

How to successfully export to Switzerland and Austria



Federatie Voedingsindustrie
Fédération de l'Industrie Alimentaire

Green Seed Food Consulting
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Contents

1. Green Seed Group Introduction
2. Swiss Market
3. Austrian Market
4. 10 golden rules for success in Switzerland and Austria



Green Seed Group

- Unique, international consulting network, specialising in the food & drink sector
- 10 offices in Europe and North America and in 2013, added 11th to cover Australasia
- Over 25 years of experience

Green Seed Germany



- We advise food and drink companies or marketing boards on how to develop a sustainable and profitable market in Germany, Austria or Switzerland
- By using our in-depth knowledge of the local food and drink market and our established contacts with the trade

**Dreams are the seeds of change.
Nothing ever grows without a seed,
and nothing ever changes without a dream.**

Debby Boone



How the Green Seed model works

- Over the last decade, food & drink retailers have become more and more interested in dealing directly with their suppliers. Green Seed Germany has developed its business model around this trend.
- Retailers and food service operators have appreciated our involvement and added value in the context of our common projects for over 25 years.
- We act as business facilitators, ensuring that every step of the process is managed with maximum efficiency. From a first market visit, to the launch as well as the ongoing relationship that follows.
- We offer a highly cost-effective solution of “flexible local sales and marketing management support” aimed at adding value, acting as your extended marketing and sales arm.
- You remain in control of strategic management and invoicing.

**The entire fruit is already present
in the seed.**

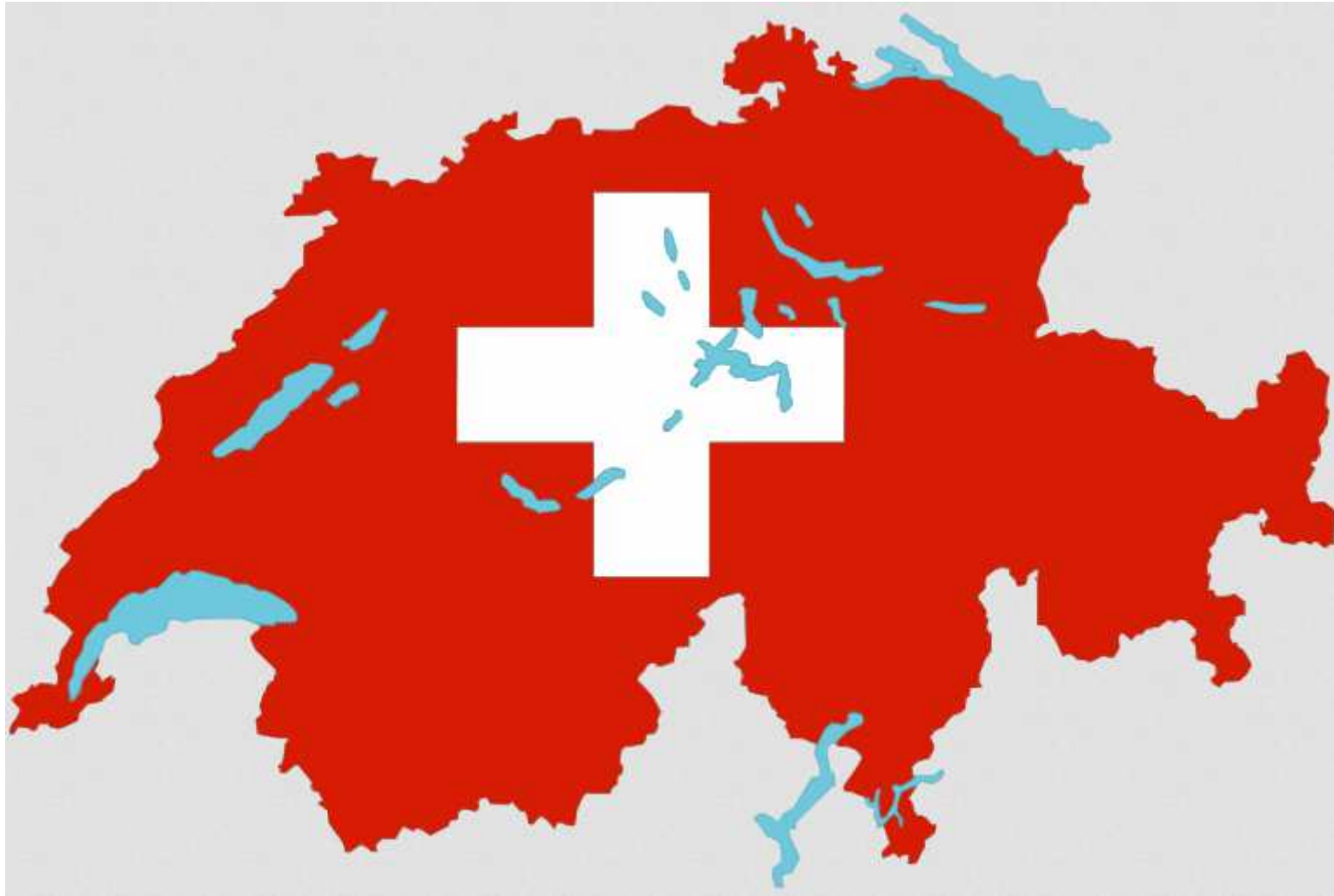
Tertullian



The Green Seed approach

We offer tailor-made services depending on your strategy, your current needs and your budget.



