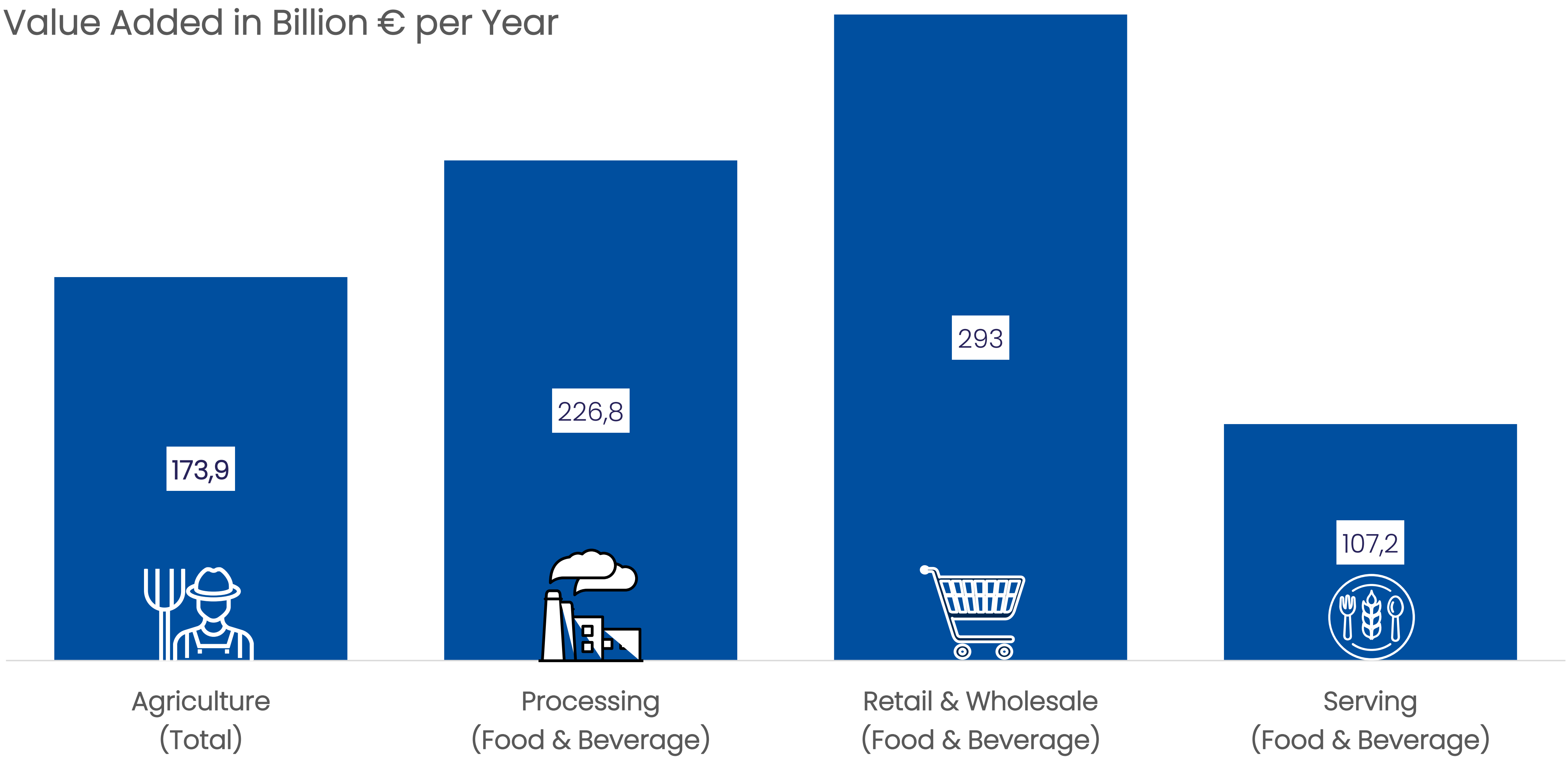
Retail & Wholesale in the agri-food value chain

Key facts & figures

EuroCommerce
Retail & Wholesale

Value Added in the EU Food Chain



Source: Key Figures on the European Food Chain (2023 Edition)

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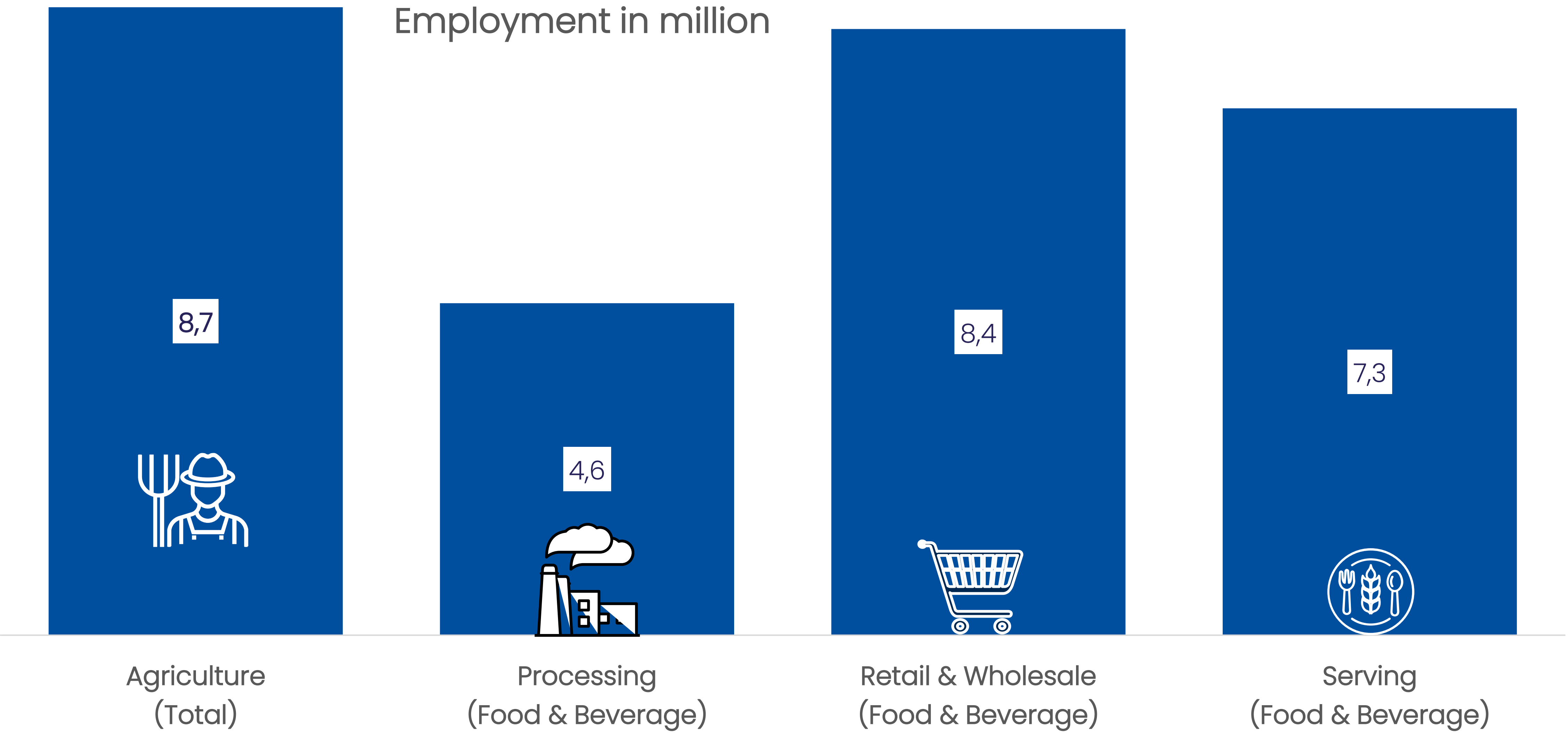
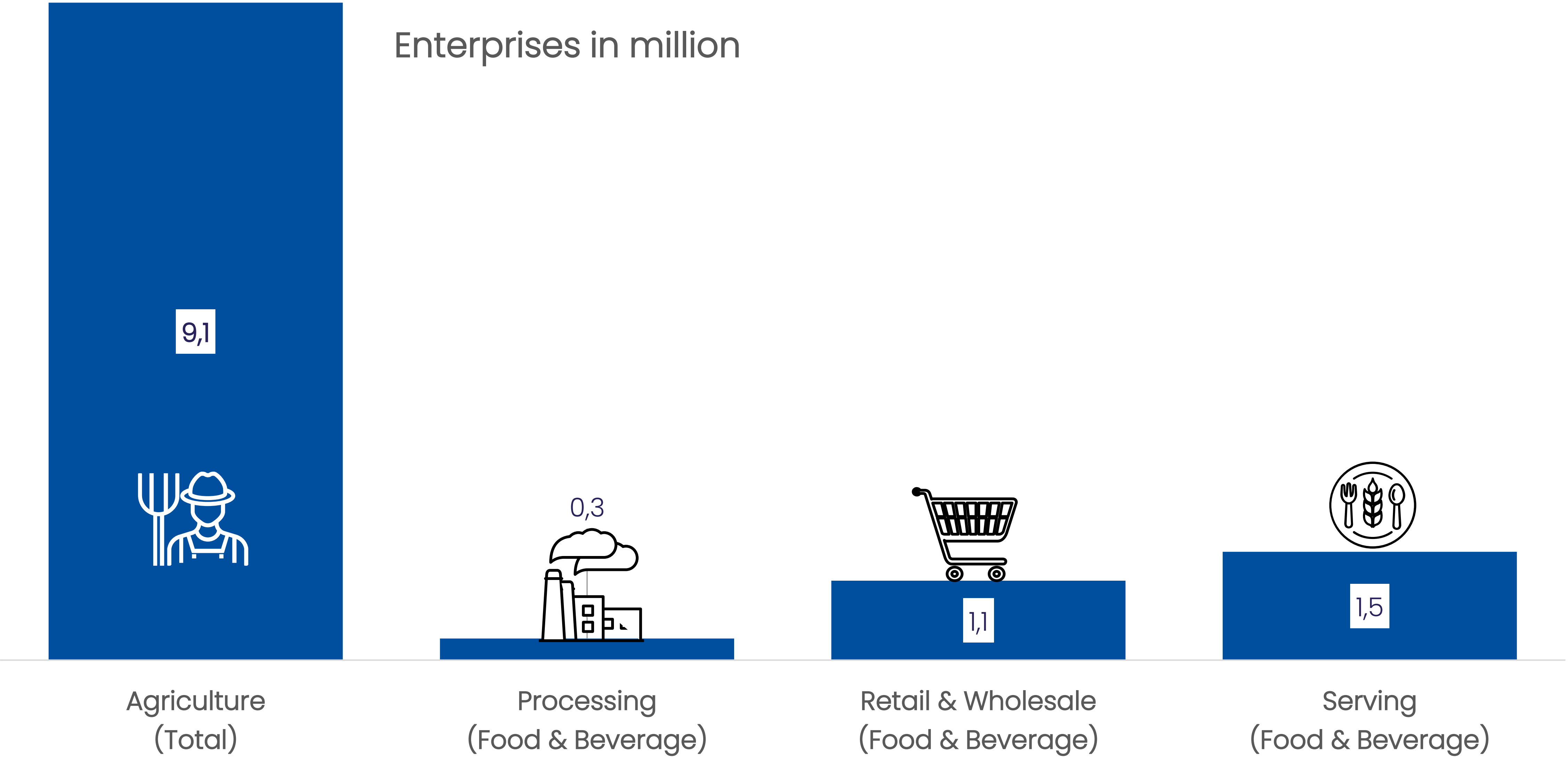
Employment in the EU Food Chain



