

CBI Product Factsheet: Dried ginger in Germany

'Practical market insights into your product'

The CBI Product Factsheet will provide you with the most important specifications of the German market by looking at the four P's of the marketing mix: product, price, promotion and place.

Product

Product specifications									
<i>Form of sale</i>	<p>The chemical and physical parameters for dried ginger as defined by the European Spices Association (ESA) are:</p> <table border="1"> <thead> <tr> <th>Ash (max.)</th> <th>Acid insol.ash (max.)</th> <th>Moisture (max.)</th> <th>Volatile oil (min.)</th> </tr> </thead> <tbody> <tr> <td>8.0%</td> <td>2.0%</td> <td>12%</td> <td>1.5%</td> </tr> </tbody> </table> <p>Dried ginger is usually exported from producing countries in large pieces (whole or sliced) which are then ground into a spice in the country where it is used. Dried ginger can also be sold ground as a means of value addition. European buyers however often prefer whole spices to ground ginger because ground ginger deteriorates faster, is more susceptible to spoilage, flavour and aroma are not stable and are lost faster and it is harder for buyers to determine the quality of ground ginger. Go to the Practical Actions website to learn more about improving pre-harvest handling and processing of dried ginger.</p>	Ash (max.)	Acid insol.ash (max.)	Moisture (max.)	Volatile oil (min.)	8.0%	2.0%	12%	1.5%
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<i>Weight classes</i>	Most common sizes for whole dried ginger are 100-300 gr. Further processed ginger (e.g. powder, slices) is sold in bags of different weights ranging from 1-25 kg. Common weight classes are 12.5 kg and 25 kg.								
<i>Labelling</i>	The label should include legal information such as the name of the product, details of the manufacturer (name and address), batch number, date of manufacture, expiry date, weight of contents, and any information that your country or importing country might require: barcode, producer and/or packer code, all extra information that can be used to trace the product back to its origin.								
<i>Packaging</i>	Bulk rhizomes are packaged in jute sacks (36 - 65 kg, second-hand bags) or, less frequently, in wooden boxes or linen corrugated cardboard boxes (60 kg) for shipping. Dry slices or powder are packaged in multi-wall laminated bags. The materials should be impermeable to moisture and air. Sealing machines can be used to seal the bags. For storage and transport of dried ginger refer to the German Transport Information Service website.								
<i>Forms and packaging illustration</i>									

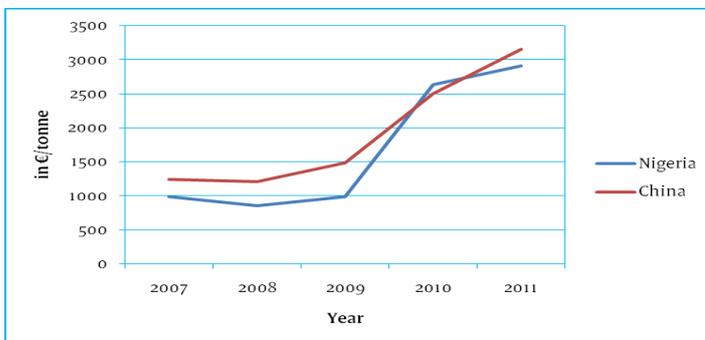
Legal requirements

Germany follows EU legislation regarding dried spices and herbs (including dried ginger). Buyers however might have their own requirements that could be stricter than or additional to EU requirements. It is therefore important to ask your buyers about their requirements. An important document for you as a supplier is the ESA's [Quality Minima Document](#). The ESA represents approximately 85% of the EU market. The members are advised to use the ESA QM. By reading this document carefully you will have a good overview of the EU legal requirements. To help you meet the Quality Minima requirements you can read the following documents:

	<p>The EFT standard is intended for operators wishing to promote their involvement in projects combining organic farming and fair trade</p>	<p>http://www.ecocert.com/en</p>
	<p>The Business Social Compliance Initiative is a leading business-driven initiative for companies committed to improving working conditions in the global supply chain.</p>	<p>www.bsci-intl.org</p>
	<p>ISO 14001 addresses various aspects of environmental management. It provides practical tools to identify and control environmental impact and constantly improve their environmental performance.</p>	<p>International Standard Organisation</p>
<p><i>Industry codes</i> Companies and branch organisations often have their own codes of conduct that deal with social and environmental issues. A relevant standard in the German market are Raps for producers and processors and the German Retail Association (AVE). Other relevant document on specific European buyer requirements: European buyer requirements: spices and herbs</p>		
	<p>Außenhandelsvereinigung des Deutschen Einzelhandels.V. (AVE – Foreign Trade Association of German Retail Trade) is the leading organisation for importing retailers in Germany. AVE provides fresh impetus for the development of tariff and trade practices, policy making and legislation.</p>	<p>http://www.ave-international.de (see Publications for standards)</p>

Price

Figure 1: Global dried sliced ginger prices 2007-2011



Source: Public Ledger (2012)

As shown by Figure 1, the price of dried ginger slices has increased significantly. Global production stayed stable between 2007 and 2011. Price increase was fuelled by increased demand in emerging markets (especially India) and European countries (Germany). Be aware that ginger is not a large scale product compared to other herbs and therefore prices are more susceptible to changes.

