. 29 with € 0.32 bn t/o

Grocery retail turnover market shares 2020



Source: Nielsen Top 30 LEH as published in Lebensmittel Praxis

For a range of retailers, payment processing via a third-party service provider, usually Markant, is mandatory. The applicable service fee is covered by the manufacturer and negotiated individually (rule of thumb 5%). Besides invoicing and payment processing, Markant provides a variety of services to retailers and manufacturers: Finance and guarantees, data management (see 8.2), intermediary activities.

5.3. Major trends in German grocery retail

All retailers without exception are on a mission towards more sustainability which is for example reflected on an increasing demand for innovative packaging concepts - plastic avoidance or the use of recyclable and compostable plastic are on the rise.

Nutri-Score is an optional front-of-pack nutritional label which converts the nutritional value of food and beverages into a simple overall score. Originally devised in France, Nutri-Score is a five coloured nutritional score that ranks foods on a scale of A (healthy choices) to E (less healthy) depending on their nutritional value (see product examples below). For example, food high in vegetables, fruits and nuts, fibre and protein would get an A score while food high in sugar, salt and fats would get an E score. International brands like McCain and Nestlé, Unilever as well as national brands participate in the system already and several top retailers including Rewe, Penny, Aldi Süd and Kaufland will implement Nutri-Score on pack of all their private label products. The rapid establishment shows the increasing relevance for manufacturers to have products with a competitive Nutri-Score vs. competitor products. If the result is positive, Irish producers are recommended to include the Nutri-Score on pack. More information can be downloaded via this link.

Product examples: Kaufland K Bio rice wafers with Nutri-Score A (left) and K Bio chocolate rice wafers with Nutri-Score E (right).

5.4. Organic in German grocery retail

Organic is growing steadily and organic products have long become standard in German grocery retail. According to market researchers, the potential of the product range is far from exhausted. As ascertained in chapter 4.2., grocery retail is the most important sales channel for organic products in Germany with a turnover of € 9.05bn (+22%) and a share of 60% on organic turnover.

Grocery retail, including drugstores, is posing more and more of a threat to natural food stores. Even discounters put their focus increasingly on the development of their organic private labels.

Discounter Lidl further intensified their cooperation with association Bioland. As of 2020, 50 products are available on a national level. In addition, a range of products are available regionally. An organic in-store concept is currently being tested in selected Lidl stores.

The more Aldi, Lidl or Penny improve their organic ranges, the more important it becomes for full-range retailers to differentiate with a unique product offering.

Lidl in-store bakery with organic section.

Source: Lidl store check (Green Seed Germany)

According to POS-Profi-Club, a panel of trade magazine “Lebensmittel Zeitung direkt” with 300 store managers, retailers’ demand for organic products is particularly large for fresh fruit and vegetables, dairy products, as well as for fresh and processed meat products and cheese. Interestingly, at the same time, they attach a high relevance to a regional origin for those product categories (fruit and vegetables 91%; dairy products 50%; meat products 50%; cheese 41%). Less regional relevance is attached to organic frozen food (8%), alcoholic drinks (13%), spreads and breakfast products (14%), non-alcoholic drinks (16%) and fresh convenience products (19%).

5.5. Selected grocery retailers

The following sections summarise the most important facts of selected retailers - EDEKA, REWE, Kaufland, Aldi and tegut - and drugstores - dm and Rossmann - with a focus on their activities in Germany. (See also Directory in Chapter 10.1. Which includes relevant contact details and websites)

5.4.1. EDEKA (Group)

Germany's No. 1 food grocery retailer with various store formats and a high share of independents (individually owned stores).

Key Facts & Figures

Companies	t/o 2020 in €bn
Total Edeka Group	67.03
Edeka regions (7)	50.33
Netto (discounter)	16.10

Format split	No. of stores
Independent retailers	5,737
Discounters	4,614
Specialised trade (pet food, DIY, bakery, drinks etc.)	1,454
Supermarkets	454
Hypermarkets	263
Cash & Carry	116

Source: Nielsen Top 30 LEH as published in Lebensmittelpraxis/ Nielsen Trade Dimensions

Germany's largest food retailer

- Co-operative
- Head office in Hamburg (national listings, private label brands)
- 7 individual regions
- Depots: Edeka regions 3-6 per region/ Netto 20
- 381,000 employees
- Own manufacturing facilities: Meat, sausages, bread and bakery products
- Direct to store delivery is common for on-top ranges and specialties.
- Organic store format „Naturkind" (nature child) currently tested in two locations since 2019.
- 90% of EDEKA stores are owned by over 5,700 independents: individually owne stores or groups of stores (up to 79) operating under the EDEKA banner and buying primarily from EDEKA wholesale. The independents are the growth driver of EDEKA.

Top 10 Edeka Independents Germany

Rank	Company	t/o 2019 in €m (*estimated)	# of stores
1	Feneberg (Edeka Südbayern)	350*)	79
2	Scheck (Edeka Südwest)	263*)	14
3	Preuß (Edeka Minden-Hannover)	245	22
4	Hieber (Edeka Südwest)	241	14
5	Simmel (Edeka Nordbayern-Sachsen-Thüringen)	211*)	21
6	Kissel (Edeka Südwest)	196	24
7	Struve (Edeka Nord)	164	12
8	Wucherpfennig (Edeka Minden-Hannover)	151	11
9	Cramer (Edeka Minden)	150*)	9
10	Bauer (Edeka Südwest)	143	10
11	Meyer (Edeka Nord)	145	9

Source: LZ online 29/10/2020

Pricing and Positioning

- „Wir lieben Lebensmittel" (We love food)
- Focus on German market
- Emphasis on quality aspect of branded products and fresh food
- Increase private label share
- Attach importance to regional products
- Main shopping destination for shoppers aged 35 years + (A/B/C1/C2)
- Quality driven and trustful, loyal partner, traditional but modern
- One-stop shopping destination
- From price entry level (private label „Aldi-Alternative") to premium brand
- Higher RSPs in non-mainstream categories vs. competition

Private Label

EDEKA offers a variety of own label brands. Here is an overview of the main ones:

Source: www.edeka.de

Selected EDEKA regions (e.g. Südwest and Nord) have in addition regional (organic) private labels.

UNSERE HEIMAT echt & gut BIO

NATUR PUR EDEKA Nord | BIO

Organic at EDEKA

- EDEKA continues to expand its large selection of organic products
- Dominated by own label EDEKA Bio and Alnatura
- WWF cooperation for selected EDEKA Bio products
- Also organic private labels on regional level
- EDEKA Bio comprises over 240 products across various categories
- Listings differ by EDEKA region
- As 90% of stores are operated by independents who have ample listing scope, ranges differ virtually from store to store

- Independents usually offer larger ranges as well as more local and regional specialities
- Apart from Alnatura, organic brands could include Andechser, Söbbecke (both dairy), Bio Zentrale (various ambient categories), Hipp (baby food) and Veggie Life (meat free Tofutown brand)
- Meat and dairy focus on German origin

5.4.2. REWE (Group)

REWE

No. 2 grocery retail group in Germany with 3,300 REWE supermarkets.

