

# The German QSR Channel – Status and Outlook in light of COVID-19

*Tuesday, October 6th*

**BORD BIA**  
IRISH FOOD BOARD



# Agenda

1. Introduction and economic overview
2. Update on Irish exports to Germany
3. Foodservice channel overview
4. Overview and analysis of major operators within the QSR channel in Germany
5. Detailed analysis of two selected QSR chains
6. Understanding the German QSR customer: Recommendations on how to approach key targets
7. Sustainability and trends within the QSR channel
8. Looking ahead
9. Q&A

**BORD BIA**  
IRISH FOOD BOARD



# 1. Introduction and Economic Overview

# Overview of German Economy

	2019	2020	2021
Gross domestic product	0.6	-5.8	4.4
Household consumption expenditure	1.6	-6.9	4.7
Export	1.0	-12.1	8.8
Import	2.6	-8.1	7.5

- In 2019, Germany's economy had grown only by 0.6%. This was the **weakest growth rate in six years** and significantly lower than 2018 (+1.5%).
- This was due to:
  - Trade conflict between the US and China
  - Worldwide decline in demand for German goods
  - Decline in production within the automotive sector
- However, the Federal Government has positive prospects for the upcoming year and expects growth of 1.1% in 2020

Since July 1st, a lower rate of VAT has been applicable. The regular rate has fallen from 19% to 16% and the reduced rate has dropped from 7% to 5%, with the aim of boosting consumption and consumer spending.

## 2. Irish Exports to Germany



# Germany

## Value of Export 2019

Source: Bord Bia



Total exports  
to Germany  
**€771m**  
**↑5%**



Meat & Livestock  
**€207m, ↑1%**



Beef  
**€132m, ↑3%**



**5%**

All Irish Meat & Livestock export go to Germany



Seafood  
**€29m, ↑52%**



Alcohol  
**€69m, ↑3%**



Dairy  
**€335m, ↑9%**



PCF  
**€98m, ↑17%**



# Germany

Value of Export  
January – June 2020

Source: Bord Bia



**Total  
exports to  
Germany**

**↑5%**



**Dairy  
↑14%**



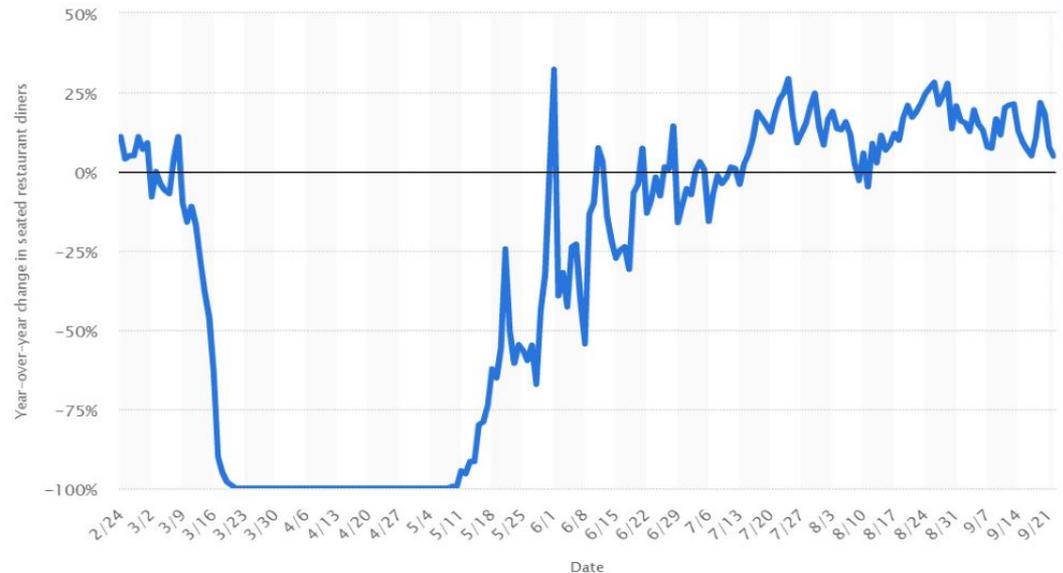
**PCF  
↑32%**

# 3. Foodservice Channel Overview

# How has the channel been affected by the COVID-19 pandemic?

Year-over-year daily change in seated restaurant diners due to the Year-over-year daily change in seated restaurant diners due to the coronavirus (COVID-19) pandemic in Germany from February 24 to September 22, 2020.

