

## Press conference ISM on 28 January 2020 at Colognet- press kit



ISM  
02.02. - 05.02.2020  
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## Welcome from Gerald Böse, President and Chief Executive Officer of Koelnmesse GmbH

ISM and ProSweets Cologne 2020  
28.02.2020, 11:00 a.m., Large Meeting Hall, Koelnmesse



ISM  
02.02. - 05.02.2020  
[www.ism-cologne.com](http://www.ism-cologne.com)

Ladies and gentlemen,

Welcome to our Press Conference a few days before the start of the 50th edition of ISM Cologne. For fifteen years it has been the face of the worldwide sweets industry, by providing a dynamic and to an incredibly international trading place once a year.

The International Sweets and Biscuits Fair - ISM in short - experienced rapid development from the very start and has over the course of the years grown in all areas: Exhibitors, surface, visitors, internationality. In this way, the leading global trade fair has over the course of time become a brand on the international trade fair business in itself. The in total 29 national and international companies that have exhibited at the trade fair every year since 1971 have also contributed significantly towards this. The "ISM 1971 - 50 Sweet Years" special event will provide you with interesting insights into the early days of ISM and its development.

In its anniversary year, in spite of numerous political and economic developments such as BREXIT, a possibly looming recession or ongoing debates on climate protection and sustainability, ISM is proving to be as solid as a rock. In Germany, Austria and Switzerland an unprecedented concentration process has been observed. The digitalisation is striding ahead unabated and is still viewed by many people to be more of a problem than an opportunity. Consumer behaviour is also changing rapidly worldwide. The demands of the consumers are becoming increasingly more individual, themes such as healthy or sustainable diets are becoming more and more important.

ISM keeps a constant eye on these developments and encounters these challenges year after year with new formats, theme-related events, industry competence and the innovations of numerous international exhibitors.

That these efforts pay off, is evident once again in the anniversary year, because with 1,750 suppliers from 76 countries on the exhibitor side, ISM is indeed registering a 6 percent growth rate compared to the previous year (1,652 exhibitors). This is an excellent result.

At this point I would like to also thank the International Sweets and Biscuits Fair Task Force, AISM, which has been an important pillar of the success from the very beginning.

Traditionally, both market leaders as well as medium-sized and smaller companies participate at ISM. Germany is strongly represented again with an overall participation of 221 exhibitors (previous year 211) and was thus able to record a growth rate of just under five percent.

### **Strong foreign participation**

At around 88 percent, the share of foreign exhibitors also remains high. The largest contingents from outside Germany come from Italy, Belgium, Spain, Great Britain, Poland, France and the Netherlands. Turkey, China and Greece are also represented with a broad range of offerings. New exhibitors are participating from Algeria, Kenya and Madagascar.

We are moreover delighted to welcome important returnee or new exhibitors such as the Hosta Group from Germany, Arcor from Argentina, Cacau Show from Brazil and Fazer from Finland. Particularly the growth from abroad also underlines once again the international standing of ISM as the leading global trade fair for sweets and snacks.

In addition to this, numerous foreign country pavilions are represented at ISM again. Overall, 28 groups have registered to-date. The five largest participations include Belgium, Greece, Great Britain, Italy and Spain. We are welcoming returnee and new group participations from Bulgaria, Latvia, Jordan and Russia.

The large selection of retail brand manufacturers, who totalling over 900 account for over half of the overall exhibitors, underlines the fact that ISM is moreover one of the most important sourcing platforms for buyers. This too is a new record.

In addition to the pure product show aspect, with its extensive event programme on current trends and innovations as well as future-oriented formats, ISM will once again set new impulses for the industry.

For example, ISM and ProSweets Cologne are for the first time jointly organising #CONNECT2030 - The Future Summit for Sweets and Snacks. Famous experts will talk about digital networking, artificial intelligence and smart packaging and present concrete digital technologies and options, which can offer true added value for the sweets and snacks industry also regarding sustainability.

### **Trends and innovations**

Beyond this, ISM is also taking current mega trends such as convenience and the related consumers' desire for small, compact snacks into account. The trade fair is doing justice to this theme and in the scope of the rebundled sections, Trend Snacks and Natural Snacks in Hall 5.2, is providing a detailed overview of the product world of snacks. There is additionally going to be a pavilion dedicated to the theme Bean2Bar chocolate within the Natural Snacks section featuring six suppliers.

New products and innovations are furthermore a key theme at the leading global trade fair for sweets and snacks. Conscious enjoyment, authentic products, sustainability, but also combining different trends and needs to suit the occasion or

season are of key importance. Many established trends such as organic, vegan, vegetarian or sugar-free are ongoing. On top of this there are more natural product variants made of vegetable-based proteins like lentils, beans and peas. Insect snacks will also be represented at ISM again.

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But products with sustainable raw materials or sustainable packing are of course becoming more important within the trade too, because climate protection and resource-saving production processes are also on the priority list of the consumer. In 2019, the number of suppliers from the trend theme Fair Trade section was 254, this year it has increased up to 298. Halal and kosher as well as vegan and vegetarian are further trend themes that have recorded a significant growth in the number of exhibitors at ISM 2020.

The Trend Court@ISM in Hall 5.2. is also dedicated to the theme trends within the sweets industry. Different accents will be set in the three sections. New product trends and developments within the industry will be presented on a special area under the focus "Sweet Trends presented by Innova Market Insights". The **Expert Stage** is additionally the central place for an exchange of knowledge and information. Current industry themes such as the top trends of the industry and the future of sweets and snacks will be discussed every day from Sunday to Wednesday. This year, the **Start-up Area** is offering 21 companies that have been founded within the last five years a good opportunity to present their innovative products and concepts at ISM.

Furthermore, 130 display windows containing the current new products of the exhibitors of ISM and ProSweets Cologne will be presented in the **New Product Showcase**. Here, the four winners of the "Innovation Award" of yummex Middle East in Dubai will be presented once again.

One and a half hour guided tours on various themes round the event programme off. The focus of the tours lies on product innovations, sensory experiences and the professional exchange. Our partner, NutriMarketing, is accompanying the tour, providing in-depth insights into these trend themes.

Ladies and gentlemen,

As you know, ProSweets Cologne is staged parallel to ISM. The supplier trade fair for the sweets and snacks industry was founded in 2006 together with industry partners, in order to provide an own platform for solutions for the special demands of the production of sweets and snacks.

As an independent trade fair, ProSweets Cologne has been covering the entire demand regarding the themes production, packing and ingredients - from diversified ingredient variations, to innovative packing machines and materials, through to optimised production technologies - for no less than 14 years already. As such, in collaboration with ISM the entire value chain is covered. Both suppliers and manufacturers as well as the retail trade are represented.

More than 260 exhibitors are participating at ProSweets Cologne, which is being held

in Hall 10.1 with a direct connection to ISM.

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This year's edition primary emphasis lies on sustainable packing, functional ingredients as well as modular systems.