Key Facts & Figures

Companies	t/o 2020 in €bn
Total Rewe Group	55.62
Rewe-Konzern	52.29
Full range	29.71
Penny (Discounter)	8.829
Other formats incl. Lekkerland (convenience)	13.750
Rewe Dortmund	3.325

Format split	No. of stores
Independent retailers	2,315
Discounters	2,160
Specialised trade (pet food, DIY, bakery, drinks etc.)	73
Supermarkets	1,562
Hypermarkets	110
Cash & Carry	0

Source: Nielsen Top 30 LEH as published in Lebensmittelpraxis/ Nielsen Trade Dimensions

- Founded in 1927 in Cologne
- Co-operative
- Head office in Cologne
- Depots: Rewe regions 17/ Penny 11
- 363,633 employees in various countries
- Centrally organised, offers good opportunities especially for new, innovative suppliers.
- 50% of the stores are operated by independents (vs. EDEKA 90%). These are individually owned stores (up to 30) operating under the REWE banner.
- New business area "convenience" (petrol stations, kiosks, convenience stores, bakeries, quick service restaurants etc.) by acquisition of specialist "Lekkerland" in 2019.
- Own shop-in-shop convenience format "Rewe to go" at Aral petrol stations
- Organic chain Temma with formerly 9 stores in 6 different cities was closed in 2017
- Strong focus on business sector "travel"

Top 10 Rewe Independents Germany

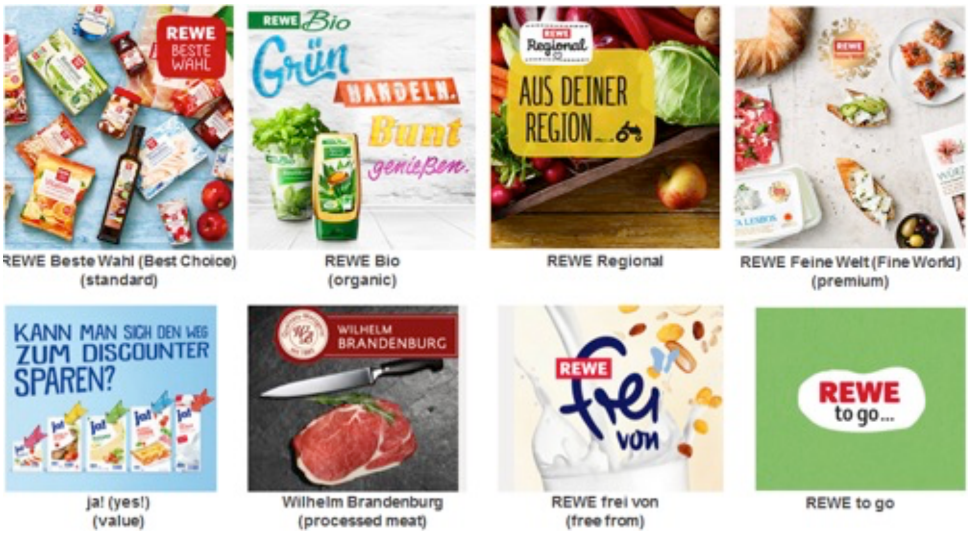
Rank	Company	t/o 2019 in €m (*estimated)	# of stores
1	Petz (Rewe West)	381	35
2	Richrath (Rewe West)	142	15
3	Hundertmark (Rewe West)	109*	12
4	Dornseifer (Rewe West)	106*	16
5	Rahmati (Rewe West)	99	11
6	Schneider (Rewe Südwest)	82	11
7	Lenk (Rewe Dortmund)	79	9
8	Freidank (Rewe Dortmund)	72	10
9	Mokanski (Rewe Dortmund)	64	6
10	Eins-A (Rewe Mitte)	57*	7

Source: LZ online 29/10/2020

Pricing and Positioning

- "Dein Markt" (Your store)
- 10-25,000 SKUs
- Strengthen market position, focus on retail brand REWE
- Boost private label sales and develop ranges further
- Be better than competition and focus on consumer needs
  → consumer takes centre stage
- Sorting out discount business, expanding organic business, testing convenience format and new store concepts
- Innovative ranges and store concepts, modern, clearly structured, service provider
- Sustainable & green
- One-stop shopping destination
- Online delivery service in majority of larger German cities
- From price entry level ("Ja!") to premium brand ("REWE Feine Welt")
- Average RSP

Private Label



Source: www.rewe.de

Organic at REWE

- Dominated by own label REWE Bio
- REWE Bio comprises a large range of organic products across various categories including 300+ products in Naturland quality.
- Growing range of REWE Bio products
- Listings differ per region and by store format (REWE Center, REWE, REWE City)
- As 50% of stores are operated by independents who have ample listing scope, ranges differ accordingly

- Independents usually offer larger ranges as well as more local and regional specialities
- Organic brands could include Andechser, Söbbecke (both dairy), Alnavit (free from; Alnatura affiliated), Bio Zentrale (various ambient categories), Davert (pulses, grains, toppings, savoury snacks), Hipp (baby food) and Kato (tofu; a Tofutown brand)
- Meat and dairy - focus on German origin

5.4.3. Kaufland

Hypermarket chain and part of Schwarz Group (together with Lidl), No. 3 retail group in Germany.

Key Facts & Figures

Company	t/o 2020 in €bn	No. of stores	No. of depots
Kaufland (Schwarz Group)	17.00	668 hypermarkets	6

Source: Nielsen Top 30 LEH as published in Lebensmittelpraxis/ Nielsen Trade Dimensions

- Part of Schwarz Group
- Privately owned by D. Schwarz and his foundation
- Based in Neckarsulm, North of Stuttgart
- No. 1 hypermarket group operating nationally
- Compared to other hypermarkets such as Hit (Dohle Group), Kaufland could be categorised as “discount hypermarket”
- Price-focused
- Offers a wide range of products at a fair price

Organic at Kaufland

- Over 1,800 organic products across various categories
- Own organic label K-Bio comprises over 280 products
- Organic brands could include Andechser (dairy), Bio Zentrale (various ambient categories), Hipp (baby food) and Berief (meat free)
- Meat and dairy -focus on German origin

5.4.4. Aldi

Aldi group is the leading discounter in Germany and comprised of Aldi Nord and Aldi Süd.

Key Facts & Figures

Company	t/o 2020 in €bn	No. of stores	No. of depots
Total Aldi Group	**31.6**	**4,134 discounters**	**58**
Aldi Süd (South)	17.4	1,941 discounters	28
Aldi Nord (North)	14.2	2,193 discounters	30

Source: Nielsen Top 30 LEH as published in Lebensmittelpraxis/ Nielsen Trade Dimensions

- Established in 1960
- Aldi Nord (North) and Süd (South) are both private companies
- Founded by the two brothers Karl († 2014) and Theo († 2010) Albrecht
- Market leader in discount
- Strong national and international presence
- Shopping at Aldi has long become "socially acceptable"
- Change from pure price-led retailer to "quality discount store" with added services
- Enjoys a high level of trust and consumer confidence
- Many branded products available
- New store concept implemented in 2019
- Aldi Süd and Aldi Nord now have a more uniform private label strategy

Organic at Aldi

- Good choice of organic products across various categories
- Aldi Süd: Over 350 organic products including own organic labels "bio" and "Mamia bio" (baby food).
- Aldi Nord: Over 50 products by "GutBio" organic private label

5.4.5. tegut

tegut is a regional supermarket chain with a high share of organic products.

Key Facts & Figures

Company	t/o 2020 in €bn	No. of stores	No. of depots
tegut	1.36	278 supermarkets	1

Source: Nielsen Top 30 LEH as published in Lebensmittelpraxis/ Nielsen Trade Dimensions

- Founded in 1947, based in Fulda
- Family-owned until Migros Zurich takeover in 2013 but MD still from Gutberlet family in 3rd generation
- 8,000 employees in Germany
- Presence in 6 of 16 German Federal States
- No. of products range of 25,000 products in the larger store formats to 950 products in the new 24hrs self-service format "Teo"
- Philosophy: contribute to a better quality of life with good grocery products

Organic at tegut

- More than 3,800 organic products
- Small range of own label organic products (tegut...BIO/ tegut...BIO ZUM KLEINEN PREIS ["value organic products"]) across selected categories: fruit & vegetables, eggs, bread & bakery, meat and sausages, drinks.

5.4.6. Drugstore dm

See Chapter 5.1. for details on German drugstores in general.

Leading drugstore chain with over 2,000 stores and more than 3,500 products across 27 own label brands.

Key Facts & Figures

Company	t/o 2020 in €bn	No. of stores	No. of depots
dm	8.54	2,018 drugstores	3

Source: Nielsen Top 30 LEH as published in Lebensmittelpraxis/ Nielsen Trade Dimensions

- Founded 1973 in Karlsruhe by Prof. Götz W. Werner
- Holistic / social approach
- „Hier bin ich Mensch, hier kauf ich ein“ (here I am a human being, here I am shopping - this claim is adapted from a Goethe quotation)
- 3,765 stores in 13 European countries
- Over 40,000 employees in Germany
- More than 3,500 products across 26 own label brands
- Many social projects and schemes for people, nature and environment

Organic at dm

dm has a product range of over 1,300 food products of which 800 are organic. Of these 500 are private label (dmBio). dm focusses on reflecting trends like convenience, superfood and plant-based on shelf.

Organic brands at dm include Davert (toppings, meal component mixes, cup snacks, savoury snacks), Cupper (tea), frusano (confectionery etc.), Hipp (babyfood), Lebepur (superfoods) and Veganz (confectionery, protein powder etc.).