QSR segment is **recovering more quickly** than other foodservice outlets



# How has the foodservice channel been affected by the COVID-19 pandemic?

- Turnover in foodservice sector decreased by **34.1%** between January – June 2020
- Sharp rise in popularity of delivery services, with customer base expected to remain
- ‘Corona casualties’ – several foodservice groups have announced insolvency
- Acceleration of digitalisation processes



# How has industry and government reacted to the COVID-19 pandemic?

- Local government initiatives to increase outdoor seating capacity in cities across Germany
- Reduced menus across all foodservice segments
- Business models have changed in response to pandemic; majority of foodservice outlets now offer takeaway service in some capacity
- Increased focus on **foodservice within retail** outlets



Source: Twitter



Source: Pixabay

# Channel Overview of the German Foodservice Market

The average restaurant spend in Germany was €6.69 per visit in 2019.

Total German FS Turnover 2019  
82.8 bn€

## Structure of the Foodservice Market

Commercial Foodservice

Social Foodservice

Restaurants

Quick Service Restaurants (QSR)

Hotels & other lodging

Transport Foodservice

Other Concession sites

Business & Industry

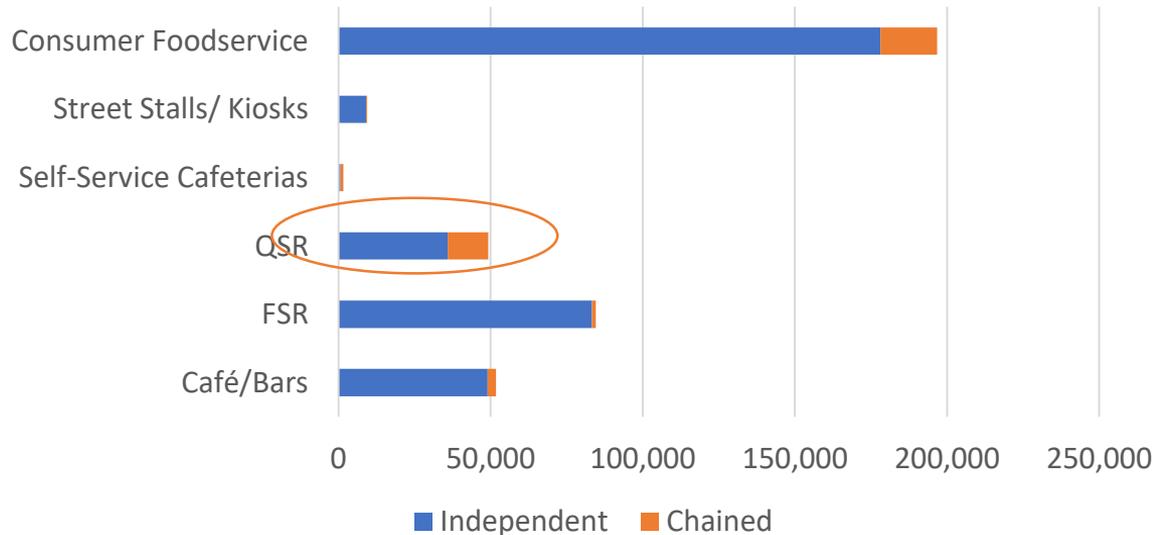
Education

Healthcare / Welfare

Other captive segments

# Commercial Foodservice

Independent vs Chained Consumer Foodservice 2019 by number of outlets



QSR – also includes outlets defining themselves as limited-service, fast food operators or casual dining outlets.

- Majority of chains had the means to cope with the dramatic decrease in sales, but smaller operators suffered
- Chained: **58.5%** value share
- (€9.1 billion)
- Independent: **41.5%**
- (€6.5 billion)

# 4. Overview and analysis of major operators within the QSR channel

# Top Ten Quick-Service Restaurant Chains by % market share in 2019



McDonald's	McDonald's Corp	27.4
Burger King	Restaurant Brands International Inc	6.8
Nordsee	Nordsee GmbH	2.0
Subway	Doctor's Associates Inc	1.9
Domino's Pizza	Domino's Pizza Inc	1.8
KFC	Yum! Brands Inc	1.8
BP Petit Bistro	British Petroleum Co Plc, The	1.5
BackWerk	Valora Holding AG	1.4
Shell Select	Royal Dutch Shell Plc	1.0
Yorma's	Yorma's AG	0.7