Less plastic, more renewable raw materials, lower packing weight and recyclability are the focus of the packing solutions presented. Due to the digitalisation, the theme product information is also taking on a new standing at the international supplier trade fair for the sweets and snacks industry, which is playing an increasingly bigger role at the point of sale.

On the theme of ingredients, the main emphasis is being placed on multisensory taste experiences. The exhibitors are presenting a host of diversified and innovative solutions here based on ingredients that are of natural origin - from aromas, to colouring foodstuffs, through to sweetening solutions. Alternative fat, salt and sugar-reduced recipes will be presented by a food expert in the new Tasting Zone.

The Ingredients and Packaging special events as well as the guided tours of the German Agricultural association (DLG) on reformulation are offering further comprehensive information on trends and developments.

Beyond this a modern process and packing technology plays a key role in the development of innovative sweets and snacks. Thanks to their modular design, the complete solutions presented at ProSweets Cologne demonstrate how the flexible and fast conversion of different formats and maximum machine efficiency can be achieved.

The decisive aspect of all of these developments is that without the technology, machines and innovative recipes, it would not be possible to keep on presenting trend-oriented products within such short intervals. What's more, the suppliers dispose of important know-how and concrete solutions for new technologies in the scope of the digitalisation, which means in their role as competent partners and consultants they can support the manufacturers.

Thus, the concepts of both trade fairs enhance each other excellently, since in conjunction with ISM, ProSweets Cologne covers the entire industry value chain of the sweets and snacks industry.

Both ISM and ProSweets Cologne are exclusively open to trade visitors.

Ladies and gentlemen,

Doing business without encounters is possible, but boring. As a trade fair organisation, our key concept is to offer inspiring platforms for encounters. This is what we do today and what we have been doing since the start of ISM in 1971. And in spite of the digitalisation, personal encounters are often gaining increased significance.

In conjunction with ProSweets Cologne, ISM is also confirming this, because 50 years

after its inception, the medium trade fair still continues on its path of success.

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Together with yourselves, we now look forward to exciting and inspiring days at the trade fair.

Thank you for your attention.

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**ISM - International Sweets and Biscuits  
Fair 2020**

Federal Association of the German  
Confectionery Industry

Schumannstraße 4-6, D-53113 Bonn  
P.O. Box 19 01 28, D-53037 Bonn  
Tel: +49 (0)228 26007-0  
Fax: +49 (0)228 26007-89

bdsi@bdsi.de  
www.bdsi.de

**Presentation by Bastian Fassin,  
Chairman of the Federal Association of the German Confectionery Industry  
(BDSI) and  
Chairman of the International Sweets & Biscuits Fair Task Force (AISM)**

**Stable development of the sweets industry in 2019 –  
widespread increasing costs for important raw materials are burdening  
revenues**

Good morning, ladies and gentlemen,

In my capacity as Chairman of the Federal Association of the German Confectionery Industry (BDSI) and as Chairman of the International Sweets and Biscuits Fair Task Force, I am pleased to welcome you in the run-up to the 50<sup>th</sup> International Sweets and Biscuits Fair.

I would like to talk to you today about the current state of the sweets industry. For this purpose, I'm drawing on official data from the German Federal Statistical Office, as well as on production and export estimates compiled by the BDSI for the whole of 2019. The results of the relevant market research institutes have also been incorporated into our assessment.

Our association, the BDSI, looks back on a **generally stable 2019** for the industry with its "pleasure-bringing" products.

**Kompetenz in Süßwaren seit 1877**

The **production volume** was slightly above the level of the previous year (+1.2%), while **turnover** increased by 2.3%. However, the statistical data situation distorts the view of the considerably tenuous business situation in the industry. This is because, tough competitive pressure on the national market, insecurities in the important export business, an increasing lack of specialists and considerably increased costs for raw materials are currently posing enormous challenges to the more than 200 German manufacturers of sweets and snacks.

### **Widespread, dramatically increasing costs for the raw materials used in the sweets industry**

Particularly the high costs of important agricultural raw materials are placing a strain on the profit situation of many manufacturers of German sweets and snacks.

The price for **cocoa** was especially high in 2019. Following a volatile increase in the last quarter of 2019, buyers at the London futures exchange have not paid more for cocoa since 2016. The price increase is exacerbated by an agreement between Ghana and the Ivory Coast: the countries, which together produce more than 60 % of cocoa worldwide, have founded a cartel (a "cocoa" OPEC) and are demanding a price surcharge to the amount of 400 US dollars per ton as of 2020, the so-called Living Income Differential (LID).

The prices for **gelatine** also rose dramatically in the second half of 2019. African swine fever has drastically reduced the pig stock, especially in China, so that there is also a shortage of gelatine, which is manufactured from the connective tissue of animals, on the global market.

Considerable price increases were particularly evident in the 4<sup>th</sup> quarter of 2019 due to the increased international demand for **skimmed milk powder**, **hazelnuts** and **almonds**. The food price index of the FAO (Food and Agriculture Organization of the United Nations) also registered clear price increases for **sugar** and **vegetable fats** in December 2019.

### **Outlook for 2020**

**great challenges posed by Brexit and US punitive tariffs**



The insecurity in the export business with the United Kingdom due to the imminent **Brexit**, which still holds many open practical questions, is currently the primary cause of concern for the industry. The United Kingdom is an important export market for sweets. Approx. 5 % of German production of sweets, with a value of around 800 million Euro, is exported to the United Kingdom.

Another challenge is posed by the **US punitive tariffs** of 25 % for sweetened biscuits and waffle products exported from Germany to the United States. These punitive tariffs pose an extreme danger to the work of many years of German manufacturers of fine baked goods in the USA. Family-owned companies must here pay for the mistakes of a subsidy policy in contravention of WTO rules in large scale industry. The industry is therefore pushing and hoping for quick agreement in the negotiations between the European Commission and the US government in order to avert both the widening of the punitive tariffs and the establishing of punitive tariffs on important raw materials like almonds and nuts on the part of the EU.

I would now like to move on to another key theme that intensely concerns our industry - the **lack of specialists**.

The sweets industry is a significant and stable employer in all regions of Germany, especially in rural areas, and makes an important contribution to prosperity and employment. In spite of the overall good economic situation, the profit situation in the companies has nonetheless been tense for years. Central challenges include the recruiting of specialists, especially in production, but also in the work fields of controlling and sales. The search for seasonal workers is also becoming increasingly difficult.

## **Economic development of the German sweets industry in 2019**

According to BDSI estimates, the **production** of sweets and snacks manufactured in Germany experienced slight growth in 2019 at around 3.7 million tons (+1.2 %). In terms of value, production developed positively with around 12.5 billion Euro (+2.3 %).

In terms of volume, the **domestic supply** (= production + import - export) was determined to be just under 2.6 million tons (0.9%) in 2019, while the domestic sales volume was estimated at 8.5 billion Euro (+2.3%).