Source: Key Figures on the European Food Chain (2023 Edition)

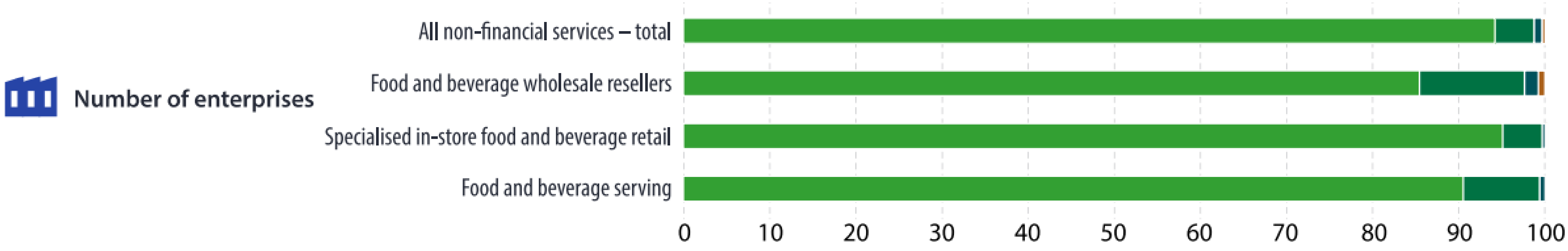
EU Companies Active in the EU Food Chain



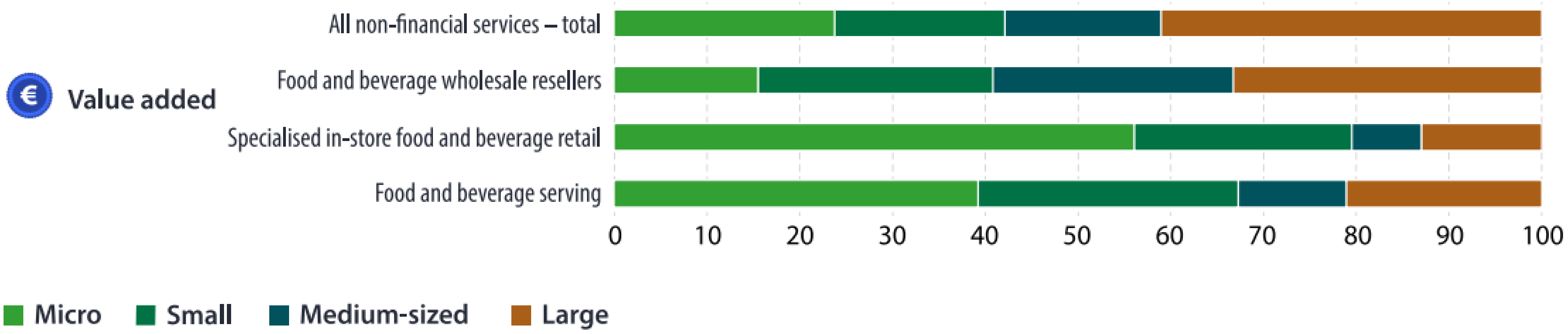
Source: Key Figures on the European Food Chain (2023 Edition)