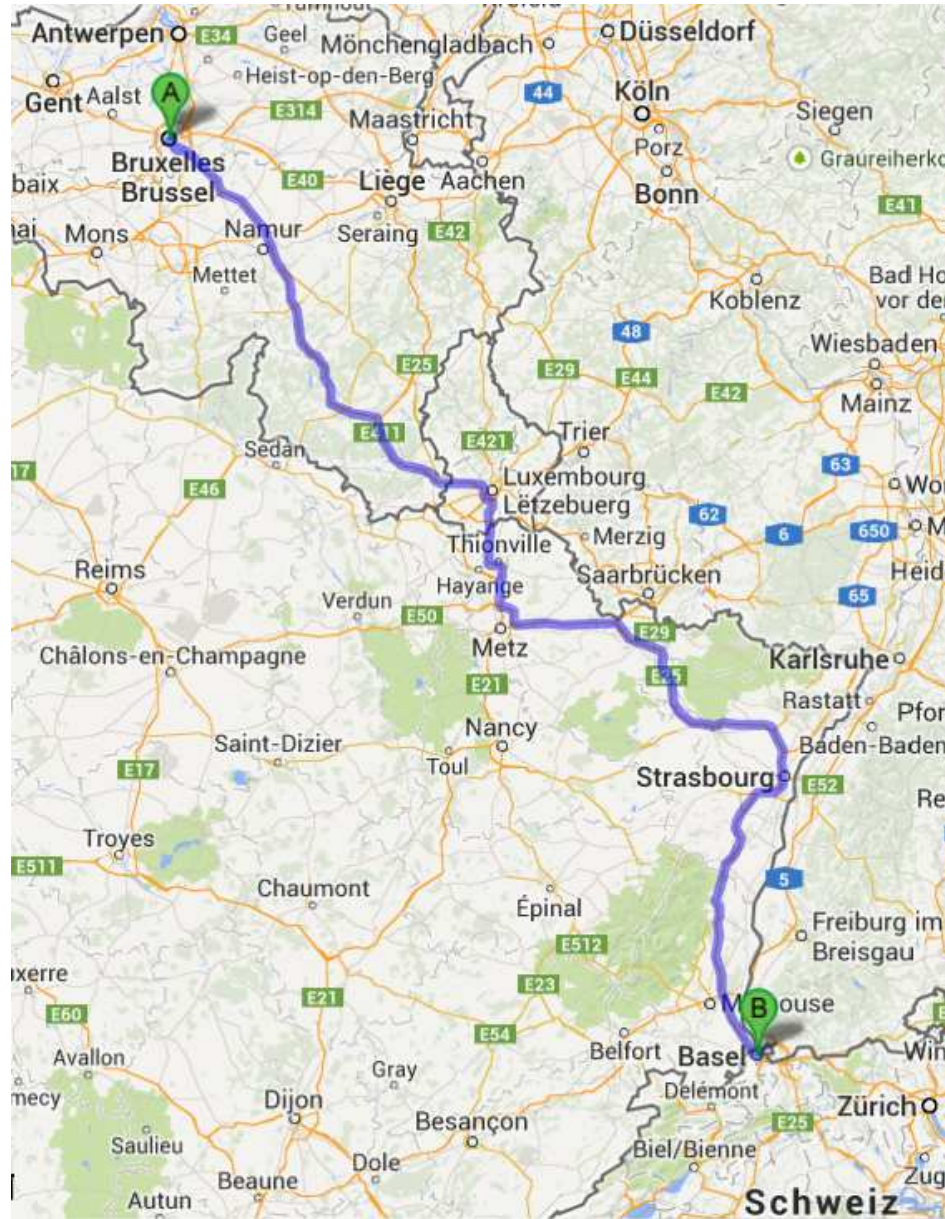


Switzerland is 35% larger than Belgium

- Surface area: 41,284 km²
- 26 Cantons



Distance Brussels / Basel: 570 km



Switzerland is diverse

- Surrounded by four countries
- Largest city: Zurich (347,500 inhabitants)
- Four official but three main languages:



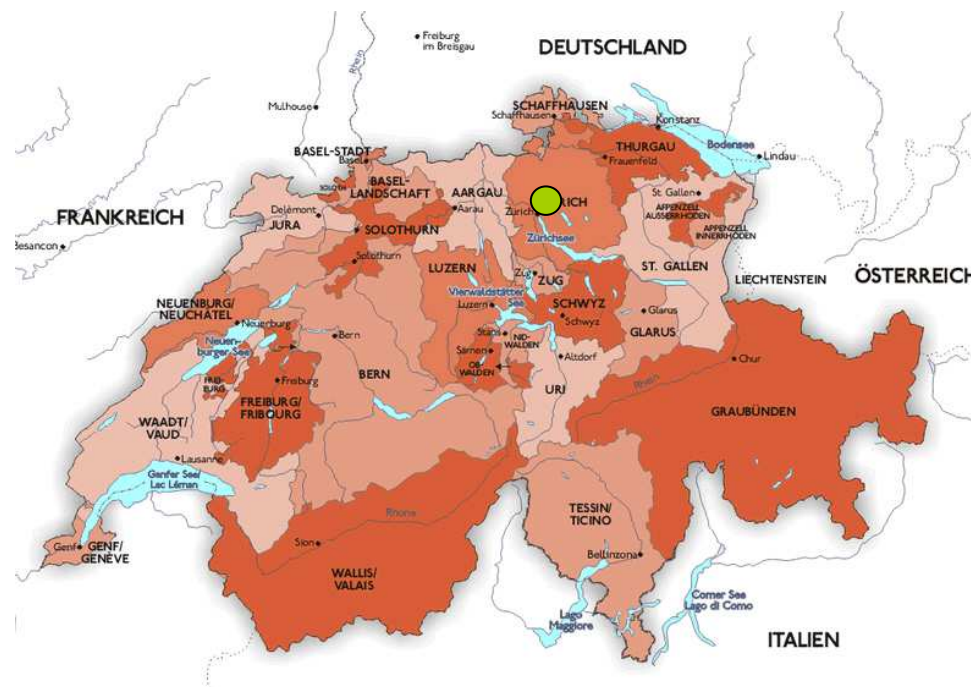
63.7%





20.4%



6.5%



Socio-demographics Switzerland vs. Belgium

		
Population	8.0 m	10.7 m
Households	3.5 m	4.6 m
1 Person Households	36.5 %	32.6 %
Share of people aged 65+	17.4 %	18.3 %
Foreigners	23.3 %*	10.2 %

* mainly from EU (Italy, Germany, Portugal) and Ex-Yugoslavia

Economy

- 7th richest country in the world on per capita basis (IMF 2012)
- High living standard, high per capita income
- Ø Consumer price inflation 2013: 0.5%
- Ø Unemployment rate Q3 / 2013: 4.7%
- VAT
 - General: 8.0 %
 - Food: 2.5 %
 - Accommodation: 3.8 %
- Exchange rate: 1 Euro = 1.22 Swiss Francs (February 2014)



International Perceptions



Tourism



Traditional



Nature



Fine Food / Quality



Precision Manufacturing /
Quality

General food trends in Switzerland

- The German-speaking part generally follows German trends
- Large differences between rural and urban areas
- Very health-conscious consumers
- Freshness and quality have top priority
- Traditional food and at the same time highly influenced by French and Italian cuisine, also other ethnic cuisines



Geschnetzeltes



Quiche



Pasta

Ethnic



Curry etc.

The five largest current food trends in Switzerland

1. New convenience / new types

- Classic convenience products such as Maggi in decline
- More services that facilitate cooking
- Example: ingredients for set menu in one location at POP in Globus food hall



The five largest current food trends in Switzerland

2. Health & Wellness

- Taste is important but food should be healthy
- Asian cuisines are associated with „healthy“ food
- Relatively high percentage of vegetarians, vegan more and more in discussion
- High protein consumption in French speaking regions (more beef, lamb, poultry and fish)
- Obesity less of a problem than in rest of Europe, but increasing (30.9% of adults overweight, of which 10.3% obese in 2012)



The five largest current food trends in Switzerland

3. Ethic Food / Responsibility

- Everybody is talking about sustainability and ethical responsibility
- Ethics become more and more important for grocery shopping: no child labour, animal welfare, conservation of resources



The five largest current food trends in Switzerland

4. Regional / Origin

- Demand for regional products
- Proximity means trust
- Important buzzwords are „home-made“ and „traditional“
- Example Migros: „From the region for the region“ product range



The five largest current food trends in Switzerland

5. Indulgence / Premium

- It does not have to be caviar
- Best ingredients and full flavour promise indulgence
- You treat yourself and your guests to something special



Swiss Food Retail Trade



Top Swiss Retailers / Turnover 2012/2013

		2012 CHF (bn)	2013 CHF (bn)
1	Migros	25.0	26.7
2	Coop	26.9	n.a.
3	Manor	3.0	2.8
4	Denner (70% owned by Migros)	3.1	3,2
5	SPAR (Switzerland)	1.0	1.0
6	Aldi	0.8	n.a.
7	Lekkerland	0.7	n.a.
8	Alliance Boots	0.5	n.a.
9	Lidl	0.5	n.a.

Top Swiss Retailers / Grocery Turnover 2012

		CHF (bn)
1	Migros	14.5
2	Coop	10.6
3	Manor	3.0
4	Denner	2.8
5	SPAR (Switzerland)	1.0
6	Aldi	0.7
7	Lekkerland	0.7
8	Alliance Boots	0.5
9	Lidl	0.3

MIGROS



Grocery Retailer No. 1 – MIGROS

MIGROS

Key Facts

- Food turnover 2012: CHF 14.5 bn
- Co-operative, with head office in Zurich and 2 m members
- Founded in 1925 by Gottlieb Duttweiler
- Organised into 10 regional co-operatives but with increasing influence of category management in Zurich
- Market leader in Switzerland and an institution
- Acquired majority of Denner discounter in January 2007
- Historically strong in manufacture of products for Migros and other companies
- Other business sectors: books, clothing, electronics, mobile phones, furniture, foodservice, forecourts, fuel stations, golf and leisure hotels etc.