The **export business** for sweets and snacks also developed positively in 2019 despite many uncertainties in global trade. Overall, an estimated 2.2 million tons of sweets and snacks were exported. This represents growth of +1.7% in comparison with the previous year. The export turnover rose by +3.0% in 2019 to approximately 8.5 billion Euro.

The quality of "made in Germany" sweets continues to be valued very highly abroad. With an **export share volume of over 50%**, more than every second ton of German sweets is destined for export. Around 80% of all sweets exports go to European Union member states, but exports to third countries have been increasing for years.

**Employment figures:** the German sweets industry remained stable in 2019, employing around 50,000 employees, which makes it the fourth largest sector in the food industry.

## **Delicious products for the small pleasures of everyday life - the 2020 innovations**

The sweets industry is one of the particularly innovative industries and will this year once again present a wide variety of new products at ISM, the International Sweets & Biscuits Fair, in Cologne. These include products with vegetable proteins, natural ingredients like nuts, oats, sesame, ginger or dried berries. Also in trend are sweets and snacks for **consuming on the go**, often offered in resealable or individually portioned packages.

**Custom-made products** for individual consumer needs remain important on the sweets market. These also include sugar-free/sugar-reduced, fat-free or

fat/salt-reduced sweets and snacks, as well as organic quality products or those made from sustainably grown raw materials. As such, consumers already enjoy a very broad offering of a wide range of products, so that they can design their diets according to their individual wishes.

### **The German sweets industry is showing strong commitment to sustainability**

The use of sustainably produced ingredients in sweets and snacks has been intensively promoted by the German sweets industry for many years.

Around 90 % of the **palm oil** used in the German sweets industry is already certified as sustainable today. The German sweets industry is thus assuming a leading role.

We are especially committed when it comes to **cocoa**, the most important raw material for chocolate. The BDSI increased its sustainability goals in 2018 and recommends that its members increase the share of certified, sustainably grown cocoa in the sweets sold in Germany to 75% in 2025.

Certification is thereby an important component in the development of a sustainable cocoa sector. In 2018, the **share of certified and sustainable cocoa reached 62%**. With the first survey of the BDSI for the year 2011, this share amounted to only approx. 3 %. The sweets industry is thus on a very good course.

### **Development of the individual product groups**

As we do not have too much time, I will not go into detail regarding the economic trends within the individual product groups – chocolates, sweets and confectionery, pastry and snacks. However, you can find detailed information on this topic, both in the BDSI press information and in our graphics.

Source: Federal Association of the German Confectionery Industry



## International Sweets and Biscuits Fair 2020

Presentation by Dr. Uwe Lebens,  
Member of the Supervisory Board of the International Confectionery Organisation  
SWEETS GLOBAL NETWORK e.V. and Deputy Chairman  
of the International Sweets & Biscuits Fair Task Force (AISM)

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Dear Ladies and Gentlemen,

I would like to heartily welcome you to the Press Conference of the 50<sup>th</sup> ISM in my capacity as a Chairman of the Supervisory Board of the International Confectionery Association SWEETS GLOBAL NETWORK (SG) and Deputy Chairman of the AISM – for the 30th time indeed.

This year the focus of my comments is a survey in five European countries, which addresses the consumption and buying preferences of the consumers as well as the challenges arising from the discussions on health-related themes.

The detailed findings of the survey that POSpulse carried out can be found in the comprehensive press release of SWEETS GLOBAL NETWORK.

### **Consumers in Europe assess sweets positively as a luxury food**

The survey on the consumption and buying preferences that was carried out in December 2019 in the five countries Denmark, Germany, Great Britain, France and Spain clearly confirms this statement.

The market research company, POSpulse, carried out this pole as an in-app survey in these five countries, with 500 respondents each, on behalf of SWEETS GLOBAL NETWORK. As such, the overall survey, the distribution of the age and gender groups of which were comparable, represents around 60 percent of the consumers or 70 percent of the European GDP.

Three results of this survey are as follows:

- **Sweets are popular with the consumers across the board.**
- **In Germany, "NutriScore" or the "traffic light" system only have a slight influence on the buying decision**

- **Sweets are mainly purchased at the supermarket**

The statement "as a luxury food, sweets, when consumed moderately, are a good thing," was mainly agreed to by the consumers in Germany (83 percent), Great Britain (79 percent), Spain (74 percent), Denmark (62 percent) and France (61 percent). Only 11 percent of the respondents in Germany disagree with this statement.

**"NutriScore" or the "traffic light" system are assessed differently in the 5 countries**

There were bigger differences in the replies to the question as to whether the consumers had ever heard of "NutriScore" or the "traffic light". Whereas in France 70 percent of the respondents know the "NutriScore" or the "traffic light", in Germany it is after all 65 percent. The situation is different in Great Britain (38 percent) and Spain (32 percent), where much fewer consumers are aware of the much-discussed means of labelling. With a recognition rate of only 16 percent, "NutriScore" and "traffic light" seem to be even less familiar in Denmark. There are also significant differences between the countries in the opinion as to whether a negative NutriScore or a red traffic light would influence purchasing sweets or not. Almost two thirds of the Germany replied with a no: 52 percent of the Germans say "probably not" and for 11% it made no difference. In Spain 66 percent of the respondents replied with a "yes", in France the figure was 58 percent, in Denmark 53 percent and in Great Britain 46 percent.

**Sweets are mainly purchased at the supermarket**

When purchasing sweets, the respondents of all nations agree: The sweet products are primarily purchased at the supermarket. In all of the countries, asked about their two preferred places of purchases, over 80 percent of the consumers stated their preference to be the supermarket, with the exception of Denmark, where the percentage was 68 percent. Whilst in Germany the discounters ranked second at 70 percent, which also play an important role in Denmark (42 percent) and Great Britain (31 percent), this sales channel is of significantly less importance in France and Spain, both with 11 percent. In these two countries the consumers purchase their sweets much more frequently in specialised shop or department stores (France 40 percent, Spain 42 percent). Furthermore, in Great Britain the category "Petrol station shops" also stands out with 16 percent. The frontrunners for making their purchases online among the respondents are Great Britain and Denmark, in both countries 12% of the respondents use this channel, followed by France (9 percent), Spain and Germany (both 6 percent).

The answers to further questions: "How often are sweets purchased?" "How often are they consumed?" "Where do the consumers gain information on sweets?" can be found in the detailed press release on this survey found in the press kit.

Now to the imports of sweets:

### **Further growth for sweets imports**

For the seventh year in succession, the sweets imports from all countries to Germany have increased. According to estimates by the BDSI, a new record value was achieved with imports of 1,613 million tonnes (+3.9 percent) to the value of Euro 5.667 billion (+5.3 percent). The imports of chocolate products particularly rose strongly in 2019. 324,000 tonnes (+6.9 percent) of chocolate products to the value of 1.675 billion (+7.9 percent) were imported. Only the ice cream segment recorded a slight decline of -1.3 percent in terms of volume. (These figures are estimations by the Association of the German Sweets Industry (BDSI), which are based on the figures collected by the Federal Statistical Office during the first three quarters of 2019). Overall, the sweets imports from all over the globe to Germany have almost tripled in the past 25 years from 580,000 tonnes in the year 1994 up to 1.613 million tonnes.

