European Union
European Regional
Development Fund

FRiDGE
Interreg Europe

Analysis of the regional food and drink industries

Partner organization/region: KErn, Competence Center for Nutrition/Germany
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Please describe the answers as well as possible. By reading into this topic you will get a lot of information, so you can get a good overview of your region. Through dialogue with local food industries, local facts and numbers can be collected. The information requested in this list will help you to get to know your region better. These questions are intended to help you.

1. General description of the current status of the food sector in your region

   Take a look at your region in terms of food industry: Which branch of the food sector is the biggest/most important in your region?

What we are known for/what makes our region special:

Measured by the number of inhabitants, upper Franconia has the highest density of bakeries and confectioneries, the highest density of butchers and the highest density of breweries in the world. Upper Franconia is known for quality and culinary delights due to its family farms, bakeries, butcher's shops, breweries, gourmet restaurants and distilleries.

(Source: https://www.genussregion-oberfranken.de/)

Upper Franconia is a governmental district in Bavaria, where the headquarters of the project partner from Germany is located. In the following, figures from all of Bavaria are presented, because most of the data is available here.

Food crafts in Bavaria 2016:

Craft branch	Turnover in billion €	Companies	Employees
Butcher´s craft	4,09	3.857	37.360
Bakery craft	3,45	2.539	61.030
Other food carfts	1,30	2.201	19.110
Food craft together	8,84	8.597	117.500

(Source: Branchenreport Ernährungswirtschaft Bayern 2017 – Cluster Ernährung)

KErn Kompetenzzentrum für Ernährung

Please fill in these data as good as possible. If you don´t have any numbers, please estimate a rough comment. You can also try to get information about your region via Eurostat (https://ec.europa.eu/eurostat/de/home). Through cooperation with a local food producer you can try to include at least specific data about a regional producer to get a rough idea of the current situation.

Category	Criteria	Description	Data/comment
General description of the current status of the food sector in your region	Role of your regions food and drink industry in national context	Percentage of food-sector-employees in your region as a proportion of food-sector-employees in your country	Germany, Manufacture of food products in 2017: **814.397 employees** (Source: Eurostat) Bavaria, in 2017: **244.800 employees** (Source: Branchenreport – Cluster Ernährung) Results in percentage of: ca. **30%**
		Percentage of food-sector-enterprises in your region as a proportion of food-sector-enterprises in your country	Almost **33%** of the companies from the food industry are located in Bavaria (Source: Branchenreport – Cluster Ernährung)
		Share of sales in total sales of the national food sector	**20%** of the total German turnover of the food industry is from Bavaria (Source: Branchenreport – Cluster Ernährung)
	Role of the food and drink industry in your region → Upper Franconia	Percentage of food-sector-employees as a proportion of total employees in your region	**Employees in Upper Franconia according to economic sectors:** Agriculture, forestry and fisheries: 0,5% Manufacturing industry: 38,5% Trade, transport and hotels and restaurants: 21,0% Business Services: 14,3% public and private services: 25,6% (Source: Statistik Oberfranken - 2017) There are 9.833 employees working in the food industry in Upper Franconia and 127.252 in Bavaria. (Source: Branchenreport AFC - 2016) Ca. 8%

		Percentage of food-sector-enterprises as a proportion of total enterprises in your region	In **2015** there were 823 companies in Upper Franconia in the processing industry. Of these, 205 companies are active in the food and beverage industry. This results in a share of **24.91%.** Source: Industriebericht Bayern 2016
		Share of sales in total sales of the regional economy	1.9 billion € → Percentage proportion of: **9.45%** Year: 2015 in Bavaria Source: Industriebericht Bayern 2016
		Total numbers of employees, enterprises and share of sales of the regional food sector	Data of Upper Franconia: 9822 Employees 205 enterprises 1.9 billion €

Branchenreport – AFC:

Produzierendes Ernährungsgewerbe (Unternehmen)

	Germany	Bavaria	Upper Franconia
Employees in the food sector	580.000	127.300	9.833
food-sector-enterprises	5.940	1.104	205
Share of sales in billion €	171	28	1.9