Food retail, wholesale and service are very SME-driven

% in EU 2020



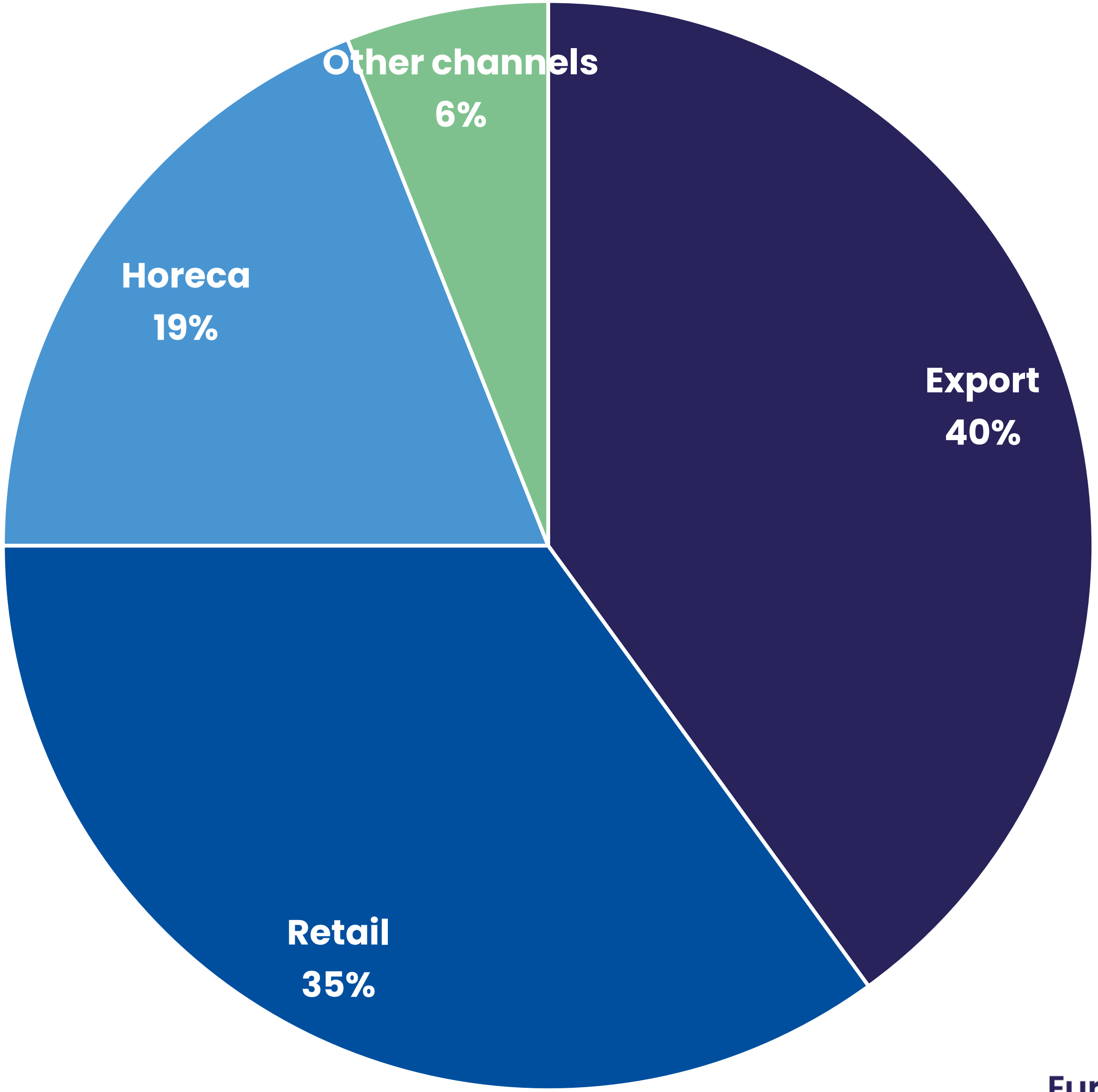
including in creating value



Source: Key Figures on the European Food Chain (2023 Edition) based on Eurostat online data sets sbs_na_dt_r2 and sbs_na_1a_se_r2

Fresh produce is sold to a diversity of channels

For example, French milk production goes to…



Source: Calcul et estimations FCD – via données CNIEL et OFPM – dernières données disponibles 2019

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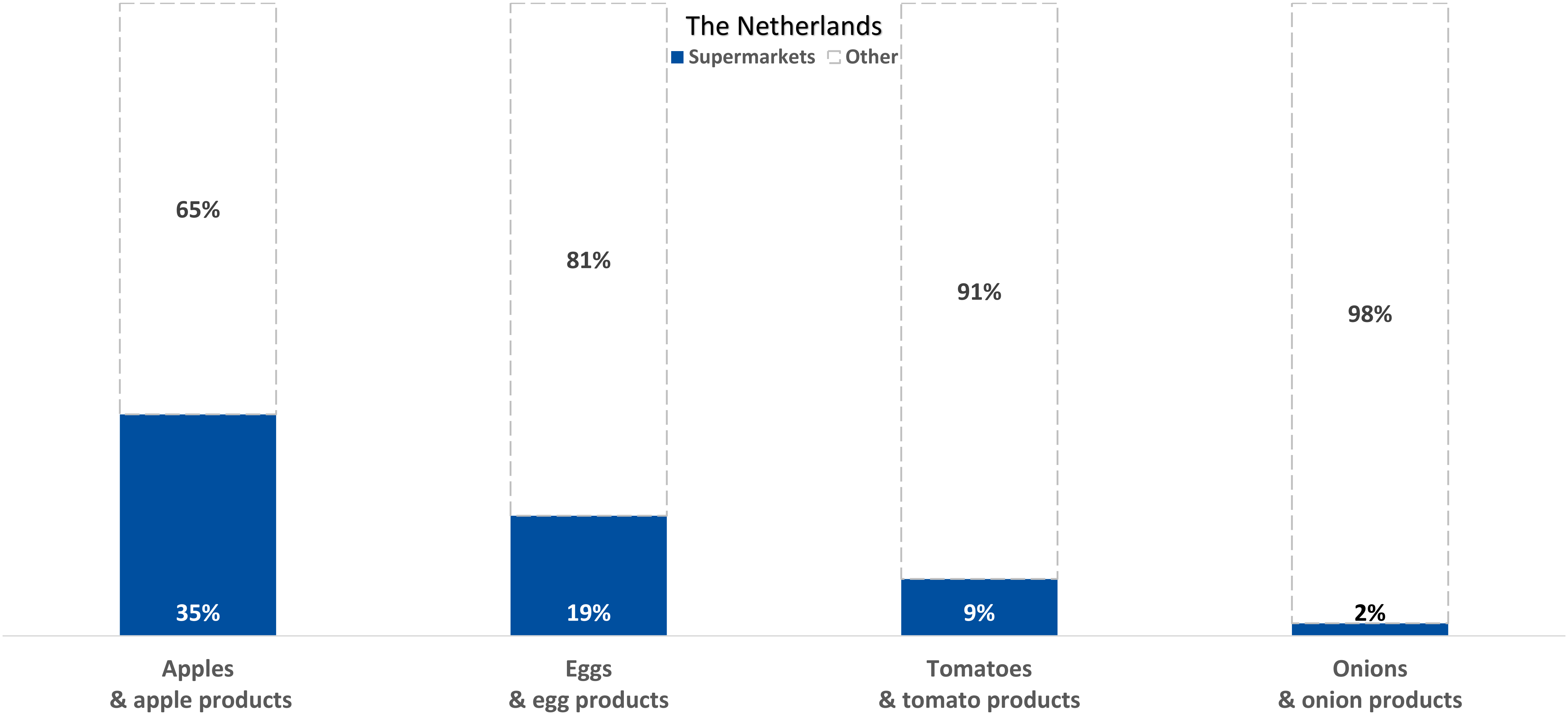
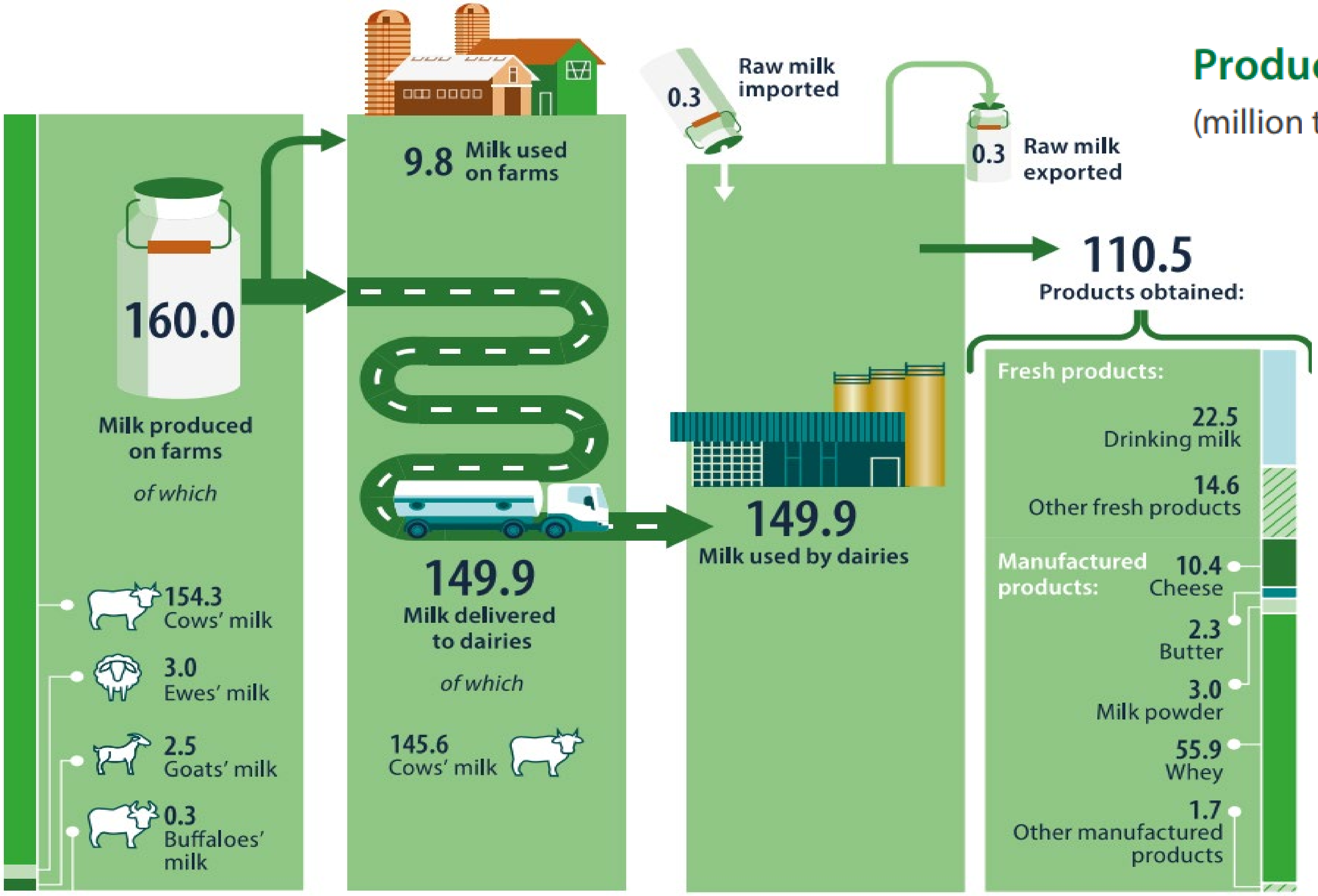
Most fresh produce does not end up in supermarkets