5.4.7. Drugstore Rossmann

See Chapter 5.1. for details on German drugstores in general.

Rossmann is the second largest drugstore chain, after dm, with over 2,000 stores in Germany.

Key Facts & Figures

Company	t/o 2020 in €bn	No. of stores	No. of depots
Rossman	7.33	2,211 drugstores	8

Source: Nielsen Top 30 LEH as published in Lebensmittelpraxis/ Nielsen Trade Dimensions

- Founded in 1972 in Hanover
- Family-owned, A.S. Watson Group in Hong Kong holds 40% share
- 4,244 stores in 8 European countries
- Over 34,000 employees in Germany
- 21,000 products
- Focus on expansion: 195 store openings planned for 2021

Organic at Rossmann

- Around 350 own label enerBio food products
- Over 450 Alnatura food products
- Selected organic food brands such as Bio Zentrale, Veganz, Pukka etc.

6. Natural Food Specialists

Natural food specialists in Germany come in different shapes and sizes. On the one hand, there are the Big Players including the national organic multiples denn's Biomarkt and Alnatura and the regional chains such as Bio Company, Basic and Super Bio Markt. On the other hand, there is a multitude of small owner-managed stores which are the backbone of the organic trade, having built this sales channel from scratch.

National players

Regional multiples

Individual owner-managed stores

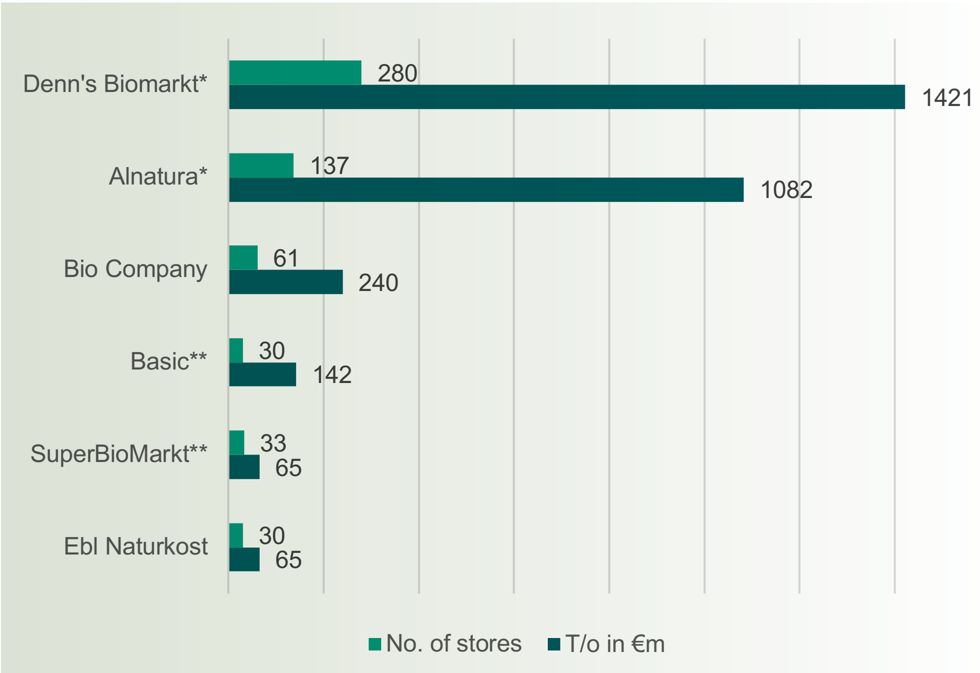
6.1. Size and development of natural food specialists

Organic food turnover in natural food stores amounted to € 3.7bn in 2020, an increase of just 16.3% vs. a total market growth of 22.3%. This reflects 25% of organic food sales.

The desire for healthy and environmentally friendly food brought the organic specialist trade to a peak at the first lockdown in April 2020. Sales were up 35% compared to the same period of the previous year. In the course of the year, the sales growth ranged between 15% in the summer and 24% in December.

The structures in the German organic food specialists trade have not changed much in comparison to previous years: The sales area increased as well as the share of stores by retail chains and the number of large-format stores. Closures mainly affected smaller formats in smaller or medium-sized towns. Among the reasons for this are the lack of successors, increased costs, for example for rent, or increasing market pressure from full range grocery retailers, discounters and drugstores.

Turnover and number of stores of organic multiples (partly including wholesale*) 2019**/ 2020



Partly estimated
*Including wholesale
**As of 2019 (more recent data not published; Basic has meanwhile reduced the no. of stores to 19 - see 6.2.4)

Source: Top 30 LEH 2019 Nielsen as published in LP5/202; company websites

A good indicator for the development of natural food specialists is the turnover of organic wholesalers which is monitored by the Bundesverband Naturkost Naturwaren (BNN or Federal Association of Natural Foods Natural Products). The organic wholesale turnover in 2019 (€ 1.92bn) increased by 7.9% vs 2018 (€ 1.78 bn)

The BNN turnover monitoring includes 18 natural food wholesalers who account for 75% of the market volume.

6.2. Selected natural food specialists

The following sections summarise the most important facts of selected natural food specialists: denn's Biomarkt, Alnatura, Bio Company, Basic, Super Bio Markt and Ebl Naturkost and. See also Directory in Chapter 10.2.

6.2.1. denn's Biomarkt

Leading national organic grocery multiple which is the retail arm of dennree group (see also Chapter 6.3.1.).

Key Facts & Figures

Company	t/o 2020 in €bn	No. of stores
Denn's Biomarkt*	1.4	280

*including wholesale

- Full range organic supermarket
- Founded in 2003 in Geretsried, South of Munich
- 311 stores in Germany and Austria
- 6,600 employees
- Part of dennree Group, a national organic wholesaler
- Philosophy: Save energy and conserve resources

Products

- Over 6,000 organic products
- Own label "dennree"
- Additional focus on regional products
- Meat and dairy-focus on German origin

6.2.2. Alnatura

Leading organic grocery retailer chain with 137 stores and 1,400 Alnatura branded products.

Key Facts & Figures

Company	t/o 2020 in €bn	No. of stores 2020
lnatura*	1.08	137

*including wholesale

- Full range organic supermarket
- Founded in 1984 in Fulda
- 3,500 employees
- 14,450 trade partners in 13 countries
- Supply via one depot for ambient products Lorsch/Germany and regional wholesalers
- Philosophy: (“Anthroposophie„) With our products and the Alnatura stores, we want to create more awareness for humans and the earth

Products

- Over 6,000 organic products
- 1,400 Alnatura branded products
- Additional focus on regional products
- Meat and dairy -focus on German origin

6.2.3. Bio Company

Leading organic grocery retailer chain in the Berlin / Brandenburg area with 60 stores.

Key Facts & Figures

Company	t/o 2020 in €bn	No. of stores 2020
Bio Company	142	61

- Full range organic supermarket
- Founded in 1999 in Berlin
- Stores mainly in Berlin/ Brandenburg, few stores in Dresden and Hamburg
- 1,675 employees
- Vision: Organic products as a full-range supermarket
- Philosophy: Offer organic products to a large number of people at a fair price - focus on regional products

Products

- Over 8,000 organic products
- 350 products of the entire range are offered at a permanently affordable entry price
- Additional focus on regional products
- Meat and dairy focus on German origin
- Own labels “BIO COMPANY” and “Take it Easy” (to go range)

6.2.4. Basic

Organic multiple with 19 supermarkets across 7 German cities.

Key Facts & Figures

Company	t/o 2020 in €bn	No. of stores 2019
Basic	131	30*

* No. of stores 2020: 19

- Full range organic supermarket
- Founded in 1997, publicly listed
- Head office in Munich
- 900 employees in Germany
- Approx. one third of the stores were recently closed and are taken over by SuperBioMarkt and Bio Company
- 19 stores in 7 German cities, 2 stores in Austria
- Range of 12,000 organic products
- Claim “Bio für alle” (organic for everybody)
- Philosophy: Support a grandchild-friendly lifestyle

Products

- 12,000 products including organic food and cosmetics
- Own label: basic with around 300 food products
- Additional focus on regional products
- Meat and dairy focus on German origin

6.2.5. SuperBioMarkt

Regional organic multiple with 33 stores in North Rhine Westphalia and Lower Saxony.