### **Sweets in the impulse and petrol station section**

After a longer lean period, the sales of sweets in the impulse and petrol station section have risen again slightly. According to Nielsen, in the first ten months of 2019 (January - October) sweets sales rose by 2.7 percent across the entire impulse channel (petrol stations, kiosks, bakeries, etc.) up to Euro 237 million. In terms of volume, the increase was slightly lower at 1.2 percent.

Many thanks and I am looking forward to seeing you all again in the exhibition halls of Koelnmesse for the 50th anniversary of the trade fair from Sunday onwards.

Source: Sweets Global Network e.V. Munich

Contact: Hans Strohmaier, [h.strohmaier@sg-network.org](mailto:h.strohmaier@sg-network.org)

## **International Sweets and Biscuits Fair 2020**

Statement by Stefan Genth,  
Executive Director of the German Retail Association (HDE)  
and member of the Working Group of the  
International Sweets and Biscuits Fair (AISM)

## **Trade: Turnover for sweets and snacks up in 2019**

It was a satisfactory year for the sweets and snacks trade. Turnover development of sweets was therefore also favourable in 2019 with a plus of 3.3 percent. The share of confectionery business in total food sales rose by an average of 9.8 percent, representing a slight increase over the previous year. This is based on the trend figures determined jointly by **the German Retail Association (HDE), the MITTELSTANDSVERBUND (SME Groups Germany)** and the **German Association of Food Wholesalers (VDN)**.

In general, this means that the confectionery business has clearly exceeded the growth rates of the previous year and is already showing a plus in its ninth year. Without major sporting events, which have a regular stimulating effect on business performance, and despite another relatively warm summer, the development of sales in 2019 was unspectacular but steady. A somewhat weaker Easter business was followed by good sales of seasonal goods during the Christmas holidays.

### **A close look at the industry**

A detailed look at the turnover development of the industry shows increases across all sales channels. The largest increase was recorded in the snacks segment, with savoury snacks and mixed nuts as the main growth drivers. Given the good numbers of 2018, the ice cream segment nevertheless remained stable in 2019. This can certainly be attributed to the high temperatures in the summer months of the last two years.

Confectionery products were also at the top of consumers' lists in the previous year even though there was somewhat of a gap to the performance of snacks. Sweet pastries, chocolate bars and pralines enjoyed stable demand. In addition, fruit and wine gummies were able to gain share. In general, none of the individual segments showed a clear preference in terms of demand.

### **Private labels steady, promotional business up**

The development of private labels was moderate. Their importance for the overall trade continues to grow. Last year, the average share of private labels in total confectionery turnover was 15 percent. However, considerably higher shares are still possible, especially in the discount segment. The number of items in this segment remained largely constant.

The sale of confectionery products still plays a major role in promotional activities. Due to the nature of sweets as an "impulse item", special placements are important and indispensable for sales. After all, they are usually not on the shopping list. On average, the promotional business accounted for one-fifth of total confectionery sales last year. The right presentation is important for impulse purchases such as in the form of preferred placements for special displays. Manufacturers are quite active in this area and address the individual needs of consumers with innovative promotions.

### **Results and analyses**

In 2019, there were no major ups or downs. Since no major sporting event took place, sales expectations regarding TV snacks were rather subdued. However, the segment was still able to achieve decent growth.



As in every year, it was once again apparent that the weather is a determining factor in the confectionary business. If the products are not in sync with the temperatures, sales suffer. However, since there were no serious outliers in 2019, development was unspectacular.

The hot summer of 2018 was followed by another pretty good one in 2019 but without the extreme peaks of the year before. The confectionery business was therefore characterised by steady sales of the ordered goods.

For the Easter business, it is once again evident that it is slowly but steadily losing importance. The rather tough sales were intensified by too warm temperatures during Easter week.

On the other hand, the not-too-warm temperatures in September and October had a positive effect on the pre-seasonal business focused around Christmas. Particularly remarkable was the strong demand for Advent calendars as well as brand products, which could show their strength as gifts.

### **Trends 2019**

Almost as a matter of tradition, the growing awareness about nutrition and sustainability among consumers was once again high on the agenda - the concept of snackification describes the attitude of customers very well. Organic products, vegan and vegetarian alternatives, sugar-reduced and protein products as well as classic fruit and nut bars are gaining more and more favour among increasingly conscious consumers. Another development that already became apparent last year is the increased desire for fair trade products and the trend towards higher quality products.

### **Price development and competition**

The past year saw moderate increases in purchasing prices, which retailers had to pass on to their customers, even though some retailers were not able to do so to the full extent. The well-known tough competition within the industry shows that the regulation of market forces does work.

### **Outlook**

The year 2020 will follow the development of the past years. Trends will continue, and current developments will become established and enable good business in the confectionery segment. Of concern, however, is the development of commodity prices. Price increases for cocoa and sugar as well as poor potato crops with very high temperatures could have an impact on retail purchase prices.

At the same time, retailers are positive about the expected shift in consumption from “normal” confectionery to healthy and sustainable snacks, which could facilitate the market entry of innovative new products overall.

Altogether, retailers’ expectations for the confectionery business can therefore be seen as cautiously optimistic. Slight increases in turnover are expected. The European Football Championships this year as well as the Summer Olympics could contribute to this.



BDSI

Bundesverband der Deutschen  
Süßwarenindustrie e.V.

Schumannstraße 4–6, 53113 Bonn  
Postfach 19 01 28, 53037 Bonn  
Telefon: 0228 26007-0  
Telefax: 0228 26007-89

bdsi@bdsi.de  
www.bdsi.de

## Press release

### Stable development of the confectionery industry in 2019 – profits depressed by rising costs across the board for key raw materials

The Association of the German Confectionery Industry (BDSI) can look back on a stable development for the industry and its delicious products in 2019. The production volume was slightly up on the previous year's level (+1.2%) and turnover increased by 2.3%. However, the statistical data obscures the view of the economic situation in the industry, which is clearly under strain. This is because Germany's over 200 industrial manufacturers of sweets and snacks are currently facing enormous challenges as a result of tough competitive pressure at a national level, uncertainties in the vital export trade, a growing shortage of skilled workers and a substantial rise in the costs of raw materials.

#### **Dramatically increased costs across the range of raw materials used in the confectionery industry**

The high costs of important agricultural raw materials in particular are taking their toll on the profits of many of the German manufacturers of sweets and snacks. The price for **cocoa** was especially high in 2019. After a sharp rise in the final quarter of 2019, buyers on London's futures market are having to pay cocoa prices the likes of which have not been seen since 2016. An agreement between Ghana and Ivory Coast comes on top of this price increase. These countries, which together produce over 60% of the world's cocoa, have formed a cartel (an "OPEC for cocoa") and are imposing a surcharge of 400 US dollars per metric ton from 2020, known as the living income differential (LID).