# Quick-Service and Casual Restaurant Chains in Germany



dean & david



marché  
MÖVENPICK



Peter Pane  
BURGERGRILL · BAR

hans im glück  
BURGERGRILL · BAR

# Rising Stars

## Quickservice-Gastronomie (QS)

Rang	Unternehmen	2018			Veränderung zu 2017			Units		
		Umsatz Mio.€	Mio.€	%	Zahl	%	2018	Zahl	%	
1	1	McDonald's*	3.470,0	215,0	6,6 %	1.489	9	0,6 %		
2	2	Burger King*	955,0	10,0	1,1 %	720	12	1,7 %		
3	5	Yum!	315,0	13,5	4,5 %	254	18	7,6 %		
4	6	Nordsee	271,8	-12,9	-4,5 %	318	8	2,6 %		
5	7	Valora*	264,0	3,5	1,3 %	514	-10	-1,9 %		
6	8	Edeka*	260,0	27,1	11,6 %	2.100	0	0,0 %		
7	9	Subway*	254,0	7,0	2,8 %	690	20	3,0 %		
8	10	AmRest	240,2	7,6	3,3 %	270	39	16,9 %		
9	14	Domino's	220,0	67,0	43,8 %	333	126	60,9 %		
10	15	Vapiano*	215,0	5,0	2,4 %	82	3	3,8 %		
11	18	Starbucks* <sup>(1)</sup>	160,0	0,0	0,0 %	157	1	0,6 %		
12	19	Marché Mövenpick	143,0	9,0	6,7 %	115	12	11,7 %		
13	36	Backfactory	88,3	0,1	0,1 %	98	-2	-2,0 %		
14	37	Le CroBag	88,0	-0,5	-0,6 %	120	0	0,0 %		
15	38	Junge Die Bäckerei	87,3	7,2	9,0 %	197	8	4,2 %		
16	41	Coffee Fellows	86,0	18,0	26,5 %	217	32	17,3 %		
17	42	Kamps	85,0	2,2	2,7 %	446	-7	-1,5 %		
18	43	Gosch*	83,5	2,5	3,1 %	43	-3	-6,5 %		
19	53	dean&david	69,0	17,0	32,7 %	119	24	25,3 %		
20	55	Call a Pizza	64,8	4,4	7,3 %	104	-1	-1,0 %		

Company	% increase 2018
Domino's	43.8%
dean&david	32.7%
Coffee Fellows	26.5%
Edeka (Foodservice)	11.6%
Call a Pizza	7.3%
Marché Mövenpick	6.7%

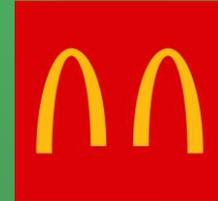
**BORD BIA**  
IRISH FOOD BOARD



# Examples of adaptation and agility during COVID-19



- Strengthening their presence in Germany
- Improving business performance through Loyalty Management, Campaign Management and Business Intelligence
- Looking to expand to forecourt with coffee machines (e.g. Shell)



- Quick to adapt to regulations and to remain open during the lockdown with the McDrive lane
- Suspended payments for their independent licensees to provide security

# Losses during COVID-19

The logo for Vapiano, featuring the brand name in a red, handwritten-style font with a registered trademark symbol.

- Problems before COVID-19 due to quick expansion
- 55 nationwide stores closed in March
- 230 restaurants worldwide were also heavily affected

The logo for Maredo, featuring a red bull head icon to the left of the brand name 'MAREDO' in a bold, red, sans-serif font.

- Restructured in 2017– complete overhaul of business structure
- Consistent decrease in annual turnover went from €100 M per annum to €50 M
- Struggled with declining sales

# 5. Analysis of Selected QSR Chains

# dean & david



Taste the Freshness - A healthy Bite of Joy!

**BORD BIA**  
IRISH FOOD BOARD



# dean&david



## Crunchy Beef Bowl Produktinfo

mit frisch gegrillten Rinderstreifen (dt. Voralpenland), Edamame, sonnengereiften Strauchtomaten, fruchtiger Mango, saftigen Granatapfelkernen, gerösteten Crunchy Onions, warmem Quinoa & Vollkornreis, frischem Salat und Soja Sesam Sauce.

Wahl aus: doppelt Beef, extra Brot, Beilagensalat mit Balsamico Ahornsirup Dressing, Proviant BIO Apfelsaftchorle 0,33l und mehr.