2. Current policy instruments, funding/support programs etc.

	Who are the programs aimed at? (target group)	How is the support structured? (financial, training programs, social project to support employees, infrastructural improvement)	Importance/ Relevance (frequency and acceptance)	Current policy ambitions within the region/instruments of supporting the food industry?
EU instruments/programs				
LEADER	partnerships between communal, economic and socially engaged actors in the region are important	mainly financial support and networking	Only important elements have been included in this list; unfortunately, no concrete data on usage is currently available.	international and regional ambitions
EU structural funding	Various European regions	Investments in growth and employment	Only important elements have been included in this list; unfortunately, no concrete data on usage is currently available.	international and regional ambitions
Horizon 2020	It promises more breakthroughs, discoveries and world-firsts by taking great ideas from the lab to the market. open to everyone	Research and innovative projects, mainly financial support and networking	Only important elements have been included in this list; unfortunately, no concrete data on usage is currently available.	international and regional ambitions

National instruments/programs				
Enterprise value: human resources	The target group are SMEs that want to develop forward-looking and employee-oriented personnel strategies.	The focus is on personnel management, equal opportunities & diversity, health and knowledge & competence	Only important elements have been included in this list; unfortunately, no concrete data on usage is currently available.	mainly national ambitions
Regional instruments/programs				
Funding Guide	newly founded, acquired, expanded or modernized companies	promotion of investments, location support, advice, research, innovation and technology, energy support programs, risk relief, foreign trade, consolidation aids and labour market policy assistance	Only important elements have been included in this list; unfortunately, no concrete data on usage is currently available.	mainly focusing on regional ambitions
Measures to strengthen the processing and marketing of agricultural products	Bavarian agricultural policy; Support small regional enterprises	Support is granted for investments in the processing and marketing of agricultural products	Only important elements have been included in this list; unfortunately, no concrete data on usage is currently available.	mainly focusing on regional ambitions
State develop Bavaria	All sectors	mainly financial support	Only important elements have been included in this list;	mainly focusing on regional ambitions

			unfortunately, no concrete data on usage is currently available.	
Local instruments/programs				
Bavaria innovative	They support innovative projects in all sectors, not only food sector	networking, financial support, innovative Research and Development support	Only important elements have been included in this list; unfortunately, no concrete data on usage is currently available.	mainly focusing on regional and local ambitions
Bavarian Food Cluster	Support for innovative projects and pilot projects of Bavarian food companies	Special focus on funding marketing tools for national associations and food cooperatives; international networking and offer to access to export markets, trips abroad and international trade fairs	Only important elements have been included in this list; unfortunately, no concrete data on usage is currently available.	mainly focusing on regional and local ambitions
Regional Management	Including development and implementation of defined projects of the region;	Multidisciplinary and cross-sectoral approach, networking and focusing on the interaction between business and science	Only important elements have been included in this list; unfortunately, no concrete data on usage is currently available.	mainly focusing on regional and especially local ambitions

3. Marketing and distribution channels currently used for regional products

Which sales channels are predominantly used?
Transport duration & frequency (short/long distance, high/low frequency?)
Import/Export of the produced food?
Are there any initiatives in your region that want to improve market reach, internationalization, local food associations and aim to do so?

Due to a division of small regional companies and trade commodities from large companies, the sales markets are also divided.

Regional products use very different sales channels: There are networks in which one shop sells several regional products. In addition, this is advertised and passed on by verbal propaganda. Regional products from smaller manufacturers are hardly exported. The larger the company, the more likely it is to export.

For example, the Bavarian State Ministry of Food, Agriculture and Forestry has a platform called "regional Bavaria". The aim is to make it easier to find local products. Registration on the consumer portal is free of charge for all local products and suppliers. The advantage for producers is to be networked throughout Bavaria.
So far, more than 800 different products have been listed and over 2700 regional suppliers have registered.
https://www.regionales-bayern.de/

In order to bring regional products back to the table in the restaurants, the initiative "Wirt sucht Bauer" was launched. Through this program, restaurateurs and producers (like farmers) can register free of charge. The advantages for producers are that they can network directly with chefs, hoteliers and nutritionists and show what stands in and behind their products. The benefits for the foodservice sector are cooking with fresh, sustainable and seasonal products.
https://www.wirt-sucht-bauer.de/

4. <u>Current technological environment, research & development scene in the region</u>

Which institutions are located in your region (for example Universities, research facilities, state agencies, NGO's, etc.)? What are the greatest challenges for technological improvement? (internet, finance, resources, state of knowledge, scientific development, competition, …)

In Upper Franconia there are many institutional facilities around the topic of food:

- Max Rubner Institute (Federal Research Institute for Nutrition and Food)
- KErn – Competence Center for Nutrition
- Cluster Nutrition (located at the KErn)
- BECIT GmbH (test laboratory in the field of food safety)
- urban slaughterhouse (also used for research and training purposes)
- University of Bayreuth

Several organizations:

- Organisations with a focus on food products:
    - Agentur für Lebensmittel-Produkte aus Bayern
    - Genussregion Oberfranken e.V.
    - Kulinarisches Erbe Bayern e.V.
    - Amt für Ernährung, Landwirtschaft und Forsten
- General support:
    - Oberfranken Offensiv e.V.
    - Kommunale Arbeitsgemeinschaft Wirtschaftsband A9 Fränkische Schweiz e.V.
    - Handwerkskammer Oberfranken

Most of the associations or institutions listed are (potential) stakeholders for the KErn in the FRiDGE project. The aim is to achieve the highest possible and most wide-ranging output.