Furthermore, in the second half of 2019 **gelatine** prices rose considerably. African swine fever has drastically reduced pig stocks, particularly in China, meaning that there is also a shortage of gelatine made from animal connective tissue on the world market. There were also substantial price rises especially in the fourth quarter of 2019 as a result of increased global demand for **skimmed milk powder**, **hazelnuts** and **almonds**. In addition, the FAO Food Price Index compiled by the Food and Agriculture Organisation of the United Nations recorded significant increases in the price of **sugar** and **vegetable oils** in December 2019.

Kompetenz in Süßwaren seit 1877

## **Outlook on 2020:**

### **Major challenges posed by Brexit and US punitive tariffs**

There are opportunities on the horizon for the confectionery industry in 2020, but also challenges. The insecurity in the export trade with the United Kingdom due to its imminent departure from the EU (Brexit), for which many practical questions remain unanswered, is currently a cause of particular concern for the industry. The United Kingdom is an important export market for sweets. Approx. 5% of German confectionery production (corresponding to a value of around Euro 800 million), is exported to the United Kingdom.

US punitive tariffs of 25% on sweet biscuits, waffles and wafers exported from Germany to the United States represent a further challenge. These punitive tariffs pose a particular threat to the long-standing involvement of German manufacturers of fine bakery wares in the USA. Family-run companies are having to pay the price for the mistakes of a subsidy policy in the large-scale industrial sector that was contrary to WTO rules. The industry is therefore pressing and hoping for a speedy agreement to be reached in the negotiations between the European Commission and the US government in order to avert, on the one hand, an extension of the punitive tariffs and, on the other hand, the establishment of punitive tariffs from the EU side on important raw materials such as almonds and nuts.

### **Increasing lack of skilled workers**

The confectionery industry is a significant and stable source of jobs in all regions of Germany, especially in rural areas, and it makes an important contribution towards affluence and employment. In spite of the overall good economic situation, the profits of individual businesses have been under strain for years. The central challenges include the recruitment of specialists, especially in production, but also in controlling and sales. In addition, the search for seasonal workers is becoming increasingly difficult.

### **Economic development of the German confectionery industry in 2019**

According to BDSI estimates, the **production** of sweets and snacks manufactured in Germany experienced a slight growth in 2019 at around 3.7 million tons (+1.2%). In terms of value, production remained stable at approx. Euro 12.5 billion (+2.3%). The BDSI estimates are based on the official figures from the German Federal Statistical Office and the market data from the relevant market research institutes.

In terms of volume, the **domestic offer** (= production + imports - exports) stagnated in 2019 at just under 2.6 million tons (+0.9%), whereas the domestic sales volume was estimated to be Euro 8.5 billion (+2.3%).

### **Growth in export business: sweets from Germany popular all over the globe**

The **export business** for sweets and snacks developed positively in 2019 despite many uncertainties relating to global trade. Overall, an estimated 2.2 million tons of sweets and snacks were exported. This represents an increase of +1.7% in comparison with the previous year. Export turnover rose by +3% in 2019 to approximately Euro 8.5 billion.

The quality of sweets made in Germany continues to be valued very highly abroad. With an export share volume of over 50%, more than every second ton of German sweets is destined for export. Around 80% of all exported sweets go to member states of the European Union. However, exports to third countries have been rising steadily for years.

**Employment figures:** In 2019, the German confectionery industry remained a stable employer, providing jobs to around 50,000 employees, which makes it the fourth-largest sector in the food industry.

### **Delicious products for little everyday pleasures – innovations in 2020**

The sweets and snacks produced in Germany are popular with people of all ages worldwide and among men and women - providing little everyday pleasures. The confectionery industry is one of the most innovative sectors and will present a wide variety of new products at ISM, the International Sweets & Biscuits Fair, in Cologne once again this year. The showcased innovations are set to include products comprising plant proteins as well as natural ingredients like nuts, oats, sesame, ginger and even dried berries. Sweets and snacks designed to be consumed on the go are also on-trend, frequently offered in resealable packaging or as individual portions.

“Custom-made products for individual consumer needs remain important in the confectionery market. These include sugar-free/reduced-sugar, fat-free/reduced-fat or reduced-salt sweets and snacks, as well as organic-quality products or those made from sustainably grown raw materials. This means that consumers are able to find a very broad offering of the most varied products, so that they can arrange their diets according to their individual wishes,” says Bastian Fassin, Managing Director of the BDSI.

### **The German confectionery industry is showing strong commitment to sustainability**

The use of sustainably produced ingredients in sweets and snacks has been intensively promoted by the German confectionery industry for many years. This is especially true for cocoa, the key ingredient in chocolate. The BDSI increased its sustainability targets in 2018 and has since recommended that its members boost the share of certified, sustainably grown cocoa in the sweets sold in Germany to 75% in 2025. However, this goal can only be achieved if all parties involved in the value chain work together - from the governments in the countries where the raw material is cultivated through to the consumer. Certification is an important component in the development of a sustainable cocoa sector. In 2018, the share of certified sustainable cocoa in sweets sold in Germany reached 62%. According to the BDSI's first survey for 2011, this share amounted to only approx. 3%. The confectionery industry is thus on a very good course.

The same applies to the palm oil used in the production of sweets. Around 90% of the palm oil used in Germany's confectionery industry is already certified as sustainable. As such, the sector in Germany is playing a leading role. The companies operating in the confectionery industry are taking a responsible approach in championing environmental protection and species conservation in palm oil production, even though palm oil is used in comparatively small quantities in the German confectionery industry in relation to the total consumption of the product, both domestically (9%) and globally (0.2%).

The BDSI continues to be intensively involved as part of the Sustainable Cocoa Forum, a joint initiative founded in 2012. In addition to members from the chocolate and sweets industry as well as from the food trade, other participants include the German government and standards-setting associations like Fairtrade and the Rainforest Alliance as well as representatives from civil society. The BDSI is

also a committed member of the multi-stakeholder initiative Forum for Sustainable Palm Oil.

### **Development of the individual product groups**

#### **Chocolate products**

According to the BDSI's estimates, **production volumes of chocolate items** showed an upward trend in 2019. In total, approx. 1.1 million tons of chocolate products were produced in Germany. This corresponds to a volume increase of +1.4% in comparison with the previous year. The production value rose by approx. +2.6% to around Euro 5.5 billion.

The volume of the **exports of chocolate products** also developed positively in 2019 (+4.2%). The value of the exports of chocolate products rose by approx. +5.1%.

#### **Fine bakery wares**

The manufacturers of fine bakery wares recorded a slightly positive development in 2019. Based on BDSI estimates, the **production of fine bakery wares** products increased by 1.5% in terms of volume. In total, 744,000 tons of fine bakery wares were produced.