11,25 €



+

## Chicken Avocado Sandwich Produktinfo

frisch gegrilltes Sandwich mit frisch gegrillten Hähnchen-Filetstreifen (dt. Herkunft/Tierwohl Siegel), Avocado, Babyspinat, sonnengereiften Strauchtomaten, frischem Basilikum und Sundried Tomato Aufstrich.

Wahl aus: Beilagensalat mit Balsamico Ahornsirup Dressing, Green Guru - kaltgepresster Saft 0,33l und mehr.

4,45 €



**BORD BIA**  
IRISH FOOD BOARD

Full menu in English language:

<https://deananddavid.de/wp-content/uploads/pdf/2020-05-dd-Master-Menukarte-EN-A4.pdf>

# Marché Mövenpick Germany

marché  
MÖVENPICK



**BORD BIA**  
IRISH FOOD BOARD



# Marché Mövenpick Germany

marché  
MÖVENPICK



**BORD BIA**  
IRISH FOOD BOARD

# 6. Understanding the German QSR Customer

# QSR approach – 5 Golden Rules

1. Do your “homework“



**BORD BIA**  
IRISH FOOD BOARD

# QSR approach – 5 Golden Rules

2. Clearly define and communicate your USP



**BORD BIA**  
IRISH FOOD BOARD

# QSR approach – 5 Golden Rules

## 3. Think German



# QSR approach – 5 Golden Rules

4. Be patient and realistic



# QSR approach – 5 Golden Rules

## 5. Prepare for fragmented logistics model



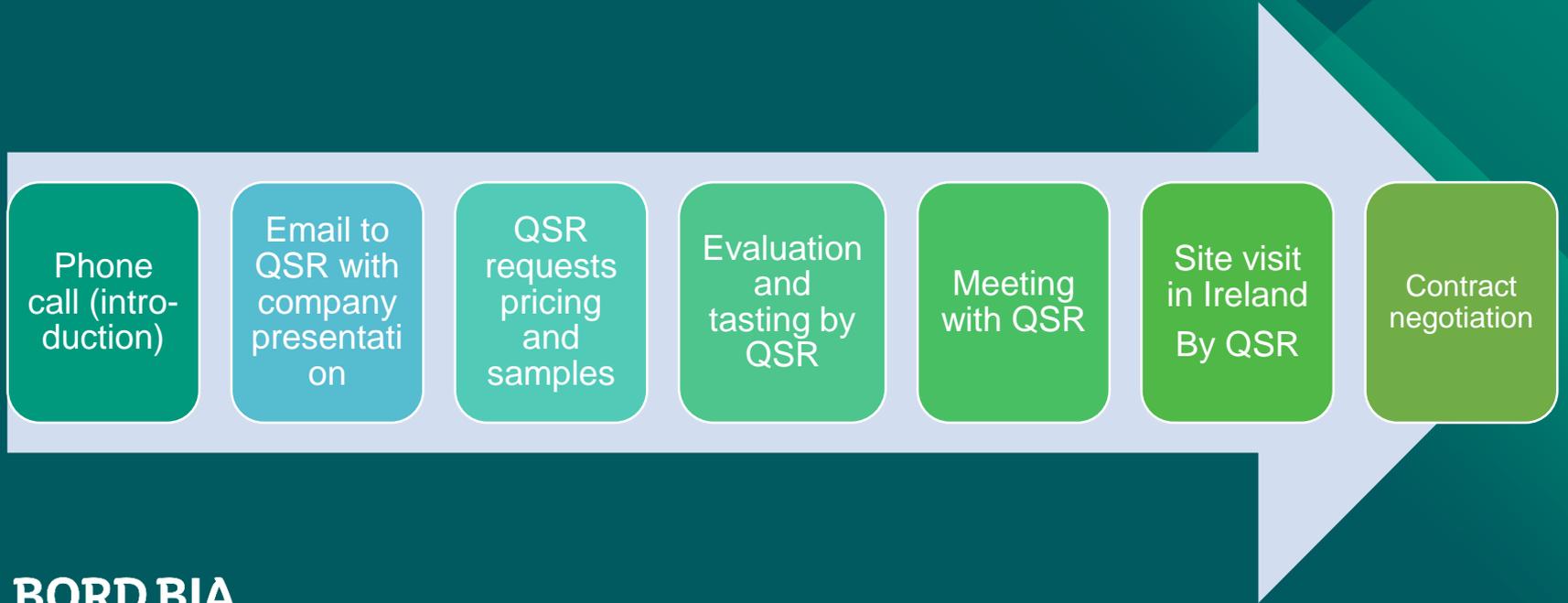