Table 1: Consumer prices of ginger powder in Germany in 2012

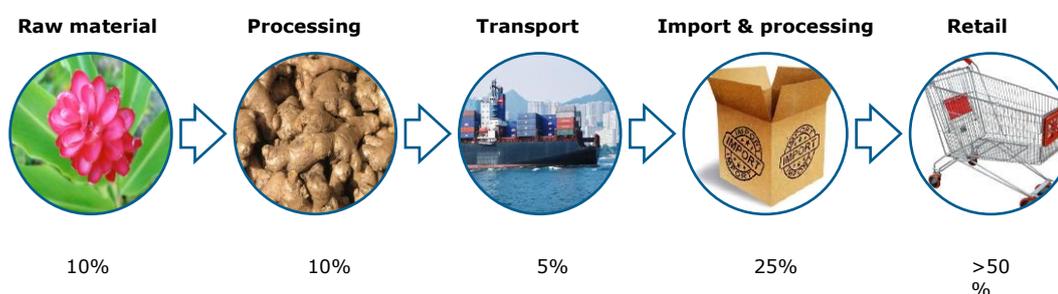
Product	Specification	Price	Photo example
Djahe	High-end brand Asli, sold in retail channel	€ 1.69/ 35 gr. (€ 48/kilo)	
Thai ginger powder powder	Low-end brand Galgant, sold in retail	1.98 €/100 gr. (€ 19.80/kilo)	

Organic ginger powder	High-end brand Steenbergs, sold on e-store	€ 3.95/25 gr. € 98.75/kilo	
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Dried ginger is often ground and sold as powder. There are large differences in price as can be seen by Table 1. Organic ginger powder is generally more expensive than conventional.

Fair trade certification might be an interesting niche for you. For dried ginger it provides a fair trade premium of 15% of the commercial price. Dried ginger that is certified fair trade as well as organic has the same fair trade premium except when from India and Sri Lanka (minimum price € 2.85/kg with a € 0.30 premium). For more information go to the [Pricing Database](#) or Fairtrade.

Price breakdown



Please be aware that this price breakdown for ginger is only a general indication. It is influenced by many different factors. These include the country of origin, the current and expected future harvest situation, quality of the raw material, level of processing, level of demand and the trend in prices. All these factors make it difficult to provide a reliable price breakdown. In addition, this breakdown does not apply to ginger sold to the food processing industry. A price breakdown cannot be calculated in those cases because ginger is one of many ingredients used.

Promotion

German business ethics

- German business people are experienced in conducting international business and receptive to well planned approaches, which demonstrate a potential commercial benefit for their companies.
- German business practice has a high emphasis on order, hierarchy and formality.
- English is widely spoken but it is courteous to check and confirm whether English will be acceptable.
- Punctuality is very important. If you are running late for a meeting, call ahead to advise the change and give as much notice as possible
- To find out more about German business culture visit the [Kwintessential](#) website.

Targeting your buyers

In spite of the presence of large-scale companies, Germany also has a significant number of small and medium-sized players which work through trading companies. These provide a good option for you to access the market. Targeting these smaller buyers is therefore important in order to be successful on the German market. The primary customer segment for chilli peppers in Europe is the Asian ethnic groups in these countries. Try to establish business relationships with these Asian communities in German cities. Use the following

company databases to find buyers: [German Spices Association](#), [The Food World](#), [Europages](#) and [Organic Bio](#).

Partner with German company

When exporting through a joint venture, you can use the existing sales network of your partner. This construction also minimises the risks of non-payment and guarantees fair prices. Moreover it can lead to better logistics, purchasing conditions for packaging, combined promotion actions, lobbying etc. It is therefore increasingly used as a successful approach.

Niche markets

Germany also provides good opportunities for the premium market (e.g. organic, fair trade). The German market is one of the largest organic and fair trade markets in the EU. To find specialised traders of organic and/or fair trade go to the websites [German Fair Trade](#) or the traders listed on the website of the [Biofach](#).

Promotional activities

An excellent way of gaining some exposure is to visit and have a stand at a trade fair or conference. With personal contact being important in Germany, it is a good way to meet your buyer face-to-face. There are no specific German trade fairs for spices so visit more general German fairs such as [Anuga](#) (largest German food fair) and [BioFach](#) (organic food fair). Other interesting European fairs to meet your German buyers are: Food Ingredients Europe (<http://fieurope.ingredientsnetwork.com>) and SIAL (www.sialparis.com).