Grocery Retailer No. 1 – MIGROS

MIGROS

Strategy

- Market leader with strong retail brand
- Range consists primarily of private label (approx. 90%), recently with major brands, such as Kellogg's, Ferrero, L'Oréal, Nestlé etc.
- Only a few additional stores in France. 5 in Germany sold off in 2013.
- Migros Zurich acquired German regional player tegut with 290 stores in Oct 2012.
- Vertically integrated, production focus own factories

Positioning

- Strong chilled convenience positioning
- Extensive private label range from price entry (M-Budget) to premium level (Sélection and Premium)
- Ethically correct, 1% of turnover donated to culture
- One-stop shopping environment
- Trusted, loyal partner

Grocery Retailer No. 1 – MIGROS

MIGROS

Grocery Retail Split 2012 (excl. forecourts Migrolino)

Format	Banner	Banner Food Sales (CHF bn)	No. of Outlets
Superstores	MM Migros	approx. 5.2	211
Supermarkets	M Migros	approx. 2.7	305
Hypermarkets	MMM Migros	approx. 2.6	40
Total			556
<i>(Discount stores)</i>	<i>Denner</i>	<i>approx. 2.8</i>	<i>465</i>



Grocery Retailer No. 1 – MIGROS

General Migros labels



MIGROS

Various exclusive labels (examples)



Special labels



Example of Cornatur fixture, September 2013



MM Zürich-Brunaupark

coop



Grocery Retailer No. 2 – Coop



Key Facts

- Food turnover 2012: CHF 10.6 bn
- One of the oldest trading companies in Switzerland
- Head office in Basle
- No. 2 after MIGROS
- Acquired 12 Carrefour sites in August 2007
- Reduced from 10 to 4 regions
- Coop-owned meat processor Bell acquired several German cooked meat manufacturers (e.g. Abraham, Zimbo)
- New strategic alliance CORE with Colruyt, Conad, REWE Group (2014)
- Other business sectors: meat processing, drug stores/perfumeries, furniture, consumer electronics, multimedia, DIY, etc.



Grocery Retailer No. 2 – Coop



Strategy

- 2nd largest player in Switzerland. Cooperative with over 2.6 m members.
- Increasing private label: boosting sales and revising ranges, copying many of Migros' advantages
- Adjusting price image, expanding Prix Garantie value line
- Development of more specialised ranges (coop Fine Food) → uniqueness + „A“ brand quality

Positioning

- Multi-format retailer with variety of food and non-food fascia
- Strong brands and private label (approx. 55 %)
- Orientation: joie de vivre, freshness, health, convenience, dynamic
- Innovative

Grocery Retailer No. 2 – Coop



Grocery Retail Split 2012

Format	Banner	Banner Food Sales (CHF bn)	No. of Outlets
Small Supermarkets (A stores)	Coop	3.4	515
Supermarkets (B stores)	Coop	3.2	186
Large Supermarkets (C stores)	Coop	2.8	90
Hypermarkets	Coop Megastore	1.6	31
Total		11.0	822

Grocery Retailer No. 2 – Coop

General Coop labels



Various exclusive labels (examples)

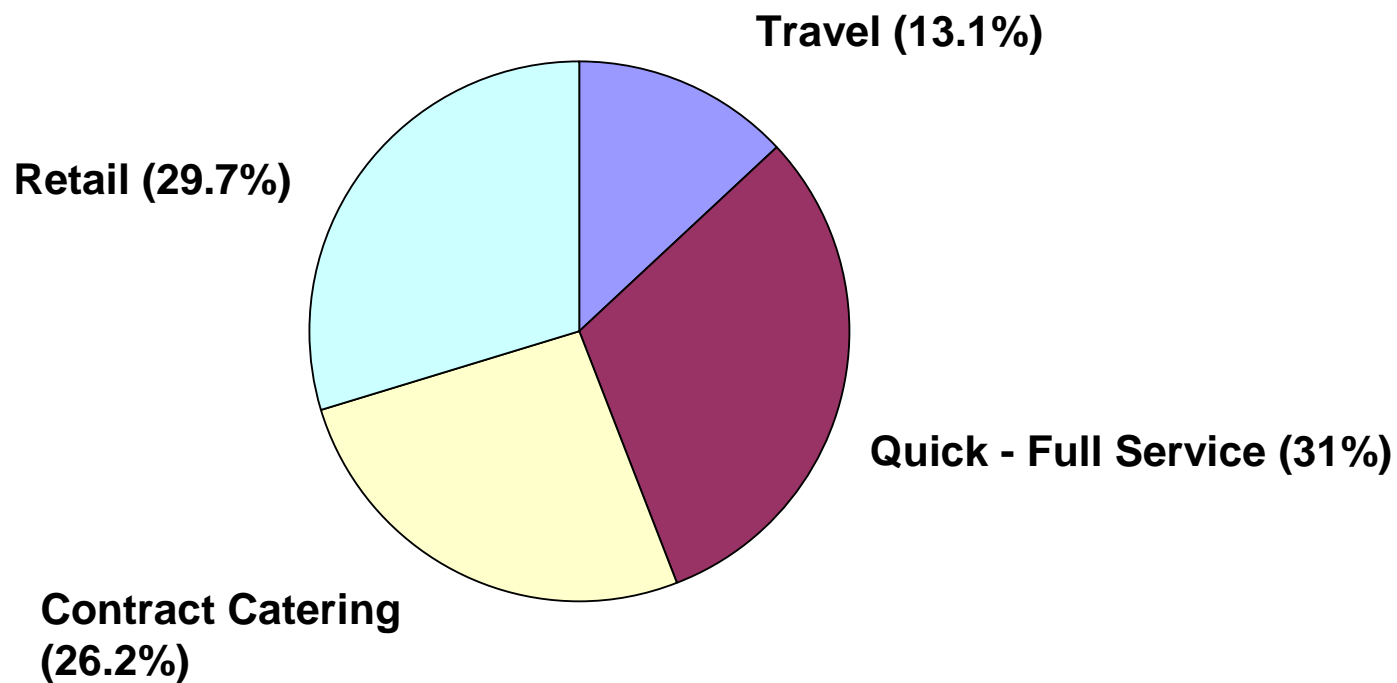


Special labels



Foodservice in Switzerland is fragmented

- Tourism is key factor in economy
- Hotels are of importance (approx. 4,700 and 245,000 beds)
- Many independent players