In terms of value, **production** rose by 2.6% to around Euro 2.1 billion. Autumnal temperatures in the fourth quarter of 2019 meant that seasonal trade with autumn and Christmas cakes and biscuits developed very satisfactorily.

In 2019, **exports** of fine bakery wares also saw an increase of +2.0% in terms of volume and +2.7% in value compared with the previous year's results.

#### **Sweets and confectionery**

The manufacturers of confectionery also recorded a slightly positive development in 2019. Compared to 2018, **production** rose by an estimated +1.0% to 566,000 tons in terms of volume and by +1.5% to approx. Euro 1.6 billion in value.

With an increase at a rate of +2.7% in terms of volume and +3.6% in value, the development of the **exports** of sweets and confectionery also experienced positive growth in 2019.

#### **Snack items**

The positive trend of the previous years continued for the manufacturers of snack items, who were once again able to record slight rises. According to the estimates of the BDSI, the **production volume** rose by 2.2% to around 360,000 tons. In terms of value, production was able to achieve growth of 3.4% to around Euro 1.5 billion.

The salty snacks category has been considered a growth segment in the German market for years now. This is particularly due to positive trends in the nuts segment. **Exports** of snack items on the other hand saw a negative development in 2019, falling in comparison with the previous year by -5.2% and -9.6% in terms of volume and value respectively.

## **Chewing gum**

Many Germans continue to enjoy chewing gum for refreshment and relaxation. The chewing gum segment remained stable in 2019. Whilst a turnover of Euro 508.8 million\* was achieved in 2018, a figure of approx. Euro 510.5 million was reached in 2019, demonstrating that chewing gum was able to hold its own in a difficult market environment. In 2019, chewing-gum lovers had a wide range of products to choose from. While the classic mint flavour continues to be a favourite with consumers, fruity and unusual varieties are also very popular. Furthermore, consumers are attracted by the positive impact that chewing sugar-free gum has been proven to have on dental health. Over 90% of the chewing gum sold in Germany is sugar-free.

\*Source: Nielsen Grocery + Drug + Impulse + Scan Gas excl. customer Total + DIY + Pharmacies, 2019

### **Contact:**

Solveig Schneider, tel. +49 (0)228 26007-23, [solveig.schneider@bdsi.de](mailto:solveig.schneider@bdsi.de)

Dr. Torben Erbrath, tel. +49 (0)228 26007-82, [torben.erbrath@bdsi.de](mailto:torben.erbrath@bdsi.de)

Bonn, 28 January 2020

*The industry association: The BDSI represents the economic interests of over 200 mostly medium-sized German sweets companies. It is both an industrial and an employers' association. Boasting a 10% share of the overall turnover, the German sweets industry is the fourth largest branch of the German food industry. Its particular hallmark is its strong focus on exports. The German sweets manufacturers employ around 50,000 people.*

## **International Sweets and Biscuits Fair 2020**

### **Consumers in Europe assess sweets positively as a luxury food**

The consumers in five European countries are mainly of the opinion that "as a luxury food, sweets, when consumed moderately, are a good thing." In a survey on the consumption and buying preferences that was carried out in December 2019 in Denmark, Germany, Great Britain, France and Spain, this opinion was stated by between 60 and 83 percent of the respondents depending on the respective country.

The Berlin-based market research company, POSpulse, carried out an in-app survey in the five countries, with 500 respondents each, on behalf of SWEETS GLOBAL NETWORK. As such, the overall survey, the distribution of the age and gender groups of which were comparable, represents around 60% of the consumers in Europe or 70% of the European GDP.

The most important results of this survey:

- **Sweets are popular with the consumers across the board.**
- **Sweets are mostly purchased at the supermarket in all countries; the discounters lie in second place in Denmark, Germany and Great Britain, in France and Spain the specialised shops/department stores rank second**
- **In Germany, Spain and Great Britain more than 70% of the respondents consume sweets daily or several times a week. The Danes are much more conservative in their consumption at 36%**
- **Chocolate is the favourite category everywhere, followed by crisps/snack items**
- **In Germany, "Nutriscore" or "the traffic light" and the discussion about diet only has a slight influence**

#### **Many consumers are in favour of a moderate consumption of sweets**

At 83%, the statement "as a luxury food, sweets, when consumed moderately, are a good thing," was confirmed by most of the consumers in Germany. There was also a high level of agreement in Great Britain (79%) and Spain (74%), whereas the consumers in Denmark (62%) and France (61%) were rather more conservative. Only 11% of the respondents interviewed in Germany disagreed with this statement (13% in Great Britain and 19% in Spain). Whereas in France 32% and in Denmark 23% of the respondents disagreed.

#### **Consumption of sweets varies significantly from country to country**

Whereas 78% of the interviewees in Germany state that they consume sweets "daily or several times a week", at 36% the consumers in Denmark are much more conservative here. In Spain and Great Britain (each 72%) the frequency of the consumption is also very high; and in France 57% consume sweets several times a week.

The results regarding the frequency of purchasing sweets are similar. 83% of the Brits purchase sweets at least once a week, in Spain the percentage is 82, in Germany 77 and in France 63. The consumers in Denmark are also more conservative regarding this question: Whereas 50.4% purchase sweets at least once a week, 9.4% state that they never buy sweets. In Germany, 1.6% of the respondents never buy sweets, whilst 2% don't buy any in Spain and Great Britain.



### **Sweets are mainly purchased at the supermarket**

When purchasing sweets, the respondents of all nations agree: The sweet products are primarily purchased at the supermarket. In four countries, asked about their two preferred places of purchases, in some cases well over 80% of the consumers stated their preference to be the supermarket, with the exception of the respondents in Denmark, where the percentage was 68%. Whilst in Germany the discounters ranked second at 70%, which also play an important role in Denmark (42%) and Great Britain (31%), this sales channel is of significantly less importance in France and Spain (both 11%). At around 40%, in these two countries the consumers purchase their sweets much more frequently in specialised shop or department stores. The frontrunners for making their purchases online among the respondents are Great Britain and Denmark, in both countries 12% of the respondents use this channel, followed by France (9%), Spain and Germany (both 6%).

### **Chocolate is the number one in all countries**

Asked about their three most popular sweets, across all countries well over half of the consumers stated chocolate overall and bars of chocolate as their number one favourite. Only in Great Britain, at 61% the candy bar managed to pip the bar of chocolate at the post by 2%. Crisps/snack items take second place on the consumers' wish list, with a percentage of almost 50 in Germany and Great Britain, followed by Denmark (44%) and France (31%). Spain proved to be the exception here: At 36% ice cream is the second favourite, ahead of biscuits/wafers on 34%. The German consumers also appreciate candy bars (42%), fruit gums/licorice (38%) and biscuits/wafers (34%).