Source: Schuttelaar & Partners 2018

Only 14% of EU Milk Production Ends up as Drinking Milk



Most of the raw milk production in the EU is delivered to dairies.

Only 9.8 million tonnes were used on farms, being consumed by the farmer's family, sold directly to consumers, used as feed, or processed directly.

Of the 149.9 million tonnes of milk delivered to dairies, 145.6 million tonnes were cows' milk, the rest being milk from other livestock: ewes (sheep), goats and buffaloes.

Source: Key Figures on the European Food Chain (2023 Edition)

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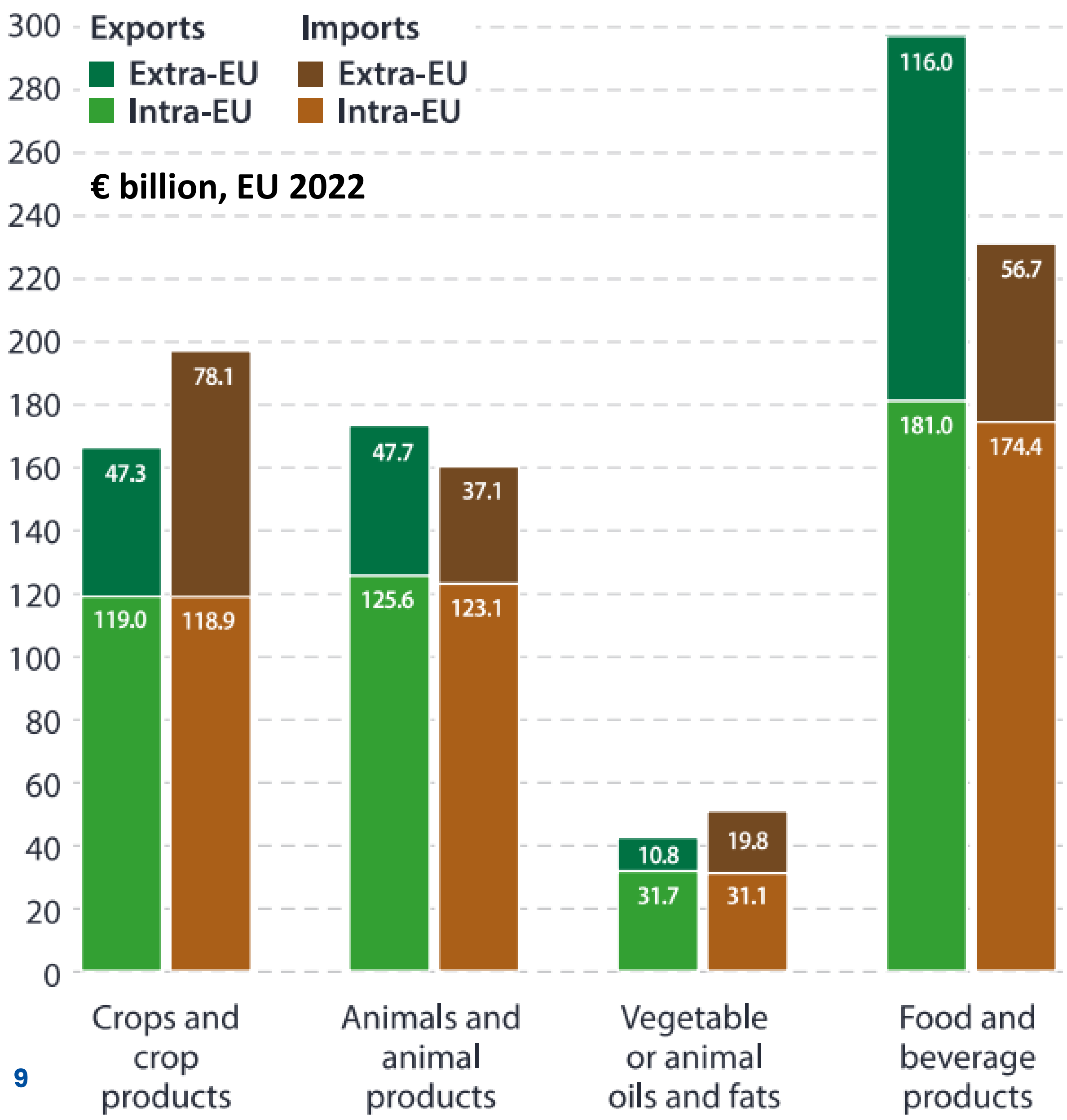
Trade is an important part in the EU agri-food chain



- The EU primarily **imports raw, unprocessed agricultural and fishery products**.
- The EU's main **exports** are **processed Food & Beverage (F&B) products**.
- **Certain crops** and crop products, such as specific fruit and nut varieties or coffee beans, **can only be grown in climates outside the EU**.
- In 2022, the EU **imported crops and crop products** from non-member countries valued at €78.1 billion. This was **more than double its exports** (€30.8 billion more).
- The EU recorded a **trade deficit for vegetable or animal oils and fats**, amounting to €9.0 billion.
- Conversely, the EU **exported processed F&B products to non-member countries**, valued at €116.0 billion. This was **more than double the value of its imports** of these products (€56.7 billion).
- The EU also recorded a **trade surplus for animals and animal products**, amounting to €10.7 billion.