Key Facts & Figures

Company	t/o 2019 in €m	No. of stores 2020
SuperBioMarkt	65	33

- Full range organic supermarket
- Founded in 1993 in Münster, publicly listed
- Head office in Münster
- 33 stores in North Rhine Westphalia and Lower Saxony
- 900 employees
- SuperBioMarkt is one of the oldest organic food companies in Germany
- Vision: Being a pioneer with a 100% organic product range and making an important contribution to educating the public about “organic” and support a conscious decision about a responsible, sustainable and modern lifestyle.

Products

- 7,000 products including organic food and cosmetics
- Focus on fair trade and regional products
- Meat and dairy -focus on German origin

6.2.6. Ebl Naturkost

Regional organic multiple with 30 stores in Northern and Central Bavaria.

Key Facts & Figures

Company	t/o 2020 in €bn	No. of stores 2020
Ebl Naturkost	65	30

- Full range organic supermarket
- Founded in 1994 in Fürth, owner and Managing Director Gerhard Bickel
- Head office in Fürth
- 600 employees
- 30 stores mainly in Northern / Central Bavaria
- Philosophy: Our range: 100% good organic food

Products

- 6,000 products including organic food and cosmetics
- Own organic butchery
- Additional focus on regional products
- Meat and dairy-focus on German origin

6.3. Natural food wholesalers

In grocery retail, market growth and concentration have resulted in the decreasing importance of wholesalers. However, in the natural food channel, wholesalers have a strong position. They provide services that other market players cannot handle (yet) such as logistics (storage, distribution) and consolidation of goods. Also reduction of transaction costs by taking on communication and handling with trade on behalf of manufacturers. In addition, they offer consulting, training, financial services, marketing concepts and quality assurance.

The main disadvantage of this multi-level distribution are the additional margins. Whether current structural changes and future development of the organic market could weaken organic wholesalers remains to be seen.

Wholesalers in the natural food channel generally prefer products with demeter, Bioland and Naturland labelling. The requirements for selling to natural food wholesalers are explained in Chapter 6.3.3. using the example of regional wholesaler Terra.

Natural food stores are primarily supplied by natural food wholesalers of which only dennree and Weiling operate on a national level.

See also Directory in Chapter 10.3.

6.3.1. National natural food wholesaler dennree

dennree and Weiling are the only two natural food wholesalers operating on a national level. See Chapter 6.2.1. for details on denn's Biomarkt which is the retail arm of dennree group.

- dennree Group is the leading wholesaler of organic food and natural cosmetics in German-speaking countries with retail unit denn's Bio Markt
- Founded 1974 as a one-man business
- Head office in Töpen, 150km North East of Nuremberg
- Turnover 2020: € 1.4bn (group turnover)
- Supplies more than 1,400 natural food stores in Germany, Austria, Italy and Luxembourg
- 5,100 employees in the wholesale and retail sector
- Product range: approx. 14,000 SKUs
- Exclusive and own label food brands: dennree (food across various categories), Gustoni (Mediterranean food) Königshofer (eggs, meat, sausage products),
- dennree unites the interests of producers, retailers and organic consumers.
- Philosophy: Responsibility starts with a healthy diet
- dennree wholesale supports customers in their day-to-day business - in all areas: from promotional planning and ordering to the checkout process and the performance evaluation. The dennree service offers individual modules, individual solutions or complete concepts, e.g.
- dennit, the dennree online shop offers far more than the usual ordering system
- BIO. win, the user-friendly enterprise resource planning system from dennree with a wide range of functions
- BIO. Cash, the modern PC POS system for a smooth checkout process
- Equipped with professional hardware and software: counter scales, PDC units, quickScan
- Logistics: central warehouse next to head office in Töpen plus 7 regional locations with additional regional product ranges.

6.3.2. National natural food wholesaler Weiling

- Founded 1975, family-owned
- Head office in Coesfeld, 100km North of Düsseldorf
- Turnover 2020: € 300m
- Supply more than 1,000 natural food stores
- Weiling positioning: not only a wholesaler but a reliable partner, supporter and consultant to its customers
- 700 employees
- Product range: Over 12,000 SKUs: more than 5,500 ambient products, 400 fine food products, 600 cheeses, 400 dairy products 400 meat & sausage products, 240 bakery products (fresh daily and stone oven baked), 380 wines & spirits, 500 frozen products
- bioladen* is an exclusive organic label from Weiling for their customers across various categories. It has become a well-known brand and even the third strongest brand in natural food stores, according to a BioVista analysis in 2019. Weiling also offers the SteinofenBäcker brand (stone-oven baker) to its customers.
- Weiling Academy: Offers high-quality seminars and training covering all important topics for organic food stores.
- Logistics: two depots (Coesfeld 100km North of Düsseldorf and Lonsee 90km South East of Stuttgart)

6.3.3. Regional natural food wholesalers

DIE REGIONALEN (the regionals) http://www.die-regionalen.de/ are a nationwide network of 12 regional wholesalers of natural food products. Together they supply more than 2,000 farm shops, natural food stores and organic supermarkets. See also Directory in Chapter 10.3.

They place importance on regional products, in favour of short distances, transparency and independence.

Natural food wholesalers all usually operate in a similar fashion. The requirements for selling to natural food wholesalers are explained below using the example of wholesaler Bodan. (Note: This serves as a guideline only, requirements of other wholesalers may vary).

With 12,000 products, Bodan offers a large range of organic food products in all categories, preferably natural food association certified - to their customers. In total, 550 stores in Southern Germany are supplied on a regular basis by Bodan: Organic supermarkets, farm shops, delivery services, health food stores, etc.

What does Bodan expect from new suppliers?

- ✓ EU organic certification, no requirement to obtain German organic certification, however organic association certification (Demeter, Naturland, Bioland etc.) preferred
- ✓ Socially responsible production conditions
- ✓ Environment-friendly packaging methods, e.g. reusable bottles
- ✓ HACCP is mandatory.
- ✓ German language labelling is mandatory.
- ✓ Product information is either provided to Bodan on the Bodan product information spread sheet or via the ecoinform database http://www.ecoinform.de/
- ✓ Irish or international suppliers should check German labelling requirements as these can be stricter than in the domestic market.
- ✓ Bodan will look at labelling very thoroughly as they are Erstinverkehrbringer (so-called "initial or first distributors") and thus complaints from food inspectors will be addressed to them.

There is no specific guidance from Bodan regarding price calculation and margins as this varies according to category and product type. Bodan are looking for long term partners and appreciate good work ethics as well as good interpersonal relationship. Below-cost selling is not an option.

Logistics for Irish suppliers are relatively simple with just one drop into Bodan's central depot in Garching (Munich area). Bodan owns a fleet of 24 vehicles to deliver products to stores and collect empties/reusable outer-casing. Deliveries are accepted from Monday to Friday. These need to be on multi-trip Euro pallets and may not exceed the height of 1.95m incl. pallet (CCG II standard, see 8.1. Logistics). Number and frequency of drops depend on product type and on typical rate of sale. Bodan would agree this detail with each supplier individually.

There are no standard listing fees or promotional expectations. Upon listing, products are featured in both Bodan's online and print catalogues. There is no fee for this. It is advisable for manufacturers to combine presence in the catalogue for Bodan's customers (stores) - which serves as "push" - with direct contact to stores.

The best way to support the product on shelf is through direct consumer engagement and communication, e.g. social media. Products and manufacturer should be authentic and clearly communicated / presented in this way.