Top 26 foodservice players account for 21% of t/o

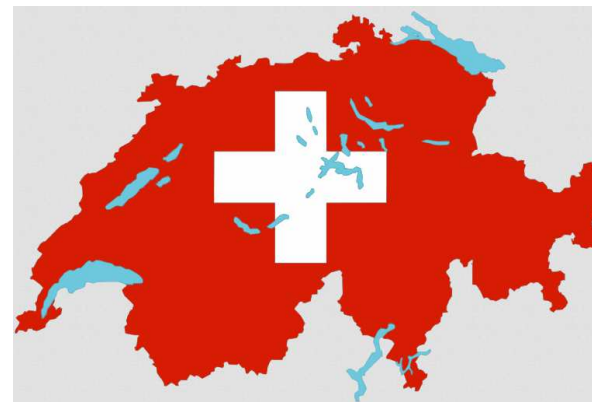
- McDonalds dominant with over 150 outlets
- Migros No 2 with approx. 220 outlets (mainly in MM and MMM outlets)
- Coop No 5 with approx. 200 outlets

	Group	Turnover 2011 (m CHF)	Turnover 2010 (m CHF)
1	McDonald's	718	685
2	Migros	665	662
3	SV Group	445	419
4	Groupe DSR	286	240
5	Coop	256	252
6	Compass	245	260
7	Burger King	230	120



Why Switzerland is an opportunity for you

- High living standard
- High per capita income
- Growing economy
- Internationally oriented population
- Low unemployment
- Two well developed, modern retailers
- Price not exclusive focus
- “Foody” nation => interested in high quality food and various types of cuisine
- Sophisticated private label business in both leading retailers
- Tourism sales (food service channels)
- Up-market niche sales channels







Geography

- Federal republic with 9 States
- Innsbruck to Vienna is 500 km, Salzburg to Vienna 300 km
- Vienna largest city (1.7 m)
- Followed by Graz (250 k), Linz (190 k), Salzburg (150 k) and Innsbruck (120 k)



Socio-demographics Austria vs. Belgium

		
Population	8.4 m	10.4 m
Households	3.6 m	4.6 m
1 Person Households	35.4 %	32.6 %
Share of people aged 65+	17.4 %	18.3 %
Foreigners	11.6 % *	10.2 %

* mainly from Germany,
Turkey and Serbia

Economic Facts & Figures

- 11th richest country in the world on per capita basis (IMF 2012)
- Economy in relatively good shape
- Germany is strongest trading partner
- GDP 2013: € 394 bn
- Ø Inflation rate 2013: 1.9 %
- Ø Unemployment rate 2013: 4.5%
- General VAT: 20 %
- Reduced VAT for food, books etc: 10 %



Stock Exchange Vienna

International Assumptions & Characteristics



Tourism



Culture



Traditional Food



Nature






Trends

- Recent sensitivity for grocery consumption (bewusster Lebensmittelkonsum)
- Sustainability
- Moral and ethical considerations impact purchase behaviour
- Similar to Switzerland, high quality expectations and indulgence => consumers prepared to pay more
- In parallel, more price awareness since joining EU in 1995 (Hofer No. 3 retailer)
- Obesity is increasingly a problem (40% of adults are overweight, 12% obese)



Top 10 Grocery Retail Austria 2013

- Retail is well-organised and modern
- Over 5,600 grocery outlets

	Company	Gross t/o in € m	No. of Outlets	Market Share (%)
	Rewe	6468	2.484	24,05
	Spar	4549	1.531	17,34
	Aldi Group	3145	442	11,99
	Schwarz Group	985	202	3,76
	Metro	623	12	0,24
	Pfeiffer	620	127	0,94
	Mpreis	566	203	2,16
	Zielpunkt	489	283	1,87
	dm	482	377	1,84
	BP	182	340	0,70

Grocery Retail Format Split Austria 2012



	No. of Outlets		Turnover in € m		% Change
	2011	2012	2011	2012	2011/12
Hypermarkets over 2.500 sqm	79	82	1,716	1,736	1.2%
Hypermarkets 1,000 -2,499 sqm	289	297	2,598	2,714	4.4%
Supermarkets 400-999 sqm	2.636	2.672	7,600	7,857	4.0%
Medium Supermarkets 250-399 sqm	633	630	991	989	-0.2%
Small Supermarkets up to 249 sqm	1.377	1.305	752	725	-3.6%
Hofer/Lidl**	638	640	4,100	4,115	0.4%
Total	5.652	5.626	17,716	18,133	2.4%

* Status Dec 2012

** Turnover Hofer and Lidl estimate

Retailer No. 1 – REWE International



Retailer No. 1 – REWE International

International Full-Range Stores:



Nat. & Internat. Discount Stores:



Other divisions:

- Wholesale
- Stakeholding
- Cooperations

- Tourism
- Media
- Logistics



Retailer No. 1 – REWE International – BILLA

- BILLA is the leading Austrian supermarket
- Approx. 1,000 stores. Owned by Rewe since 1996
- Offers natural and good value for money products
- Focus on regional products, great choice in fine food as well as fresh food (Frische)



