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Health and Wellness in Germany

EXECUTIVE SUMMARY

Health and Wellness Continues to Register Solid Growth

Both health and wellness packaged food and beverages continued to record solid current value growth in 2019, with free from packaged food and fortified/functional (FF) and organic beverages posting the best performances. Consumers are increasingly looking for authentic and natural products as well as certified offerings, which many people perceive as proof of better quality due to strict controls and as providing specific benefits for the consumer. Millennials in particular are increasingly conscious of and concerned about, the impact of food and beverages on their wellbeing. With Germany having a wide range of health and wellness products in the marketplace, from both branded and private label players, there remain options for price-conscious as well as premium-minded consumers.

Consumers Still Looking for Natural and Reduced-sugar Products

The growing number of health-conscious consumers is leading to a shift in consumption behavior, for example from cola carbonates to low-calorie cola carbonates or from concentrates to HW 100% juice. Consumers are also increasingly willing to spend more money on "premium" drinks, as they are perceived as being of higher quality, which benefits health and wellness beverages. Generally in health and wellness packaged food and beverages, natural and reduced- or zero-sugar products remain important topics. Within packaged food, the natural trend can clearly be seen in the strong growth recorded by free from and naturally-healthy (NH) products. Natural ingredients and lower sugar content are expected to remain key drivers of health and wellness packaged food and beverages over the forecast period as consumers look for healthier and "cleaner" products.

Coca Cola Remains the Leading Brand Manufacturer in a Highly Fragmented Market

Private label continues to hold the biggest share in health and wellness, with retailers such as Aldi, Lidl, Rewe, and Alnatura to the fore. Coca-Cola is the leading brand owner in what is a very fragmented competitive landscape in health and wellness in Germany. Health and wellness packaged food is particularly fragmented, with products often purchased because of their specific health and wellness benefits or claims rather than their brand. In health and wellness beverages, as well as in overall health and wellness, the international manufacturer Coca-Cola remained the biggest brand manufacturer thanks to popular products such as Coca-Cola Light, Apollinaris, and Monster Energy. The company is present in

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several health and wellness categories, from reduced-sugar carbonates to FF energy drinks. It also invests heavily in marketing and advertising to ensure it maintains its strong position, while also regularly introducing new products in line with current trends to maintain consumer interest. Generally, the range of health and wellness products has increased considerably. A lot of start-ups have been entering the market, often by launching innovative beverages.

Modern Grocery Retailers Dominate Distribution

Modern grocery retailers remained the dominant distribution channel for health and wellness products in Germany in 2019, with most consumers tending to do their weekly shop in discounters, supermarkets, or hypermarkets. The leading German discounters Aldi and Lidl both offer a wide range of branded as well as private label health and wellness products. Reduced-sugar carbonates and reduced-fat dairy products are popular among consumers and widely available in discounters. Nevertheless, other retail channels offer strong growth potential over the forecast period, for example internet retailing, with consumers increasingly turning to this convenient option in the face of ever busier lifestyles. Most of the leading retailers already offer online shopping, which should help the channel develop further over the forecast period.

Room for Further Growth in Health and Wellness

Both health and wellness packaged food and beverages are expected to record positive growth over the forecast period. While there is still room for growth in all health and wellness categories, current value growth will be particularly strong in free from and NH products in packaged food and FF and organic beverages. Naturalness, authenticity, FF, and less/no sugar will be key trends over the forecast period, with consumers becoming more interested in ethical and clean labels, products without any added ingredients and products that simply improve one's general wellbeing. Certification labels are expected to provide consumers with further reassurance. ■

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Organic Beverages in Canada