### **Nutrition discussion influences sweets consumption**

A further part of the study by POSpulse and SWEETS GLOBAL NETWORK deals with the discussions about nutrition and nutrition labels and their effect on the assessment and the consumption of sweets. Just over 20% of the respondents in Denmark, France, Great Britain and Spain (16% in Germany) stated that their sweets consumption had changed as a result of the nutrition debates. 60% of the interviewees in Spain and 56% in France stated that certain ingredients had become more important to them. The consumers in Great Britain (41%), Germany (38%) and Denmark (34%) are rather more conservative on this point. Across all of the countries, on average the consumers pay more attention to "less sugar" (56%), "less artificial additives" (41.2%), less fat (33%) and "less calories" (29%).

### **Big differences for NutriScore and the traffic light labelling**

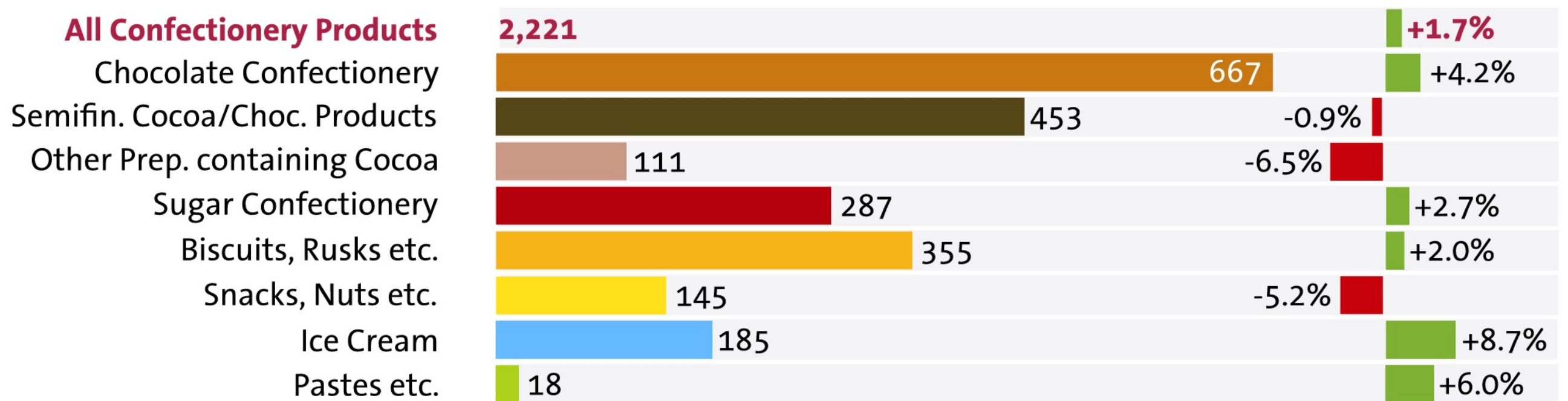
There are big differences between the countries regarding the questions to do with NutriScore or a traffic light labelling. Whereas 70% of the respondents in France and 65% in Germany are aware of the "NutriScore/traffic light" theme, the figure is only 38% in Great Britain, 32% in Spain and only 16% in Denmark. There are significant differences between the countries in the answers to the question whether a negative NutriScore or a red traffic light would influence whether they purchase sweets or not. Almost two thirds of the Germany replied with a no: 52% of the Germans say "probably not" and for 11% it made no difference. In Spain 66% of the respondents replied with a "yes", in France the figure was 58%, in Denmark 53% and in Great Britain 46%. Only 5% of the Spaniards stated that this has no influence on the buying behaviour, followed by Great Britain (7%), Denmark (8%) and France (12%).

Source: SWEETS GLOBAL NETWORK ([h.strohmaier@sg-network.org](mailto:h.strohmaier@sg-network.org))/POSpulse

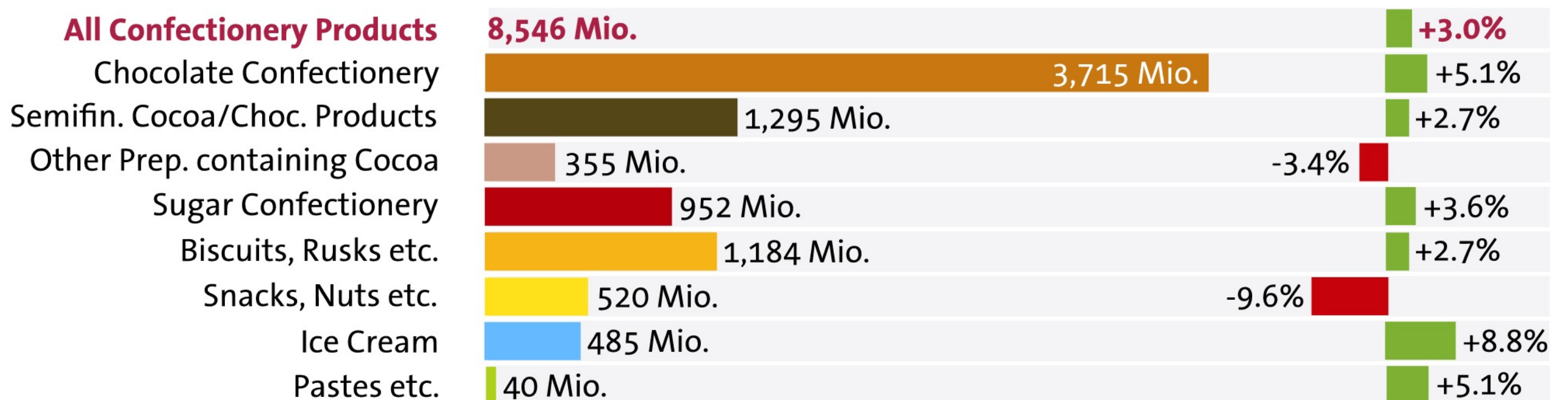
# German Exports of Confectionery Products 2019

(Estimated figures for 2019 - Difference 2018 to 2019 in %)

## Quantity in 1,000 tons



## Value in Euro





## German Confectionery Industry at a Glance

### Estimated figures for 2019

<b>Inland Production</b>	
<b>3,728,000 t (+1.2%)</b>	<b>12.5 bill. EUR (+2.3%)</b>
<b>Total Exports</b>	
<b>2,221,000 t (+1.7%)</b>	<b>8.5 bill. EUR (+3.0%)</b>
<b>Export Quota</b>	
<b>54% (Volume)</b>	<b>62% (Value)</b>
<b>Total Imports</b>	
<b>1,613,000 t (+3.9%)</b>	<b>5.7 bill. EUR (+5.3%)</b>
<b>Import Quota</b>	
<b>42% (Volume)</b>	<b>45% (Value)</b>
<b>Consumption*</b>	
<b>2,567,000 t (0.9%)</b>	<b>8.5 bill. EUR (+2.3%)</b>
<b>Per Capita Consumption*</b>	
<b>30.93 kg (0.9%)</b>	<b>102.06 EUR (+2.3%)</b>
<b>Number of Employees</b>	
<b>ca. 50,000</b>	