Private Labels „BILLA“ and „BILLA Corso“

Retailer No. 1 – REWE International – MERKUR

- MERKUR is REWE's hypermarket fascia
- 127 stores
- High quality, fresh & chilled food and a wide range of products (20,000 SKUs)
- Focus on quality, sympathy, competence, service and friendliness
- Various own labels

MERKUR



Retailer No. 1 – REWE International – PENNY

- PENNY is REWE's discounter as in Germany
- Approx. 300 stores
- Core range includes about 1,900 food SKUs
- Tries to combine low pricing with indulgence, quality, freshness and zest for life



Retailer No. 1 – REWE International – ADEG

- ADEG is the trading company for independents
- Approx. 430 stores, owned by REWE since 2006
- Regional locations and locally adapted product ranges
- Motto „shopping at home in my region“
- Focus on product range expertise, counter service and personal advice



Retailer No. 2 – SPAR



Retailer No. 2 – SPAR



- Privately-owned
- Core business is grocery retail in Austria and surrounding countries
- Other divisions: sport specialised trade (Hervis), shopping centres (ses), 3 production plants

Retailer No. 2 – SPAR

- Over 1,500 stores
 - SPAR (1,161 supermarkets)
 - SPAR Express (67 petrol station stores)
 - SPAR-Gourmet (52 fine food oriented stores in Vienna and Lower Austria)
 - EUROSPAR (177 smaller hypermarkets)
 - INTERSPAR (60 hypermarkets)
 - Maximarkt (7 large hypermarkets in Upper Austria and Salzburg)
- Approx. 50% of stores are managed by independents
- 2,000 to 50,000 SKUs depending on store format
- More than 40,000 products from 2,500 Austrian manufacturers
- Approx. 3,000 PL products and various labels, e.g. S-BUDGET, SPAR Vital, SPAR Natur*pur, SPAR PREMIUM, SPAR Veggie, SPAR enjoy, SPAR free from



Retailer No. 2 – SPAR



Retailer No. 3 – Hofer

- Hofer is a division of Aldi Süd (South)
- Aldi Suisse, Aldi Hungary and Hofer Slovenia are part of Hofer
- In 1967, Aldi Süd took over Hofer, their first foreign acquisition
- Today, approx. 450 outlets managed by 7 regional offices



Foodservice in Austria

- Tourism is key factor in economy, as per Switzerland, accounting for 20% of employment. Most tourists from Germany (53%) and NL (10%)
- Hotels are of key importance (approx 64,000 and 1.1 m beds) catering for both winter and summer business
- Many independent, family-run operations
- High status of restaurant owners in each city
- Out-of-home expenditure in 2012 reached € 1.1 bn



Foodservice in Austria

- Relatively few chain restaurants with one exception: McDonalds
- TOP 15 restaurant chains account for only 650 units of which McDonalds (184 outlets, turning over € 548 m in 2012)



- 41% of Quick-/Full service is fast food. Growth in self-service restaurants in furniture superstores and hypermarkets which now account for 24% of segment's turnover.
- 60 Merkur Restaurants, 53 Interspar, 45 Lutz/Mömax, 43 Schnitzelhaus and 7 Ikea
- Contract Catering not as well developed as in Switzerland, but still estimated to account for about 1/3 of out-of-home expenditure
- Growth potential in catering for senior citizens and in schools which are moving towards full-day curriculum, i.e. needing catering facilities

Why Austria is an opportunity for you

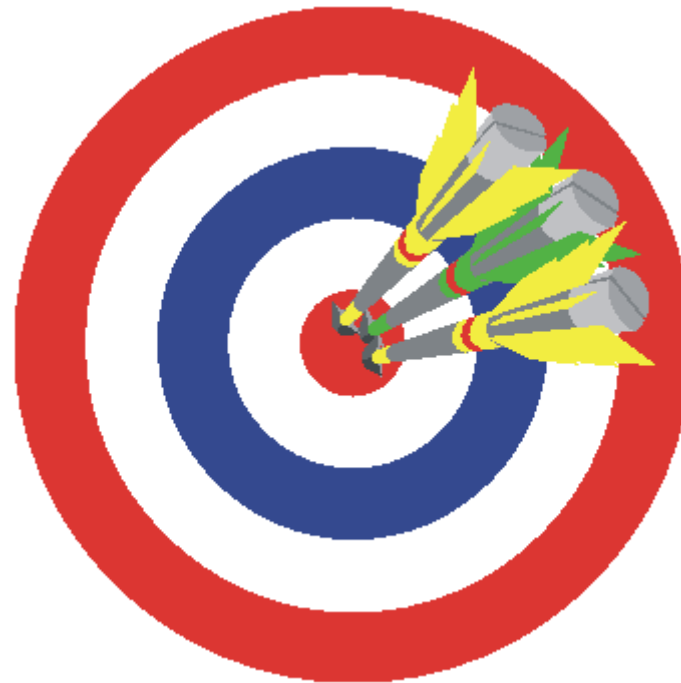
- Growing economy
- Although nationalistic in cuisine, becoming more open to international food
- Influence on surrounding Central / East European States
- 3 retailers of relevance (Billa, Spar, Hofer)
- Tourism sales channels