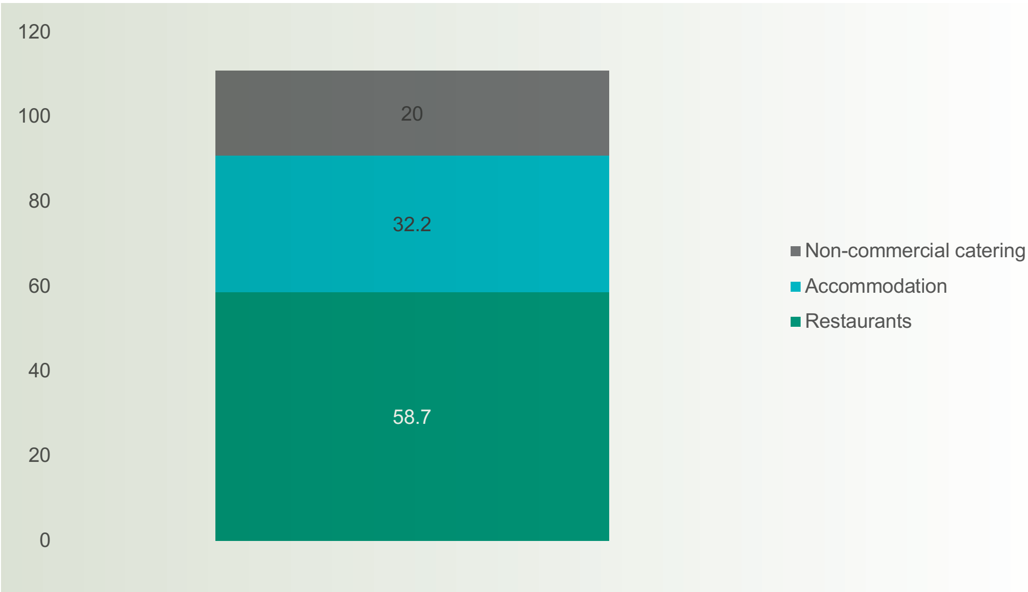
7. Foodservice

The German foodservice sector is very fragmented with numerous regional structures and many independent players in addition to fast food chains and systems.

7.1. Structure, size and development

The German foodservice market amounted to a total of € 110.9bn and can be split into three main segments: Restaurants, accommodation and non-commercial catering. Each segment will be further analysed in the following sections.

Foodservice total turnover in € bn per segment 2019 (dvf, October 2020)



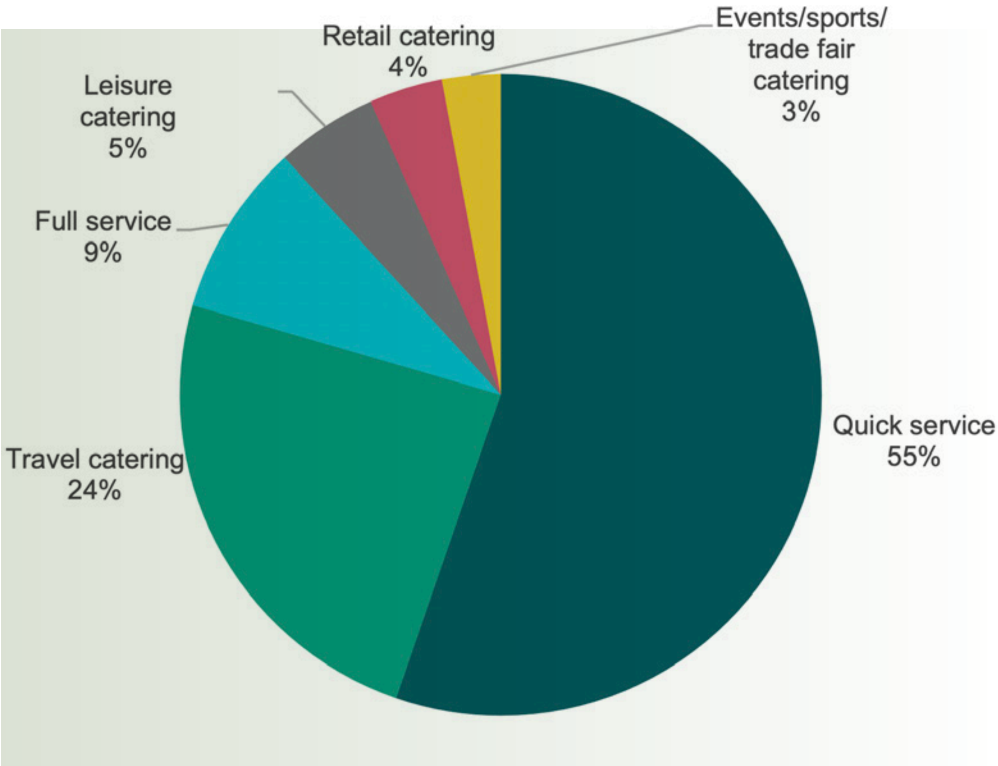
Source: dvf Medienverlag, October 2020

7.1.1. Restaurants

The segment of restaurants includes 179,012 outlets including quick service restaurants, full-service restaurants travel catering outlets (airport/ motorway catering etc.), leisure catering outlets (theme park/ cinema catering etc.) and retail catering outlets (furniture store catering etc.). Events/ trade fair/ sports catering is also part of the restaurants segment.

The total turnover in the restaurant segment in 2019 equals € 58.7bn in 2019 with quick service restaurants playing a dominant role - they hold a market share of 55% while full service restaurants hold a market share of only 9%.

Turnover share per segment Top 100 Systems and Brands 2019 (dvf, October 2020)



Covid-19 obviously had a major impact on the German foodservice market. The dramatic traces are best reflected in the Top 100 Restaurant Brands & Systems ranking by trade magazine Food-Service as shown in the following: -29.8% with approx. € 10.7bn turnover in 20,286 restaurant outlets of the Top 100. This significant drop compares with +6.1% in 2019, which was an excellent year for the German foodservice industry.

Top 10 Systems 2020 in the foodservice sector[1)]

Rank	Rank previous year	Company	net Turnover €m	Number of outlets	Of which third party operated (Franchising and other)
1	1	McDonald's Deutschland LLC, München	3,150.0*	1,448	1,357
2	2	Burger King Deutschland GmbH, Hannover	860.0*	750	640
3	4	Autobahn Tank & Rast GmbH, Bonn VG	375.0*	414	395
4	14	Domino's Pizza Deutschland GmbH, Hamburg	209.0	345	329
5	5	Yum! Brands Restaurants Int. Ltd. & Co. KG, Ratingen	285.7	262	252
6	6	Edeka Zentrale AG & Co. KG, Hamburg	235.0*	2,100	0
7	13	Aral AG (BO Europe SE), Bochum	231.0*	1,155	1,155
8	9	Subway GmbH, Köln	230.0*	692	692
9	3	LSG Lufthansa Service Holding AG, Neu-Isenburg [2) 3)]	200.0*	11	0
10	12	Ikea Deutschland GmbH & Co. KG, Hofheim-Wallau	189.5	54	0

Source: Foodservice (15 March 2021);
***Estimated; [1)] Catering/system catering incl. third-party operations, excluding hotels;**
[2)] no typical gastronomic sales situation; 3) Since 2021 Gategroup

Source: dvf Medienverlag

McDonald's and Burger King together account for almost 60% of fast-food with around € 4bn of turnover. Fast-food in 2020 was 63% of the Top 100 turnover. Burgers and pizza did comparatively well in 2020 as did the sales channels "to go" and "delivery", e.g. Domino's, Call a Pizza, Smiley's, Burgerme and Freddy Fresh.

7.1.2. Accommodation

The accommodation segment includes 43,777 hotels, inns, B&Bs and guest houses. The segment turned over € 32.2bn in 2019 with the top 15 hotel companies including Accorhotels, BWH Hotel Group, Interncontinental Hotels Group and Steigenberger Hotels AG accounting for approx. 20% of the total accommodation turnover.

Top 10 hotel companies 2019 (dvf, October 2020)

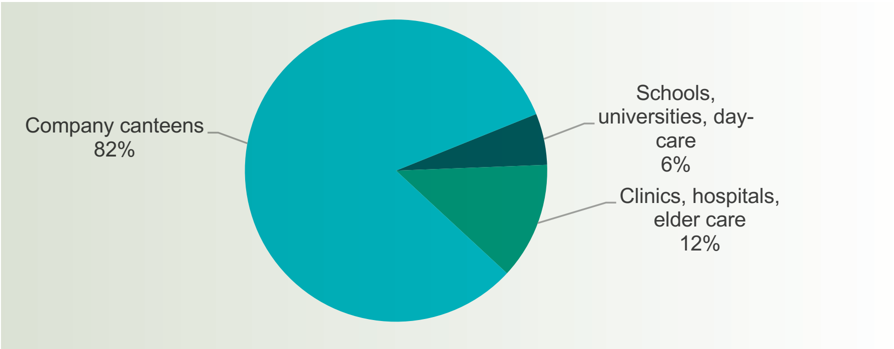
Rank	Company	net Turnover (€m)
1	Accorhotels	1364.0
2	BWH Hotel Group Central Europe GmbH	886.7
3	Intercontinental Hotels Group	797.2
4	Steigenberger Hotels AG	532.6
5	GCH Hotel Group	477.1
6	H-Hotels AG	466.9
7	Maritim Hotelgesellschaft mbH	422.9
8	Hilton Worldwide	388.4
9	Event Hotels	387.4
10	Motel One Group	377.9

Source: dvf Medienverlag. October 2020

7.1.3. Non-commercial catering

The non-commercial catering sector including business catering (company canteens etc.), care catering (hospitals, clinics, retirement homes etc.) and education catering (schools, day-care centers, universities etc.) turned over € 20bn in 2019.Next to canteens and central kitchens, the fields of operation include also take-away, coffee bars and vending machines.