Source: Key Figures on the European Food Chain (2023 Edition)

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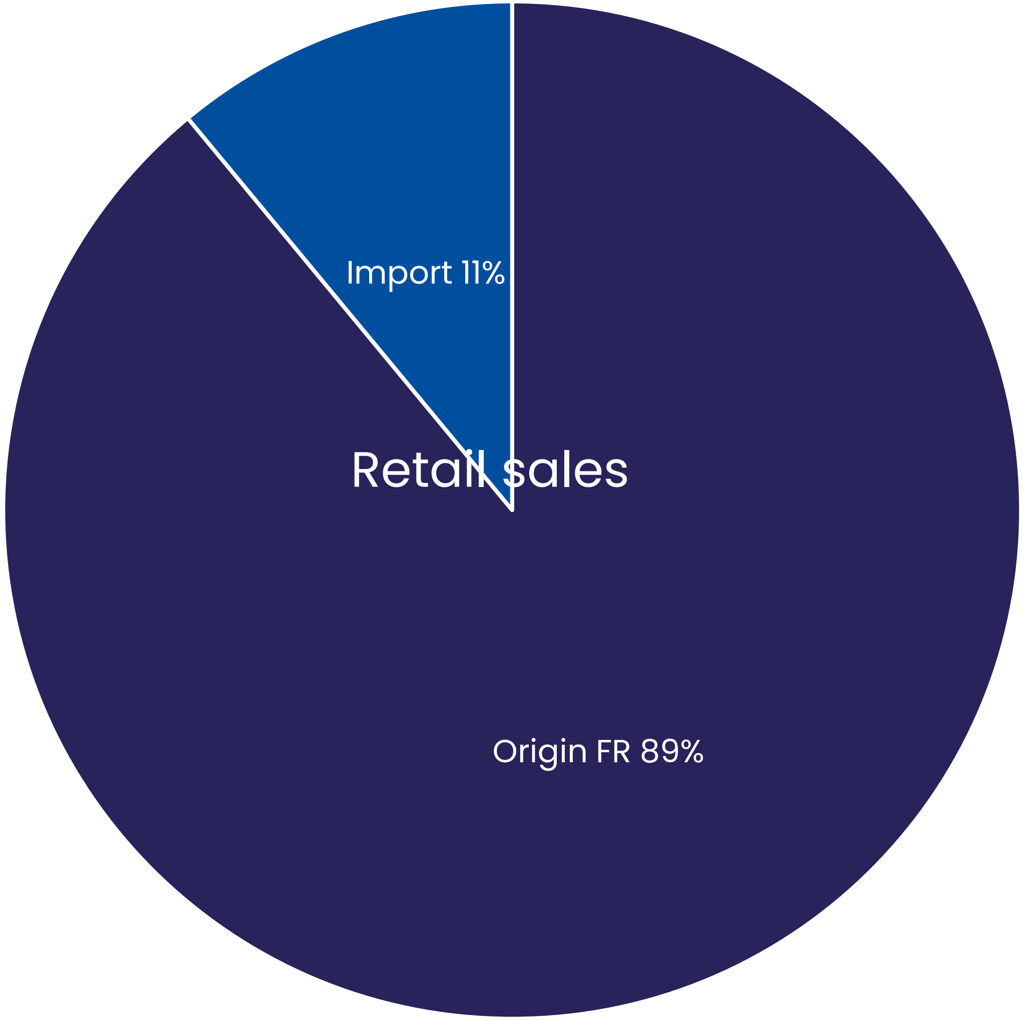
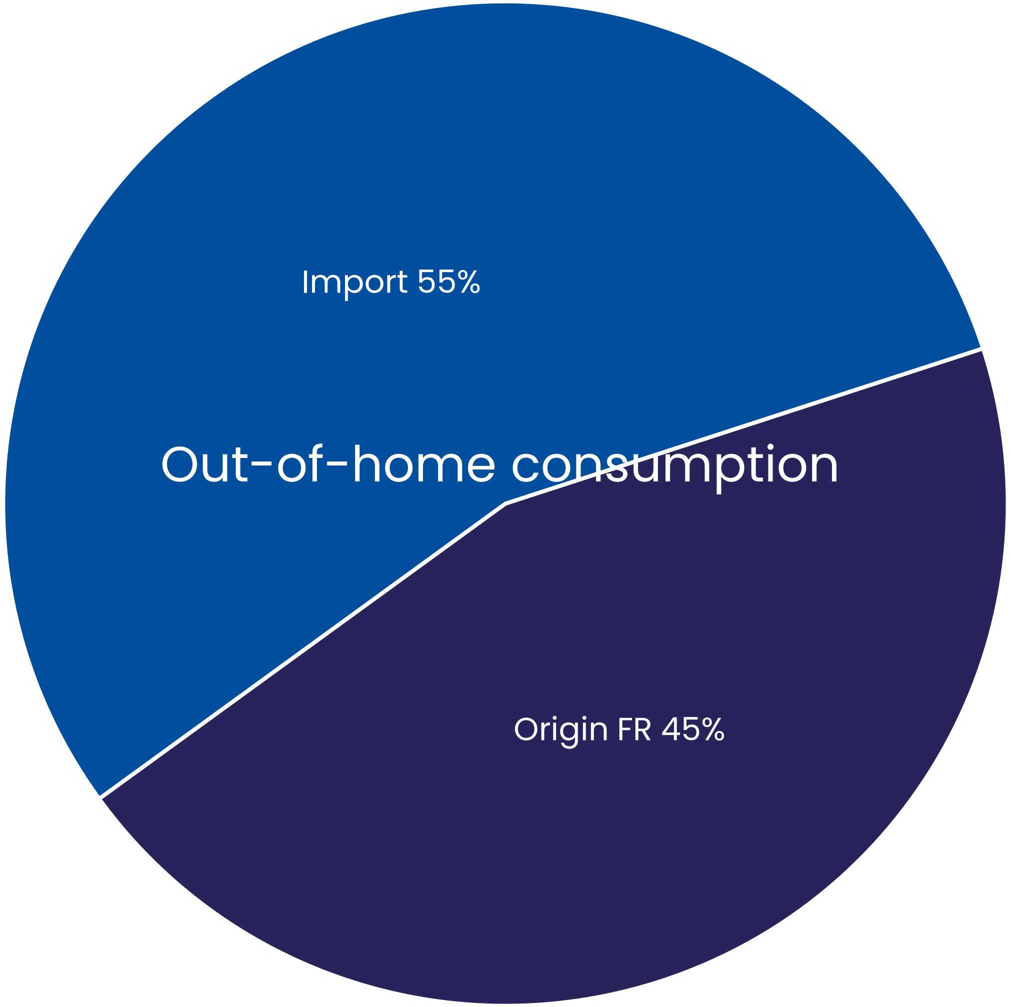
Retailers respond to consumer demand for local products…