Hamburg

790 km

Munich



# QSR approach in a nutshell



# 7. Sustainability and trends within the QSR Channel

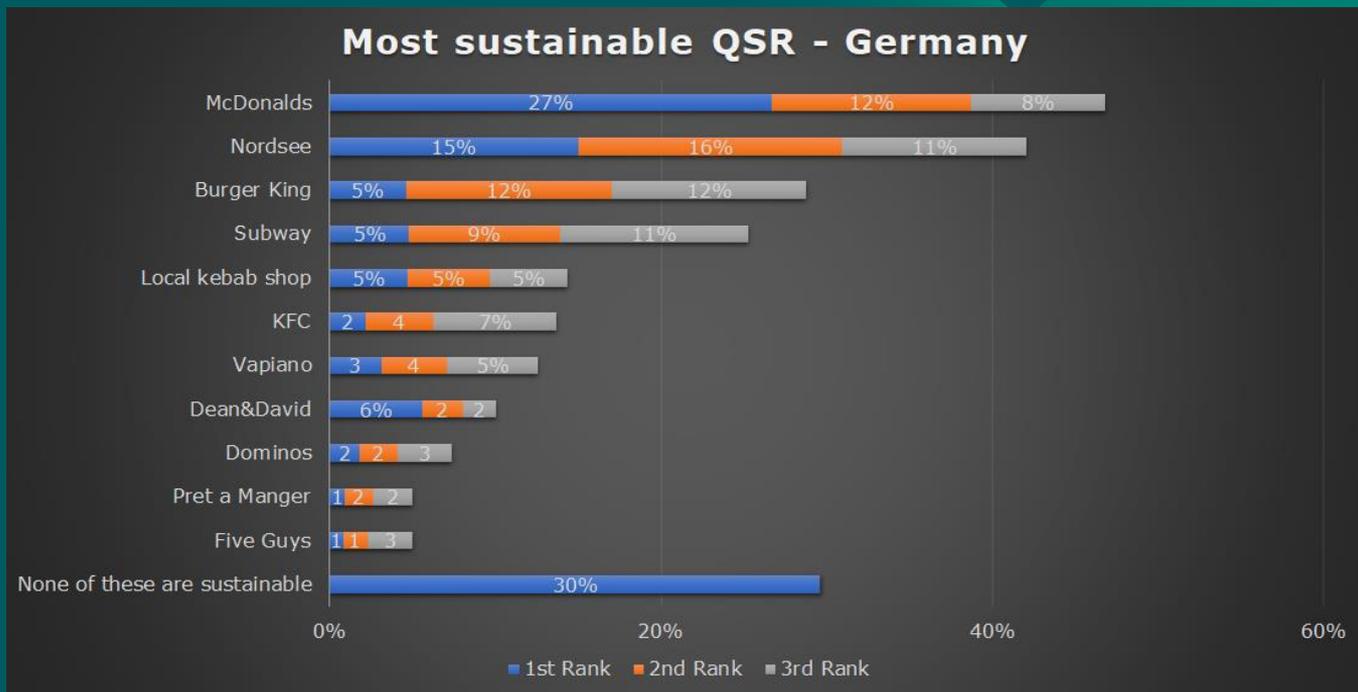
# Sustainability within the German QSR channel

**Less important** for QSR's when compared with sit-down restaurants.

In the case of QSRs, sustainability criteria for choice falls further down the list than speed, quality, value and choice.

Sustainability factors do still matter once taste, value and convenience needs are met and can be a valuable differentiator for QSR's, but they must be clearly and carefully communicated.

**BORD BIA**  
IRISH FOOD BOARD



# Trends within the foodservice channel

- Sharper focus on regionality
- Increased demand for high convenience foods and pre-prepared convenience solutions (due to reduction in staff)
- Renewed focus on **foodservice within retail** outlets
- Packaging and packaged goods 'back in favour'



Breakfast, lunch and dinner options at EDEKA Zurheide



# 8. Looking ahead

# Summary and recommendations



# 9. Q&A

Thank you.

**BORD BIA**  
IRISH FOOD BOARD