Turnover share per segment non-commercial catering as of October 2020



Source: dvf Medienverlag, October 2020

7.2. Trends in foodservice

Due to the major impact of Covid-19 on the foodservice sector, emerging trends are currently challenging to call out. Megatrends, such as growing mobility, urbanisation and the occupation of women were reflected in the out-of-home offer even before the start of the crisis and are expected to continue afterwards: More and more people are eating out more often. The catering industry is undergoing a tremendous structural change. Continuous focus on brand and customer needs, consistent product quality and holistic brand image is essential for success. The market is becoming ever larger and increasingly diverse.

The leading international out-of-home trade show INTERNORGA launched their "FoodZoom" study in 2021 together with trend researcher Karin Tischer (food & more, Kaarst). The annual study presents the topics that will have an influence on the food service industry in the future. In the following, a selection is highlighted:

Indulgence and quality are relevant trend topics. They are in continuous tension with an increasing cost pressure of restaurant operators and suppliers on the one hand and suppliers' price sensitivity on the other hand.

Shifts in eating habits continue to be on trend: Snacking, Street Food and To-Go are expected to be relevant topics also going forward.

Not only since Covid-19, the consumer appreciates a more casual and comfortable out-of-home experience. The hospitality industry is expected to develop new concepts to meet the demand, for example "one Pot - one bowl - one meal" concepts, meals that are manageable without cutlery like burgers, and casual yet "instragramable" concepts even in haute cuisine.

More focus on health awareness leads to an increased standard in out-of-home concepts: Healthier food like smoothies, salads and vitamin shots, plant-based food, protein-rich meals become increasingly relevant.

Trade catering concepts will be even more fine-tuned and will remain a challenger for traditional restaurants when winning the favour of the consumer.

7.3. Organic in foodservice

Organic products are a rarity on out-of-home plates, especially in canteen kitchens and restaurants. According to estimates from FOOD SERVICE magazine, the organic share in the out-of-home market in Germany was less than 1% percent in 2019.

The German foodservice sector puts more focus on regionality than on organic. Reasons range from "too expensive" to "too complicated". However, Covid-19 has changed the German consumers' mindset and they are now more open than ever to topics like organic, animal welfare and plant-based. It is therefore not surprising that more and more foodservice operators and wholesalers - even though on a low level - announce the introduction of new organic concepts.

For example, leading foodservice wholesaler Transgourmet, has recently launched "Transgourmet Natura", an organic private label range with 200 products for professional chefs.

According to Transgourmet, organic is no longer a niche. At all political levels, actors are campaigning for more organic food in out-of-home catering. Communities and cities increasingly define an organic share in tenders for school catering, e.g. the city of Berlin has set an organic share of 50% for elementary school lunches since the start of 2021.

Also, an increasing share of private companies are investing in a more sustainable company catering including organic meals.

In addition, restaurant visitors prefer organic food - according to the Ökobarometer, every third person is willing to pay more for organic food and drink in restaurants, cafés etc.

Organic ingredients, organic certification and knowledge of organic kitchen concepts have the opportunity to provide critical success factors for foodservice including non-commercial catering in the future. This development also highlights that there is a demand for an organic full range concept at an affordable price which is the reason for the launch of "Transgourmet Natura".

Selected products of Transgourmet organic private label range "Transgourmet Natura"

Source: Transgourmet

If other major players in the foodservice sector are going to catch-up with Transgourmet and launch organic concepts on a larger scale remains to be seen. The importance of organic depends very much on the individual foodservice segment or operator below are a few examples of organic elements visible in foodservice in the German market to give Irish suppliers some orientation:

- Motel One offers an organic breakfast buffet e.g. with dairy products form German Alps region. According to the hotel chain they use 5m organic eggs annually.
- Finanzschule NRW (school of Finance North Rhine Westphalia) offers a share of 65% organic products in their university canteen. In order to be able to work with the same budget, they set up a range of basics in organic quality, such as rice and pasta, fruit, salad or coffee and cocoa - products that hardly differ in price from conventional ones. To use organic beef and pork, they callibrate the quantities in the recipes. This means e.g. a higher proportion of vegetables in the bolognese sauce and slightly smaller schnitzels.
- Marché-Mövenpick offers organic fair-trade coffee.
- McDonald's included organic apple spritzer and organic milk to the kids (menu)

- IKEA (over 30 stores) offers organic coffee and organic meals for kids
- Wholesaler and cash & carry ranges include organic products but do not focus on them - an exception is Transgourmet, as stated above. Certain product categories offer more organic choices than others, e.g. bread and bakery (fresh and frozen), fruit and vegetables (fresh and frozen), dairy and soft drinks. Product choice varies per trade customer.
- Organic is a particular focus for numerous smaller bakery chains, e.g. Kaiser (approx. 20 stores in the Rhine Main area), Zeit für Brot (7 stores in Berlin, Hamburg, Frankfurt and Cologne), BioBackHaus (11 stores mainly in Berlin). Many organic bakeries would also supply their baked goods to natural food stores.
- Organic and regional are closely connected messages. There are regional initiatives and discussions, such as that led by the Bund Naturschutz (nature protection alliance) which hosts discussions such as the fifth "praxis" "Organic in out-of-home" forum, to discuss the usage of organic products in professional kitchens in the region.
- There are many regional initiatives for organic food regarding Segment "C. Non-commercial Catering", in particular for nurseries, day-care centres, kindergarten and schools but also in business canteens. Canteens in large cities have the best organic meal offering. This segment is developing however.

7.4. Foodservice wholesale

Wholesalers play an important role in the German foodservice sector. There are different types of wholesalers, varying by geographical reach, segment focus or specialisation and by product focus:

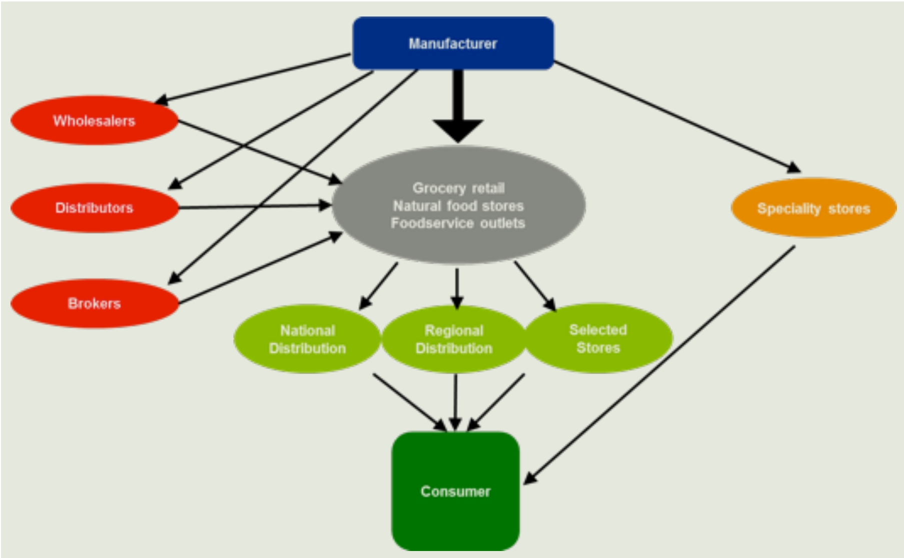
- Multi-national Cash & Carry / delivery service, e.g. Metro C&C, Transgourmet
- Trade cooperatives / buying groups, e.g. Intergast, Service-Bund
- Nationals, e.g. Chefs Culinar, Frische Paradies, Rungis Express
- Retail groups (foodservice part), e.g. Edeka regions
- Specialists, e.g. Deutsche See, Heiderbeck, Mattfeld
- Others / regional, e.g. Niggemann

The majority of German foodservice operators buy products from respective wholesalers, not directly from suppliers.