Other important issues to keep in mind when promoting your company or product:

- The German National Federation of Trade Associations has decided to allow local supermarket chains to check branded food suppliers. The majority of German retailers have thus realised that registration in accordance with International Food Standards (IFS) is indispensable for their suppliers.
- German buyers will greatly appreciate you adopting modern methods of communication to stay in touch (e.g. LinkedIn, Skype, Facebook) and having a good website, company brochure and business cards.
- Interested German buyers will normally request samples for analysis. Your sampling method should result in samples that represent what you can deliver in the quantities, quality and lead times specified by the buyer.
- A good way to promote your product and organisation is to be able to prove your performance regarding quality and food safety procedures. Ask your buyers about their specific requirements.

Please refer to the CBI Buyer's Black Box for more information on promotion.

Place

Figure 2: Development of German ginger market 2007-2011

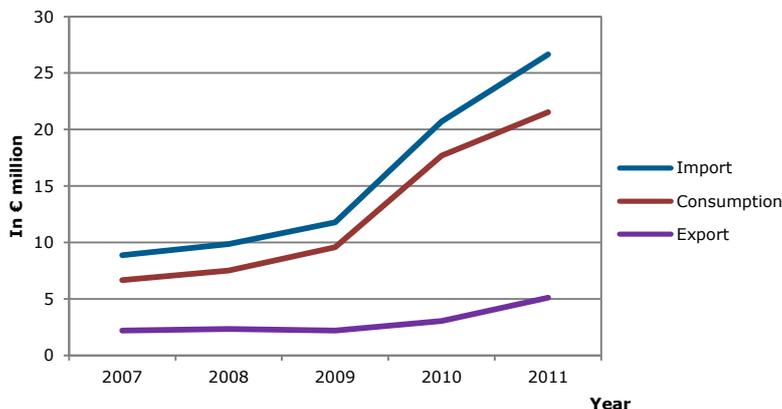
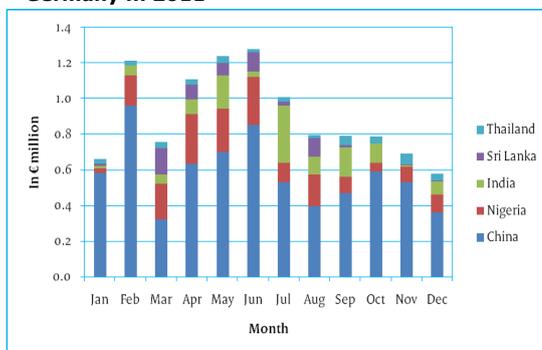
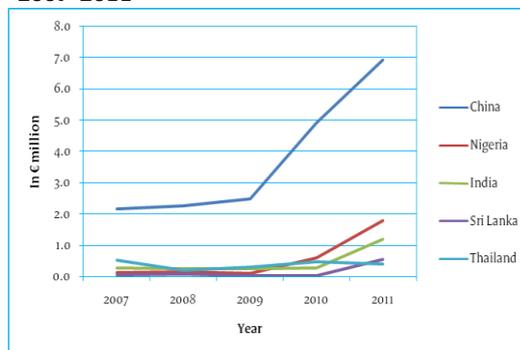


Figure 3: Supply window of suppliers to Germany in 2011



Source: Eurostat (2012)

Figure 4: Imports of important suppliers to Germany 2007-2011



Source: International Trade Centre (2012)

Key observations regarding demand and trade

- Germany is completely reliant on imports. It is the largest consumer of ginger (around € 22 million). Germany is the 2nd largest importer (23% of total imports) in Europe. In 2011, German imports amounted to € 26 million, or 11 thousand tonnes.
- Figure 1 shows that imports (+32% per year) and consumption (+34%) increased significantly between 2007 and 2011 despite the economic crisis. In 2010, imports increased by 76%. The volume of imports grew by 20% per year.
- Export also grew significantly (by+24% per year). However exports account for only 20% of total import (€ 5 million, or 1.4 thousand tonnes). The large increase in consumption can be accredited to a strong rise in local demand.
- Germany imports 42% directly from developing countries. This is low compared to the EU average (62%). Germany imports most of its ginger from the Netherlands (49%). Imports from the Netherlands grew at a similar rate as overall imports (+32% per year).
- In contrast, most developing countries have increased their market share. Figure 4 shows that China and Nigeria have increased their market share significantly since 2009. India and Sri Lanka exploded onto the market in 2011. In times of scarce supply German importers look for other sources.
- Figure 3 shows that the supply window for different supplying countries is irregular throughout the year. This relates to harvest seasons as well as price speculation. Sri Lanka only supplies from March until August while China supplies throughout the year. This is a major competitive advantage.
- In conclusion, in the recent years the German ginger market has performed very well despite economic pressure. Although things are expected to slow down somewhat, you will still find plenty opportunities in the German market.

This survey was compiled for CBI by CREM B.V.
in collaboration with Joost Pierrot

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