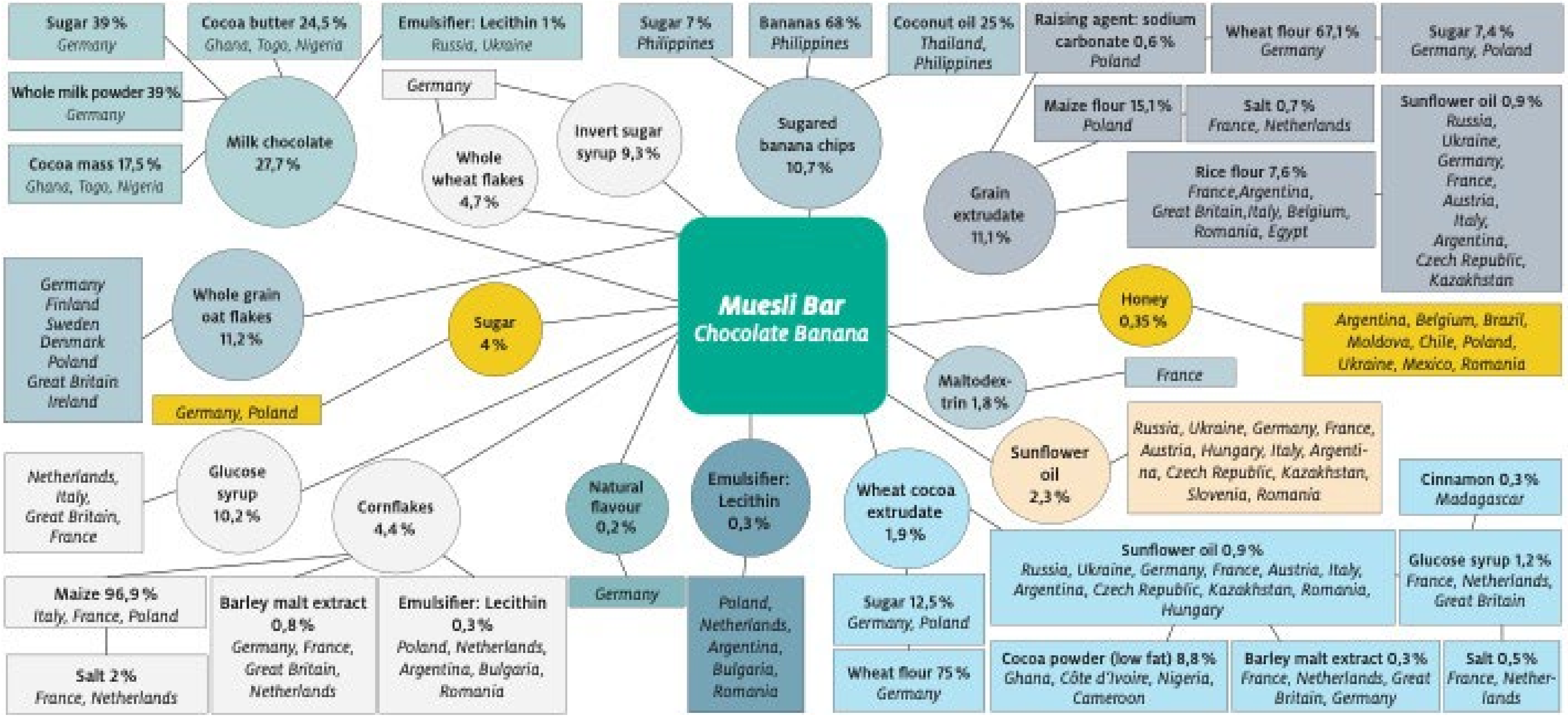
Example: Beef Products in France





Source: Idele – « Où va le bœuf ? » et FranceAgriMer – AND International, available in the [FCD overview]

Food value chains are complex supply webs



Source: Bundesverband des Deutschen Lebensmittelhandels (BVLH)

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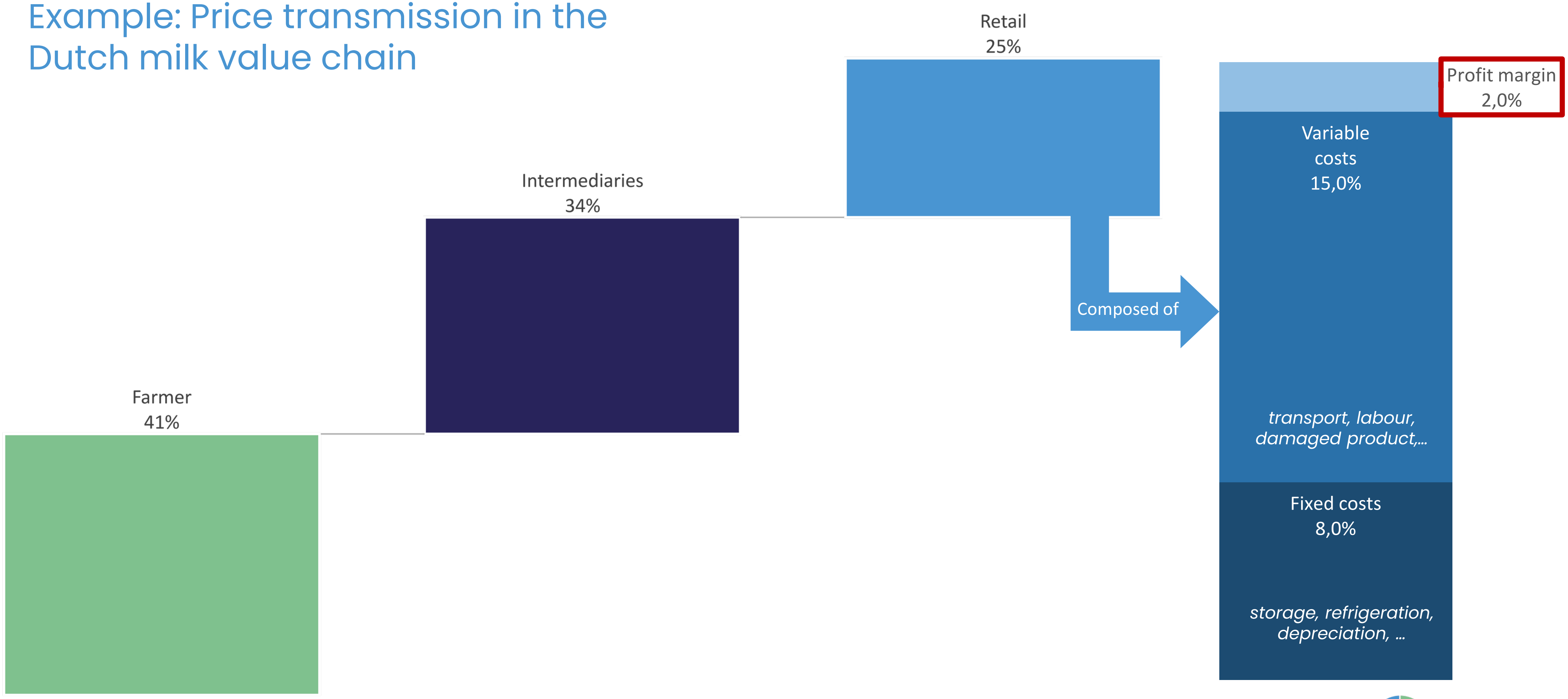
All stages in the chain add value; retail margins are very small

Example: Price transmission in the Dutch milk value chain

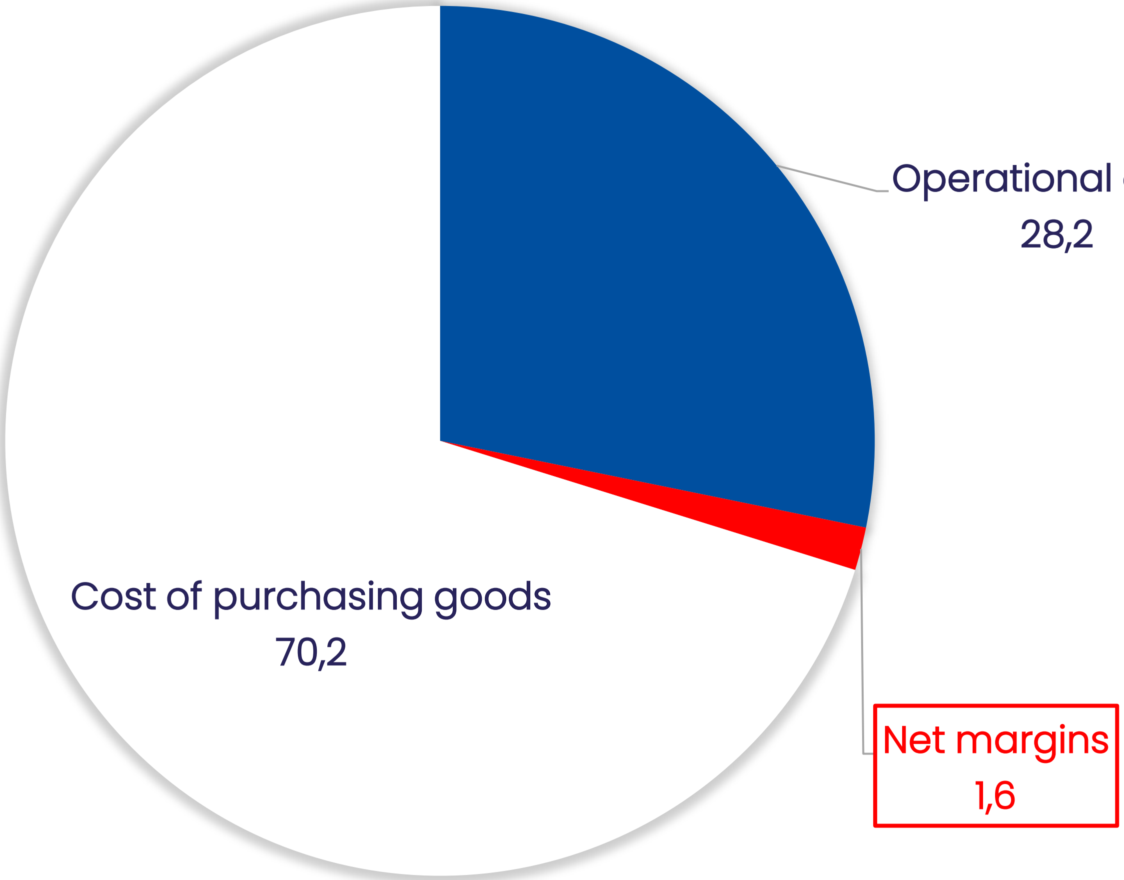


 Source: C.B.L. Centraal Bureau Levensmiddelenhandel (2017)