The greatest challenges for our region are further identified in the SWOT analysis.

5. <u>SWOT-analysis, accelerators and obstacles</u>

What do you think are the strengths, weaknesses, opportunities and threats for the food sector in your region? What are accelerators and obstacles? You may think of following key words: technology, trends, competition, politics (strategic success factors), finance, know-how, image, staff, core skills/competences, etc. What are the key problems/difficulties? Common advantages of different branches?

	Helpful (for food enterprises)	*Harmful (for food enterprises)*
Internal	*Strengths* • Excellent raw material base • SMEs are strongly rooted in our region • Pronounced regional thinking • Image of our region: tradition, roots, quality, reliability • Well-trained specialists and a strong research landscape • high innovative strength • expanded infrastructure network	*Weaknesses* • Small-scale structure of the economy • Lack of risk and crisis management structures • High competitive and price pressure • Globalised vs. regional markets • expandable infrastructure in the region • lack of new generation of employees
External	*Opportunities* • Serving market trends • Cross-Cluster: Tourism • integration of immigrants • Export • Product innovations • Development of the „Bavaria“ brand • Quality control	*Threats* • Devaluation of the image • Further increasing shortage of skilled workers • Traditional industry vs. change in acceptance among the population • Increasing price sensitivity • integration of immigrants • cost volatility

6. Other regional, geographical and social factors effecting the food industry

For example geographical factors like climate, weather conditions, agricultural conditions, landscape, infrastructure, etc. or social factors like unemployment rate, age structure, demographics, living space, educational landscape, family environment, working conditions, etc.

Major regional weaknesses, risks and challenges:

Especially in 2019 many smaller companies had problems with the great drought in summer. The lower harvest earnings led to higher raw material prices. The increasingly extreme weather conditions caused by climate change are repeatedly leading to problems for smaller companies. Many traditional companies and producers struggle to find a new owner when they retire. As a result, small businesses are forced to close and a piece of tradition and culture is lost. Changes in the age structure with an increasing population of old age leads to further problems such as a lack of young people.

Many small businesses are strength and a weakness at the same time, especially with regard to the lack of risk and crisis management structures. In many cases, these challenges for the companies can only be managed in a cooperative network. The companies in the food industry in Bavaria are under strong competitive and cost pressure from the trading groups. In some cases, the companies are too strongly rooted in the region and focus exclusively on the region. New quality standards are developing, which in many cases can only be covered to a limited extent by trade standards and which could possibly lead to a splitting of the markets. The Bavarian infrastructure - especially the data network - can be expanded. Despite demographic change, the supply of well-trained specialists and skilled workers in the food sector must remain high in Bavaria in the future. Consumers can only consume higher-priced products of better quality if wages are correspondingly high.

The corona crisis also causes a completely new problem. Due to the government's exit limitations and restrictions, small and medium-sized companies have to close down for weeks and without new income still somehow pay their fixed expenditures. How this economic crisis will develop cannot be predicted at present. In any case, it will be a great burden and test for many small businesses. The state intends to offer various financial support. It remains to be seen what exactly this will look like, what effect it will have and how many companies can be saved by it.

7. Recent surveys, reports, research results regarding the regional food sector

Are there any current reports that could be interesting for the food industry?
What results could be gained from these studies/publications?
Find key contacts / key economic motivation for new studies – cooperation with universities, associations, units & define common goals for cooperation; Chance to work with local experts?
Who can we get feedback from? Stakeholders, industry, politics, publics?

As recently in 2019, an analysis was completed by the Friedrich-Alexander University of Erlangen-Nuremberg in cooperation with the Competence Centre for Nutrition, in which the economic relevance of European protection of origin was examined. The study aims to analyse the economic effects of EU protection of origin. The investigations were carried out on the basis of three product areas. The focus was on the protected geopraphical indication short PGI, to be analysed.