8. Route to Market

Which route to take in order to supply the German organic market depends on which shelf or outlet a manufacturer is targeting. Route to market differs per channel and depends on a range of different aspects.

Route to market models Germany



Suppliers either deliver to grocery retailers' central or regional depots directly, via a distributor or via a German logistic hub (e.g. logistic service provider Dachser or Kraftverkehr Nagel). Using an intermediary is often difficult to avoid, in particular if direct to store delivery is required, e.g. Edeka independents.

Selling directly to natural food stores is an exception (e.g. No. 1 German organic manufacturer Rapunzel). Usually, suppliers would sell via national (Dennree and Weiling) or regional wholesalers such as Terra (Berlin), Grell (Hamburg) or Ökoring and Bodan (South). See Chapter 6.3. for more information.

The same applies to the foodservice sector as most of the foodservice operators buy products from the corresponding wholesalers. The best approach is to create a "pull" effect by getting a foodservice operator interested in the product. The operator would then ask a wholesaler to list it.

8.1. Logistics

There are certain logistic requirements suppliers need to adhere to:

- Delivery wooden Euro pallets (1,200 mm x 800 mm).
- Product is not allowed to exceed pallet dimensions.
- Depots will often have maximum pallet height restrictions. GS1 recommends organising logistics around CCG I and CCG II standard heights:
- CCG I: maximum height of loaded pallet should not exceed 105 cm (incl. 15 cm pallet height)
- CCG II: maximum height of loaded pallet should not exceed 160-195 cm (incl. 15 cm pallet height)
- Promotional off-shelf placements need to be on multi-trip ¼ Chep plastic pallets. Four ¼ Chep pallets fit on one Euro pallet.

- Depots only accept deliveries within certain restricted hours.
- Depots are not usually open Saturdays / Sundays as truck traffic on German motorways is restricted on Sundays as well as on national holidays (exception: short shelf-life products).
- Exact delivery slots required. These tend to be early (6.30 - 14.00 h).
- Note long distances, e.g. Cologne to Berlin almost 600 km.
- Additional issue of potential bad weather in winter.

8.2. Product data requirements

German trade partners might require more product information than may be typically required in Ireland. Retailers usually work with Atrify (former 1 World Sync) https://www.atrify.com/en/ to receive product details. This regards all aspects from ingredients to palletisation on a consumer unit, trade unit and pallet level. The handling of SKU master data is also a service offered by Markant in the ZAS (central master product data) pool.

Some retailers provide versions for suppliers free of charge, but it is advisable to clarify conditions with buyers individually and to take potential fees for registration and usage into account. Regions and independents (still) use individual Excel spread sheets foregoing the Atrify and Markant / ZAS databases.

The natural food channel uses mainly ecoinform, the central data base for organic products. Many natural food wholesalers would also handle the exchange of product details with an Excel spread sheet.

9. Summary and Recommendations

Ireland enjoys a favourable image in Germany. Ireland is often associated with green fields and happy cows and is a popular tourist destination for many Germans. With regard to food in grocery retail, Kerrygold has become a household name and a brand leader in premium butter after many years of intensive TV advertising. Quality Irish beef is also appreciated.

A SWOT analysis for Irish organic suppliers looking at exporting to Germany could be summarised as follows:

STRENGTHS	WEAKNESSES
• Fourth largest economy in the world and thriving • The largest Euro market • Interesting market size with over 83m consumers • Largest consumer market in Europe with an organic market size of almost € 15bn (t/o) • Double digit growth of organic market in recent years • Loyal, relatively affluent and well-educated consumers • Loyal trade partners	• Extremely price sensitive market • Complex market mechanics • Strict requirements • Listing fees are standard • Language can be a barrier
OPPORTUNITIES	**THREATS**
• Positive consumer perception of Ireland and Irish products, in particular dairy and beef • Unique product propositions • Market size means that even niches or individual trade customers can be promising • Retailers have recognised that product differentiation is the way to position themselves against discounters • Private label progressing well and differentiating more	• Very competitive market • Regional, local trend • High discounter share of around 40 %

Germany is currently Ireland's sixth largest export market for food and drink with an estimated value of € 600m. The sheer German organic market size of € 14.99bn can most certainly provide business opportunities for keen, enthusiastic and committed Irish exporters.

In general, there are opportunities for Irish organic manufacturers in the areas of grocery retail, foodservice and also B2B. The size of the opportunity is strongly related to the product category and sales channel in question. Therefore, a category specific market assessment is essential for each manufacturer.

Store visits are one of the most important preparation tools in order to exactly understand existing competition and based on this, how to shape the sales pitch to approach German buyers. A visit to Biofach and other organic shows (see 12.4.) is highly recommended to get a feel for the German organic market.

10. Directory

10.1. Grocery retailers incl. drugstores and discounters

ALDI Süd
ALDI Einkauf GmbH & Co. oHG
Burgstrasse 37 - 39
45476 Mülheim an der Ruhr
www.aldi.de

ALDI Nord
ALDI Einkauf GmbH & Co. oHG
Eckenbergstrasse 16
45307 Essen
www.aldi-nord.de

dm-drogeriemarkt
dm-drogeriemarkt GmbH + Co. KG
Am dm-Platz 1
76227 Karlsruhe
www.dm.de

Edeka
Edeka Zentrale AG & Co. KG
New-York-Ring 6
22297 Hamburg
www.edeka.de

EDEKA Regions:

Nord
EDEKA Handelsgesellschaft Nord mbH
Gadelander Straße 120
24539 Neumünster
https://verbund.edeka/nord/

Nordbayern Sachsen Thüringen
EDEKA Nordbayern-Sachsen-Thüringen Stiftung & Co KG
Edekastraße 3
97228 Rottendorf
https://verbund.edeka/nordbayern-sachsen-th%C3%BCringen/

Minden-Hannover
EDEKA Minden-Hannover Stiftung & Co. KG
Wittelsbacherallee 61
32427 Minden
https://verbund.edeka/minden-hannover/

Südbayern
EDEKA Südbayern Handels Stiftung & Co. KG
Ingolstädter Str. 120
85080 Gaimersheim
https://verbund.edeka/s%C3%BCdbayern/

Rhein-Ruhr
EDEKA Handelsgesellschaft Rhein-Ruhr mbH
Chemnitzer Strasse 24
47441 Moers
https://verbund.edeka/rhein-ruhr/

Südwest
EDEKA Handelsgesellschaft Südwest mbH
Edekastraße 1
77656 Offenburg
https://verbund.edeka/s%C3%BCdwest/

Hessenring
EDEKA Handelsgesellschaft Hessenring mbH
Unter dem Schöneberg 20
34212 Melsungen
https://verbund.edeka/hessenring/

Kaufland
Kaufland Stiftung & Co KG
Rötelstrasse 35
74172 Neckarsulm
www.kaufland.de

Lidl
Lidl Stiftung & Co. KG
Stiftsbergstrasse 1
74172 Neckarsulm
www.lidl.de

Rossmann
Dirk Rossmann GmbH
Isernhägener Str. 16
30938 Burgwedel
www.rossmann.de

Metro
METRO Cash & Carry
Deutschland GmbH
Metro-Straße 8
40235 Düsseldorf
www.metro.de

REWE
Rewe Markt GmbH
Stolberger Strasse 90
50933 Köln
www.rewe.de

tegut...
tegut... gute Lebensmittel
GmbH & Co. KG
Gerloser Weg 72
36039 Fulda
www.tegut.com

10.2. Natural food stores

Alnatura
Alnatura Produktions- und Handels GmbH
Mahatma-Gandhi-Straße 7
D-64295 Darmstadt
www.alnatura.de

basic
Aktiengesellschaft Lebensmittelhandel
Richard-Strauss-Straße 48
81677 München
www.basicbio.de

BIO COMPANY
BIO COMPANY GmbH
Rheinstraße 45-46
12161 Berlin
www.biocompany.de

denn's Biomarkt
denn's Biomarkt GmbH
Hofer Str. 11
95183 Töpen
www.denns-biomarkt.de

ebl-Naturkost
ebl-naturkost GmbH & Co. KG
Am Grünen Weg 1
90766 Fürth
www.ebl-naturkost.de