Gross margins are a poor indicator of profitability

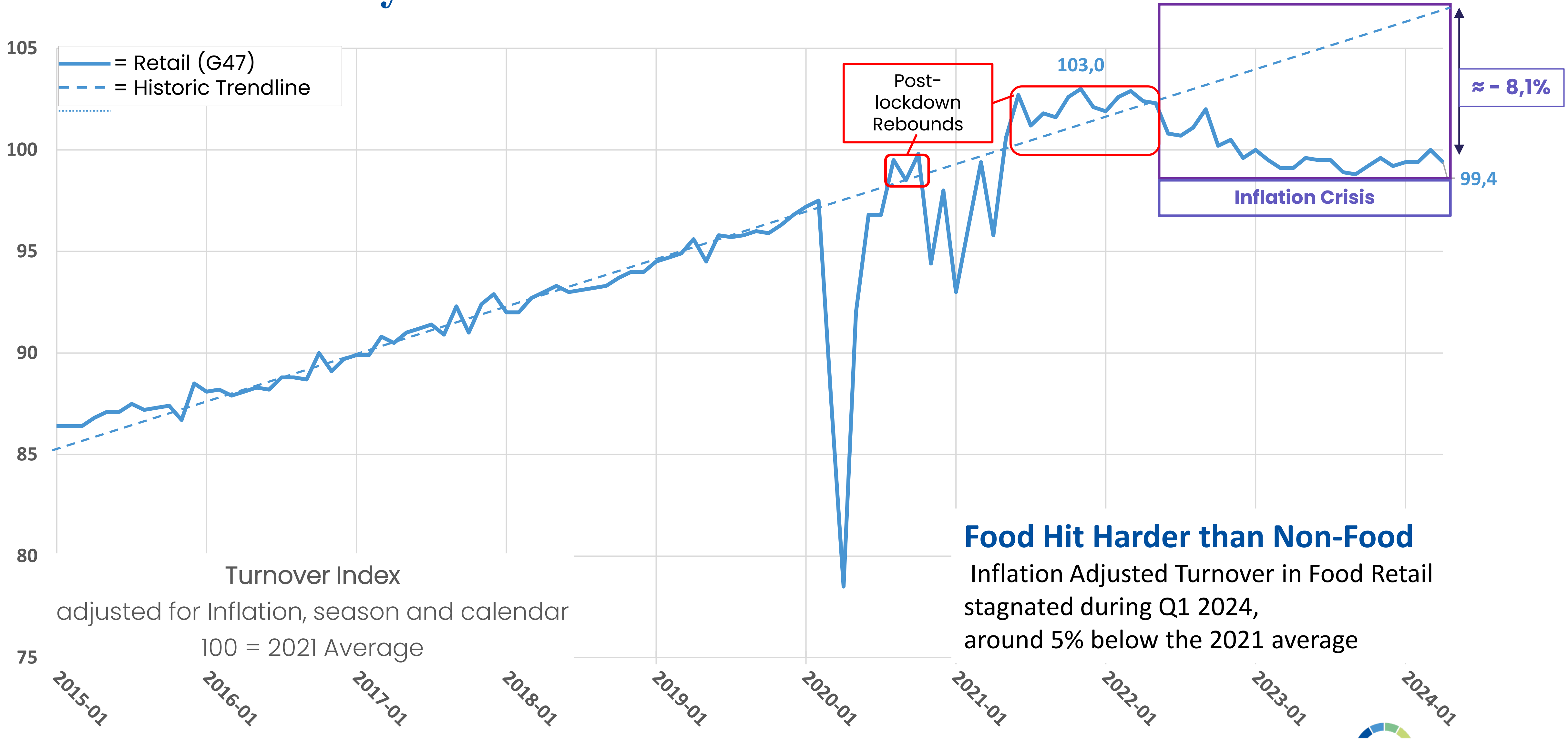
At the retail level, the sale price is mostly the cost of purchasing the goods

29.8% gross margin only leaves a 1.6% net margin



 Source: [OFPM 2023]

Retail hit hard by inflation crisis



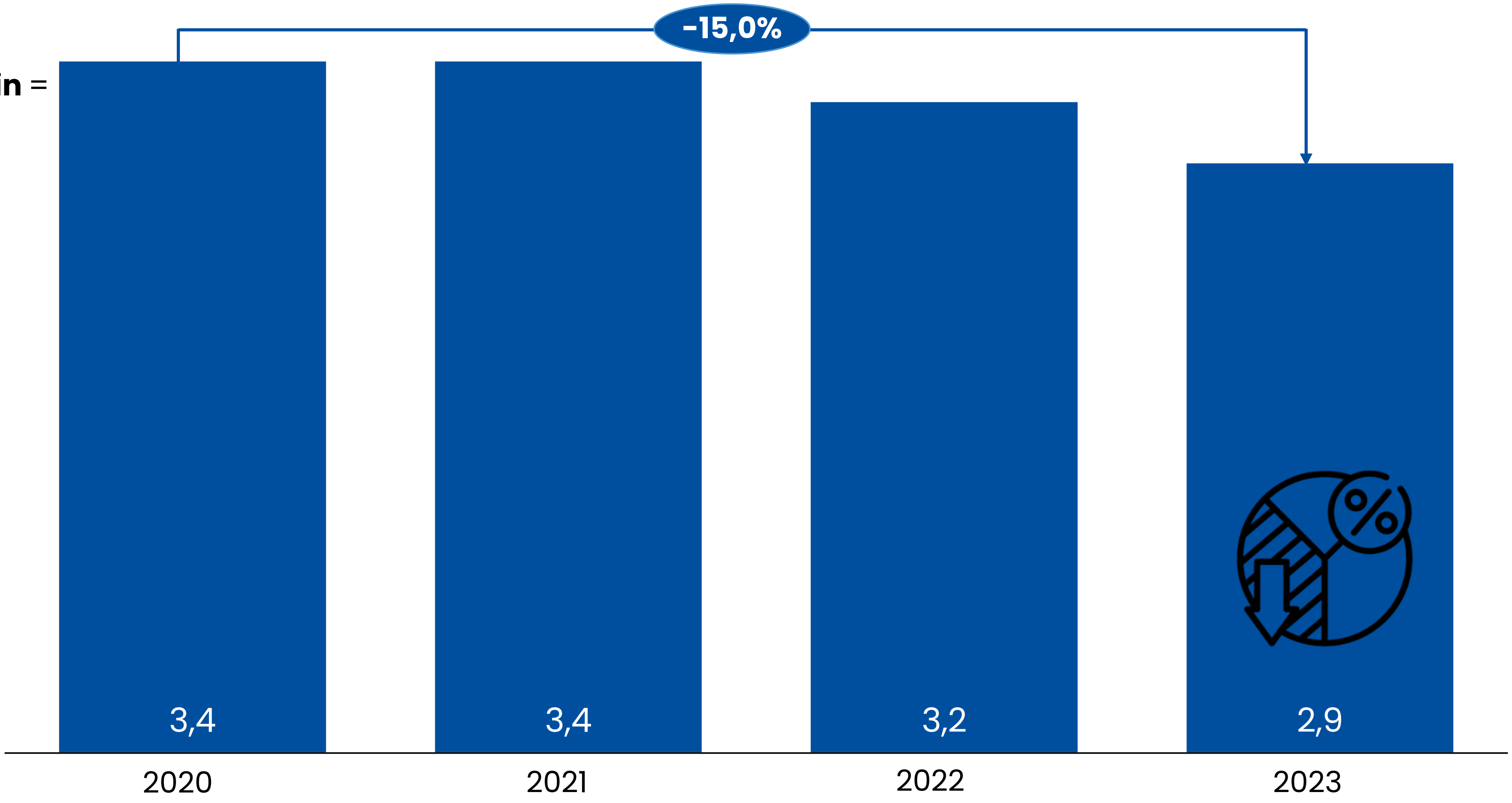
Food Hit Harder than Non-Food

Inflation Adjusted Turnover in Food Retail stagnated during Q1 2024, around 5% below the 2021 average