10 Golden Rules for Success on the Swiss and Austrian markets

1. Define Your Objectives



10 Golden Rules for Success on the Swiss and Austrian markets

2. Do Your Homework



10 Golden Rules for Success on the Swiss and Austrian markets

3. Check Legality



REGULATION (EC) No 178/2002 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 28 January 2002

laying down the general principles and requirements of food law, establishing the European Food Safety Authority and laying down procedures in matters of food safety

THE EUROPEAN PARLIAMENT AND THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty establishing the European Community, and in particular Articles 37, 95, 133 and Article 152(4)(b) thereof,

Having regard to the proposal from the Commission ⁽¹⁾,

Having regard to the opinion of the Economic and Social Committee ⁽²⁾,

Having regard to the opinion of the Committee of the Regions ⁽³⁾,

Acting in accordance with the procedure laid down in Article 251 of the Treaty ⁽⁴⁾,

Whereas:

- (1) The free movement of safe and wholesome food is an essential aspect of the internal market and contributes significantly to the health and well-being of citizens, and to their social and economic interests.
- (2) A high level of protection of human life and health should be assured in the pursuit of Community policies.
- (3) The free movement of food and feed within the Community can be achieved only if food and feed safety requirements do not differ significantly from Member State to Member State.
- (4) There are important differences in relation to concepts, principles and procedures between the food laws of

the Member States. When Member States adopt measures governing food, these differences may impede the free movement of food, create unequal conditions of competition, and may thereby directly affect the functioning of the internal market.

- (5) Accordingly, it is necessary to approximate these concepts, principles and procedures so as to form a common basis for measures governing food and feed taken in the Member States and at Community level. It is however necessary to provide for sufficient time for the adaptation of any conflicting provisions in existing legislation, both at national and Community level, and to provide that, pending such adaptation, the relevant legislation be applied in the light of the principles set out in the present Regulation.
- (6) Water is ingested directly or indirectly like other foods, thereby contributing to the overall exposure of a consumer to ingested substances, including chemical and microbiological contaminants. However, as the quality of water intended for human consumption is already controlled by Council Directives 80/778/EEC ⁽⁵⁾ and 98/83/EC ⁽⁶⁾, it suffices to consider water after the point of compliance referred to in Article 6 of Directive 98/83/EC.
- (7) Within the context of food law it is appropriate to include requirements for feed, including its production and use where that feed is intended for food-producing animals. This is without prejudice to the similar requirements which have been applied so far and which will be applied in the future in feed legislation applicable to all animals, including pets.
- (8) The Community has chosen a high level of health protection as appropriate in the development of food law, which it applies in a non-discriminatory manner whether food or feed is traded on the internal market or internationally.

⁽¹⁾ OJ C 96 E, 27.3.2001, p. 247.

⁽²⁾ OJ C 155, 29.5.2001, p. 32.

⁽³⁾ Opinion delivered on 14 June 2001 (not yet published in the Official Journal).

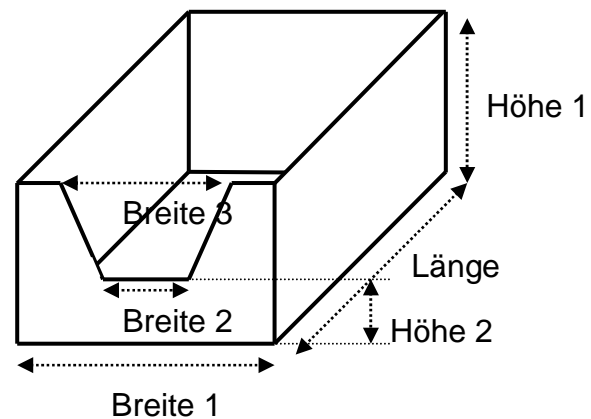
⁽⁴⁾ Opinion of the European Parliament of 12 June 2001 (not yet published in the Official Journal), Council Common Position of 17 September 2001 (not yet published in the Official Journal) and Decision of the European Parliament of 11 December 2001 (not yet published in the Official Journal), Council Decision of 21 January 2002.

⁽⁵⁾ OJ L 229, 30.8.1980, p. 11. Directive repealed by Directive 98/83/EC.

⁽⁶⁾ OJ L 330, 5.12.1998, p. 32.

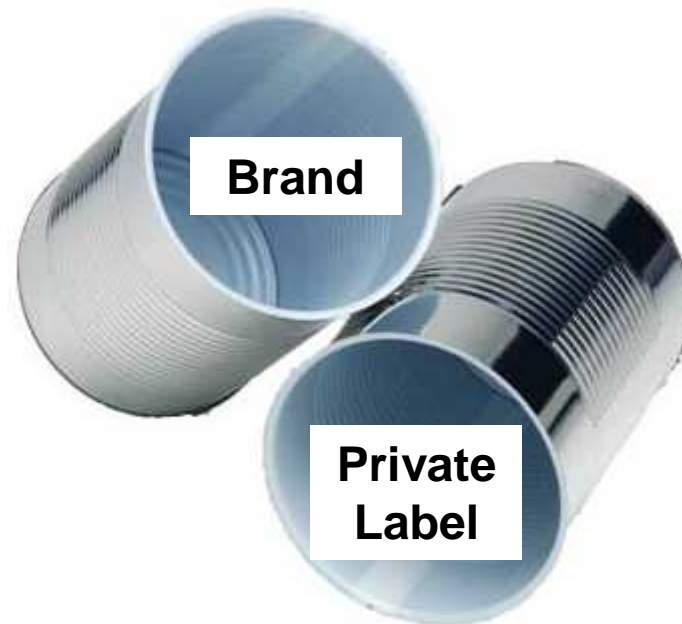
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4. Check Packaging