SuperBioMarkt
SuperBioMarkt AG
Am Mittelhafen 16
48155 Münster
www.superbiomarkt.com

10.3. Natural food wholesalers

Weiling
Weiling GmbH
Erlenweg 134
48653 Coesfeld
and
Erlenweg 2
89173 Lonsee
www.weiling.de

dennree
dennree GmbH
Hofer Strasse 11
95183 Töpen
www.dennree.de

Bodan
Bodan Großhandel für Naturkost GmbH
Zum Degenhardt 26
88662 Überlingen
www.bodan.de

Chiemgauer
Chiemgauer Naturkosthandel GmbH
Gmein 1-2
83567 Unterreit
www.chiemgauer.bio

Naturkost Elkershausen
Naturkost Elkershausen GmbH
Levinstr. 9
37079 Göttingen
www.naturkost-elkershausen.de

Naturkost Erfurt
Naturkost Erfurt GmbH
Mühlweg 16
99091 Erfurt
www.naturkost-erfurt.de

Grell Naturkost
C.F. Grell Nachf. Naturkost GmbH & Co. KG
Boschstraße 3
24568 Kaltenkirchen
www.grell.de

Kornkraft Naturkost
Kornkraft Naturkost GmbH
Am Forst 36
26197 Großenkneten
www.kornkraft.com

Ökoring
Ökoring Handels GmbH
Dieselstr. 7-9
82291 Mammendorf
www.oekoring.com
www.bioregional.de

pax an
pax an Naturwarenhandelsgesellschaft mbH
Raiffeisenstr. 2
72829 Engstingen
www.hakopaxan.de

Rinklin
Rinklin Naturkost GmbH
Bruckmatten 18
79356 Eichstetten
www.rinklin-naturkost.de

Terra Naturkost
Terra Naturkost Handels KG
Gradestraße 92
12347 Berlin
www.terra-natur.de

Naturkost West
Naturkost West GmbH
Daimlerstraße 4
47167 Duisburg
www.naturkost-west.de

Handelskontor Willmann
Handelskontor Willmann für
Naturprodukte GmbH
Tafingerstr. 8
71665 Vaihingen/ Enz
www.hakopaxan.de

10.4. Trade shows - expected dates

Biofach
Nürnberg, 15.-18. February 2021
Biofach
Messezentrum 1
90471 Nürnberg
www.biofach.de

ANUGA
Cologne, 09.-13. October
2021
Koelnmesse GmbH
Messeplatz 1
50679 Köln
www.anuga.de

Bio Nord
Hannover, 26. September 2021
Deutsche Messe
Hermesallee / Nordallee
Tor Nord 2
30521 Hannover
www.bionord.de

Bio Ost
Leipzig, 24. April 2022
Messe Berlin
Jafféstrasse 2
Halle 26
14055 Berlin
www.biost.info

Bio Süd
Augsburg, 03. October 2021
Augsburger Schwabenhallen
Messe- und Veranstaltungs GmbH
Am Messezentrum 5
86159 Augsburg
www.biosued.de

Bio West
Düsseldorf, 20. April 2022
Messe Düsseldorf
Halle 14
Messeplatz 1
40474 Düsseldorf
www.biowest.info

Next Organic
Berlin, (new date not fixed yet)
Next Organic- Berlin
Eisenbahnstraße 42/43
10997 Berlin
www.nextorganic.de

11. Annex

11.1 Export check list

For further preparation, this export check list should prove useful:

Export check list

- ✓ Consumer research
- ✓ VAT 7% (groceries and milk) / 19%
- ✓ Labelling and legal aspects
- ✓ Packaging standards retail/ discount
- ✓ Packaging and waste disposal fees or deposit
- ✓ Logistic routes and customer requirements
- ✓ Delivery to retailer/ wholesaler depots
- ✓ Pallet standards
- ✓ Product data requirements per retailer, e.g. Atrify
- ✓ Price calculation considerations
- ✓ Is target-retailer part of a buying group?
- ✓ Invoicing requirements: For certain retailers invoicing via Markant is mandatory
- ✓ Mandatory accreditations and safety procedures
  - ✓ HACCP
  - ✓ e.g. IFS, BRC
- ✓ Optional accreditations/ labels
  - ✓ Organic association (demeter/ Bioland/ Naturland etc.)
  - ✓ Fair trade
  - ✓ Vegetarian, vegan
  - ✓ Nutri-Score
  - ✓ Industry-initiated (e.g. QS, DLG, utz)
  - ✓ Test magazines (e.g. Stiftung Warentest)
- ✓ Language requirements
- ✓ Standard communication modes
- ✓ Shelf-life
- ✓ Product testing
- ✓ Risk management

11.2. Price calculation

The following price calculation example for branded products serves as indication for manufacturers and is based on assumptions and experience. Margins, fees for marketing support and listing as well as payment conditions are subject to individual discussion and vary per product category and retailer.

Consumer RSP incl. VAT		1,79 €
./. VAT	7%	0,12 €
= Net RSP		1,67 €
./. Estimated retailer net margin	40%	0,67 €
= Net buying price retailer (delivered)		1,00 €
./. Marketing support	10%	0,10 €
./. Listing fee	10%	0,10 €
./. Estimated waste disposal outer packaging	0,3%	0,003 €
./. Payment terms (for example Markant)	5%	0,05 €
./. Logistics to distributor depot	Example	0,05 €
= Net net price		0,70 €

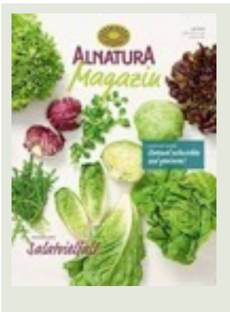
- **VAT:** In Germany, the reduced VAT of 7% applies for grocery including milk. For drinks, the standard VAT of 19% is applicable
- **Estimated retailer net margin:** 35-40% for branded products in ambient category.
- **Annual marketing support:** Subject to discussion with the retailer at the annual review meeting. In exchange for this allowance, the supplier receives ads in the sales leaflet. As a rule of thumb, suppliers can be expected to allow 10% of their estimated net turnover for annual marketing support from the first year going forward.
- **One-off listing fee:** Suppliers can assume a listing fee of 10% of the estimated net turnover. Fee can often be reduced by promotional investment.
- **Waste disposal transport packaging:** Retailers pass on the fee for the waste disposal of transport packaging material to suppliers. Usually, a fee of 0.3% on net turnover applies and is subtracted quarterly from overall invoice.
- **Waste disposal fee consumer unit:** Suppliers are obliged to license packaging that they put into circulation at the central packaging administration (Zentrale Stelle) and to pay for the respective disposal. Suppliers can choose between several waste disposal service providers. Fees vary depending on material and volume.
- In addition, the following fees can apply (examples)

o Additional margin for wholesaler/ distributor if applicable: 10-35%
o Key Account Management
o Field Sales Force
o Product testing

11.3. Examples of German consumer communications

There are different ways to make an organic product or brand known to German consumers or to promote a product in the German market. In grocery retail and natural food stores, the weekly retailer sales leaflet is an important tool. A selection of these from various retailers are distributed to German letterboxes on Saturdays featuring offers for the following week or can be viewed online.

Many retailers also publish customer magazines (e.g. Alnatura magazine or EDEKA "With Love" magazine) featuring product news and recommendations or ads from brands.



demeter publishes a quarterly customer magazine in which exclusively demeter labelled product ads can be placed.

Natural food consumer magazine Schrot & Korn features organic topics every month. It is a popular advertising tool among many organic food & drink suppliers to the German market.

Natural food wholesalers offer [Echt Bio.] promotion packs which include 2 week promotional flyers, posters, wobblers, recipe cards and image posters. [Echt Bio.] is not a brand or a chain but these packs are used by 460 independent organic stores, natural food stores and organic supermarkets all over Germany, which maintain their independence and uphold organic values.

Virtually all players on the organic market actively use social media tools such as Facebook, Instagram, YouTube and Pinterest.

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40476 Düsseldorf
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E-mail: infogermany@bordbia.ie

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60596 Frankfurt am Main
Germany
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E-mail: info@greenseedgroup.de