 Source: Calculations by EuroCommerce based on Eurostat data

Retail hit hard by the inflation crisis

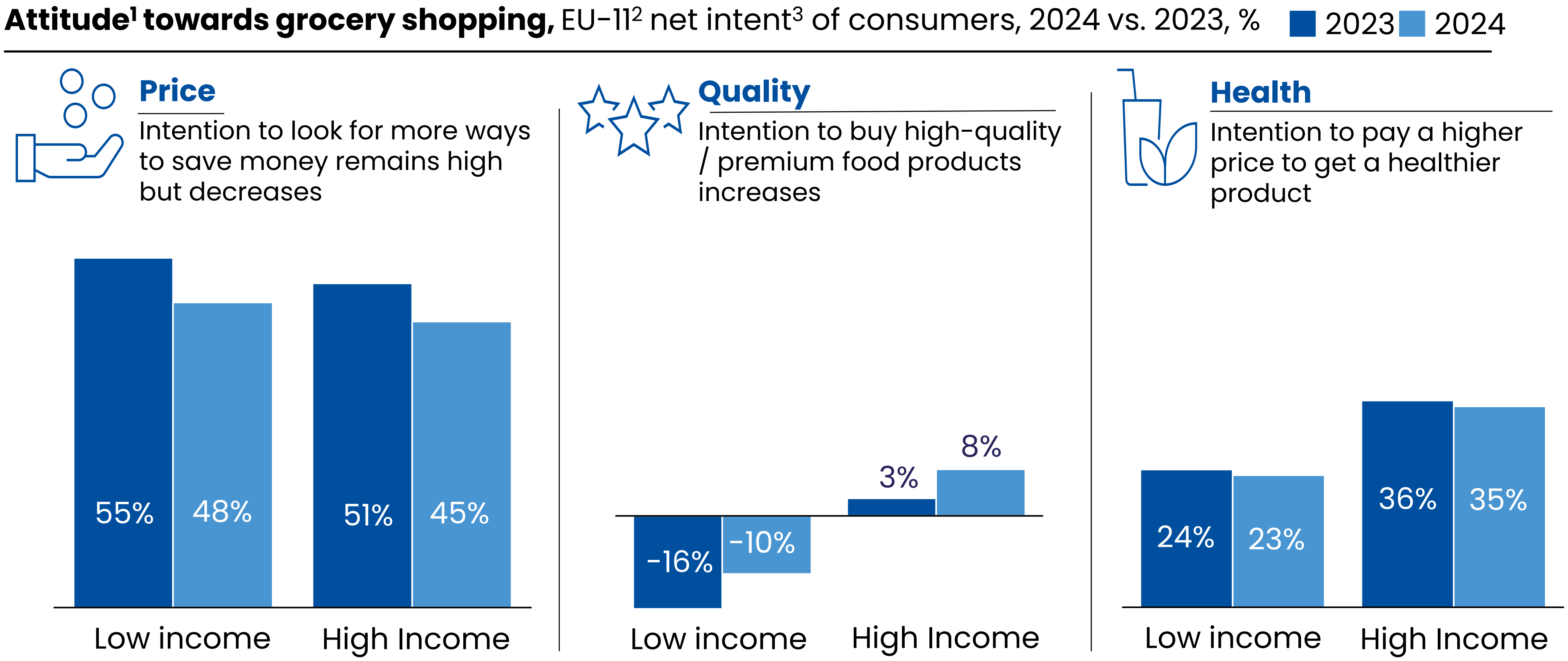
Operating margin =
EBIT margin,
in % of turnover



Source: State of Grocery Retail 2024

Consumption is polarising towards low-cost and premium

Attitude[1] towards grocery shopping, EU-11[2] net intent[3] of consumers, 2024 vs. 2023, %



Data Source:
Consumer Survey 2024, N=12 598,

UK, DE, FR, IT, ES, NL, CH, PL, SE, BE, DK,

Sample matches general population 18+ years

Before the inflation crisis the difference between low and high income in “Price” was 20 pp, now just 3 pp!

1. Q: Think about 2024. Are you planning to do more, less or about the same of the following? I plan to...
2. 2023 and 2024 both cover EU-11 (UK, DE, FR, IT, ES, NL, CH, PL, SE, BE, DK)
3. Net intent represents the share of consumers who want to do more of the activity minus the share of consumers who want to do less of the activity in 2024 vs. 2023

Source: State of Grocery Retail 2024

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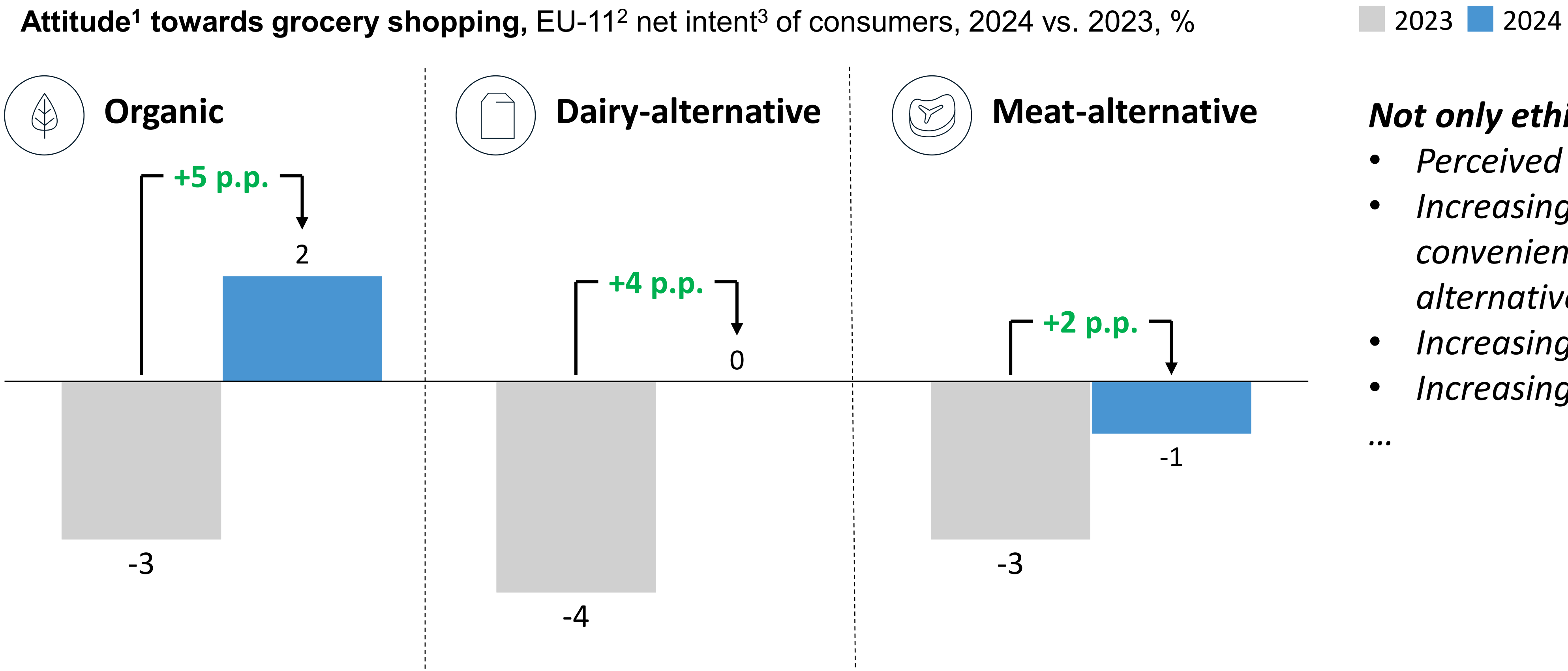
Appetite for organic, dairy & meat alternatives is growing

Attitude[1] towards grocery shopping, EU-11[2] net intent[3] of consumers, 2024 vs. 2023, %



Not only ethics-driven, but also

- *Perceived health benefits*
- *Increasing quality, diversity & convenience of these alternatives*
- *Increasing food intolerances*
- *Increasing food allergies*

…

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Source: State of Grocery Retail 2024

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