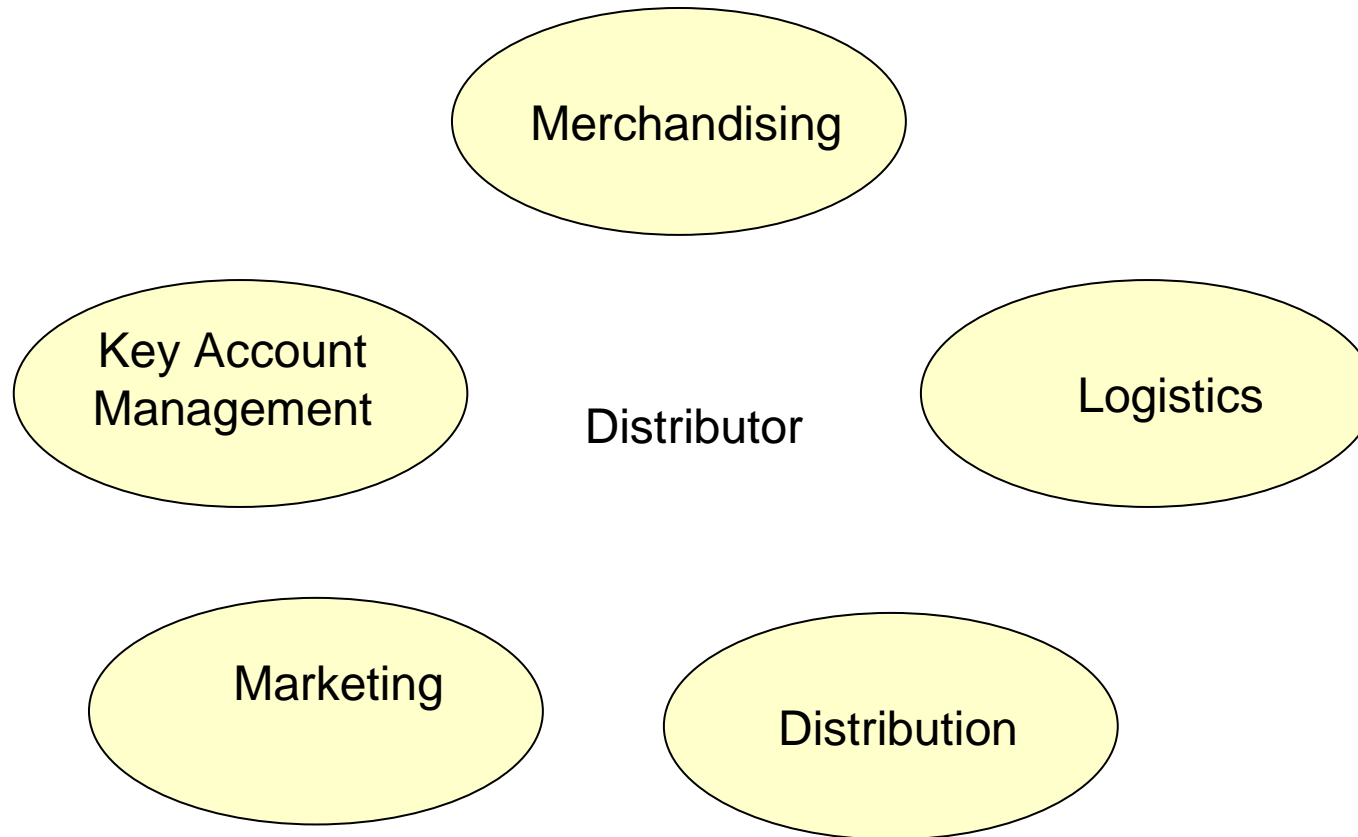
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5. Brand or Private Label?



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6. Sales via Distributor?



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7. Have an Annual Marketing Budget if Brand



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8. Develop Relationship with Distributor / Trade

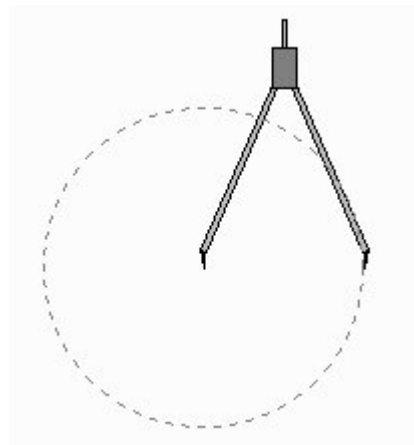


10 Golden Rules for Success on the Swiss and Austrian markets

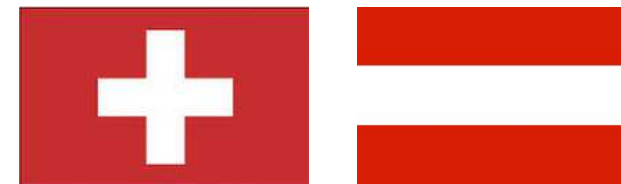
9. Think Swiss (or Austrian)!



On time



Accurate



Be aware of nationalistic attitude

10 Golden Rules for Success on the Swiss and Austrian markets

10. Be Patient and Realistic



Thank you und viel Erfolg!



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