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**Confectionery: Chocolate Confectionery, Semifinished Cocoa and Chocolate Products, Other Preparations containing Cocoa, Sugar Confectionery, Biscuits, Rusks etc., Snacks, Nuts etc., Ice Cream, Chewing Gum and Pastes etc. Production, Consumption and Per Capita Consumption without Spreads containing Cocoa.**

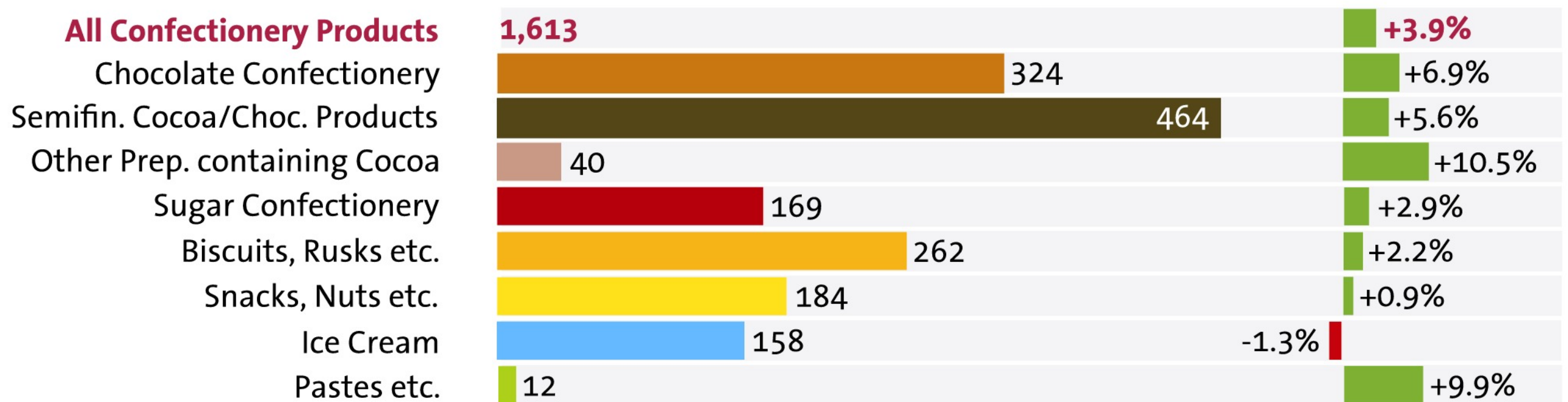
**\* Consumption and Per Capita Consumption without Semifinished Cocoa Products and Pastes.**



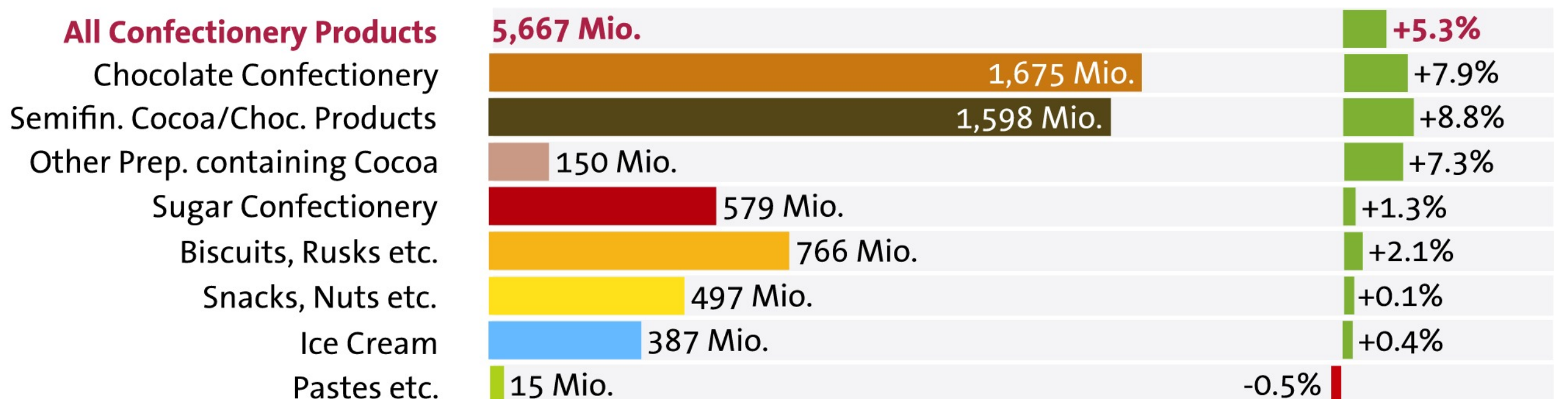
# German Imports of Confectionery Products in 2019

(Estimated figures for 2019 - Difference 2018 to 2019 in %)

## Quantity in 1,000 tons



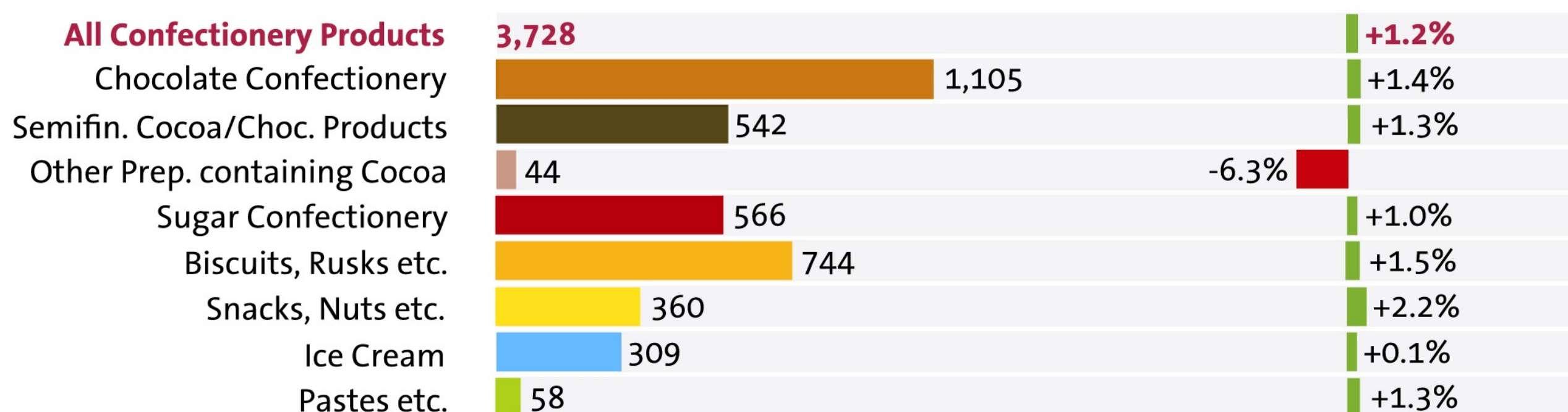
## Value in Euro



# German Production of Confectionery Products 2019

(Estimated figures for 2019 - Difference 2018 to 2019 in %)

## Quantity in 1,000 tons



## Value in Euro

