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Report Name: Food Processing Ingredients

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Report Highlights:

The Italian food-processing industry continues to be highly fragmented, characterized by a growing consolidation of smaller companies. The leading players tend to employ multichannel strategies, which have helped them to offset food service losses with higher sales in the retail channel during the COVID-19 pandemic. In 2021, a gradual return to in-person work, study, and activities left consumers with less time or inclination for home-cooking and home-baking. On the other hand, confectionery, snack bars, ice cream, and pastries benefitted from a gradual return to normality. Italy depends almost entirely on raw material imports, most of which come from other EU countries.

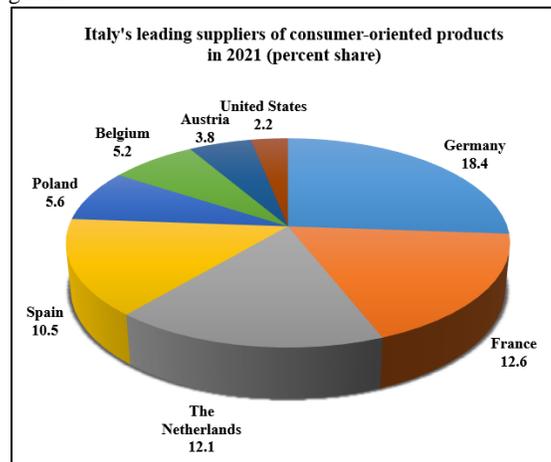
Market Fact Sheet: Italy

Executive Summary

GDP estimated at \$1.9 trillion and a per capita GDP of \$31,676. Being a net agricultural importer, most raw materials and ingredients are imported, as Italy's economic strength is in the processing and the manufacturing of goods. Italy exports mainly consumer-oriented products to the United States, while the United States exports mostly bulk commodities to Italy. In 2021, U.S. agricultural exports to Italy were \$1.1 billion, while U.S. imports from Italy were \$6.5 billion.

Imports of Consumer-Oriented Products

In 2021, Italy's imports of consumer-oriented products were approximately \$28.4 billion, of which 82 percent originating from other EU-27 member states. Imports from the EU-27 were primarily dairy products, meat, and bakery goods.



Food Processing Industry

The Italian food-processing industry is highly fragmented, characterized by a growing consolidation of smaller companies. Progress in food technology, marketing innovations, "Made in Italy" products, and exports of finished food products have all contributed to Italy's increasing demand for food ingredients. Italian consumers continue to favor baked goods, processed meat and seafood, and dairy products.

Food Retail Industry

The Italian food retail industry is highly diversified. Hypermarkets, supermarkets, convenience stores, major discount stores, and specialized stores coexist with traditional corner grocery stores and open-air markets. Italy's food retail sales reached \$167.8 billion in 2021, 2.9 percent more than in 2020. Increased sales were registered in discounters (+6.0 percent), hypermarkets (+3.4 percent), supermarkets (+3.3 percent), grocery retailers (+1.2 percent), and convenience stores (+1.2 percent).

Quick Facts CY 2021

Imports of Consumer-Oriented Products: \$28.4 billion

List of Top 10 Growth Products in Italy

- 1) Baked goods
- 2) Processed meat and seafood
- 3) Dairy products
- 4) Ice cream and frozen desserts
- 5) Pasta and rice
- 6) Chocolate confectionary
- 7) Savory snacks
- 8) Sauces, dressings, and condiments
- 9) Sweet biscuits, snacks bars, and fruit snacks
- 10) Ready meals

Food Industry by Channels (\$ billion)

Food Industry Output	\$170.2
Food Exports	\$52.8
Food Imports	\$28.4
Retail	\$167.8
Food Service	\$57.5

Top 10 Italian Retailers

- | | |
|---------------------------------|-------------------|
| 1) Conad | 2) Coop Italia |
| 3) Selex Gruppo Commerciale SpA | 4) Esselunga SpA |
| 5) Crai Secom SpA | 6) Gruppo VEGÉ |
| 7) Gruppo Eurospin | 8) Schwarz Gruppe |
| 9) Carrefour SA | 10) eBay Inc. |

GDP/Population

Population: 59.5 million
 GDP: 1.9 trillion
 GDP per capita: \$31,676

Strengths/Weaknesses/Opportunities/Threats

Strengths	Weaknesses
Italy's food consumption levels are among the highest in the world.	Competition from EU countries that export to Italy tariff-free.
Opportunities	Threats
Italy is dependent on raw imports for its processed food industry. Italian food products have a reputation for being of high quality.	Non-tariff barriers, including traceability requirements, can hinder U.S. exports.

Data and Information Sources:

Trade Data Monitor (TDM), LLC; Euromonitor; industry contacts.

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SECTION I. MARKET SUMMARY

The Italian food-processing industry continues to be highly fragmented, characterized by a growing consolidation of smaller companies. The leading players tend to employ multichannel strategies, which have helped them to offset food service losses with higher sales in the retail channel during the COVID-19 pandemic. In 2021, a gradual return to in-person work, study, and activities left consumers with less time or inclination for home-cooking and home-baking. On the other hand, confectionery, snack bars, ice cream, and pastries benefitted from a gradual return to normality.

Artisanal products are at the forefront of the packaged food market. Local consumers continue to prefer fresh products rather than canned products. However, the most popular canned food products are seafood (tuna in particular), meat and meat products, tomatoes, and beans. Additionally, Covid-19 accelerated Italy’s healthy eating trend, with vegan, vegetarian, and flexitarian alternatives, “free-from” products (e.g. gluten, lactose, or sugar-free), and superfoods attracting more and more local consumers. The pandemic also strengthened the locally sourced food trend as a gesture of solidarity to local producers.

Progress in food technology, marketing innovations, “Made in Italy” products, and exports of finished food products have all contributed to Italy’s increasing demand for food ingredients. Italy depends almost entirely on raw material imports, most of which come from other EU countries. In 2021, U.S. agricultural exports to Italy were \$1.1 billion, while U.S. imports from Italy were \$6.5 billion.

U.S. - Italy Agricultural Trade 2021

U.S. leading exports to Italy	Italian leading exports to the United States
Soybeans: \$328.3 million	Wine: \$2.5 billion
Tree nuts: \$324.4 million	Baked goods, cereals, and pasta: \$795.7 million
Wheat: \$112.7 million	Olive oil: \$560.2 million
Planting seeds: \$56.1 million	Dairy products: \$483.4 million
Pulses: \$47.4 million	Condiments and sauces: \$406.0 million
Total: \$1.1 billion	Total: \$6.5 billion

Source: BICO

Advantages	Challenges
Italy’s food consumption levels are among the highest in the world.	Competition from EU countries that export to Italy tariff-free.
Italy is the third largest market in Europe for food and drink in terms of value, and there is a reliable affluent consumer base for such products.	U.S. exporters have significantly higher transportation costs and time lags than most other European countries, given the distance between Italy and the United States.
Italy is highly dependent on raw imports for its processed food industry.	Non-tariff barriers, including traceability requirements, can hinder U.S. exports. Moreover, U.S. exporters new to the Italian market may find the Italian bureaucracy difficult to maneuver.
Italians are becoming more aware of foreign ingredients and cuisines.	U.S. products and ingredients, while innovative, may be perceived as overly processed and less wholesome than their Italian/European counterparts, which are marketed as traditional and seen as having

more “natural” ingredients.

SECTION II. ROAD MAP FOR MARKET ENTRY

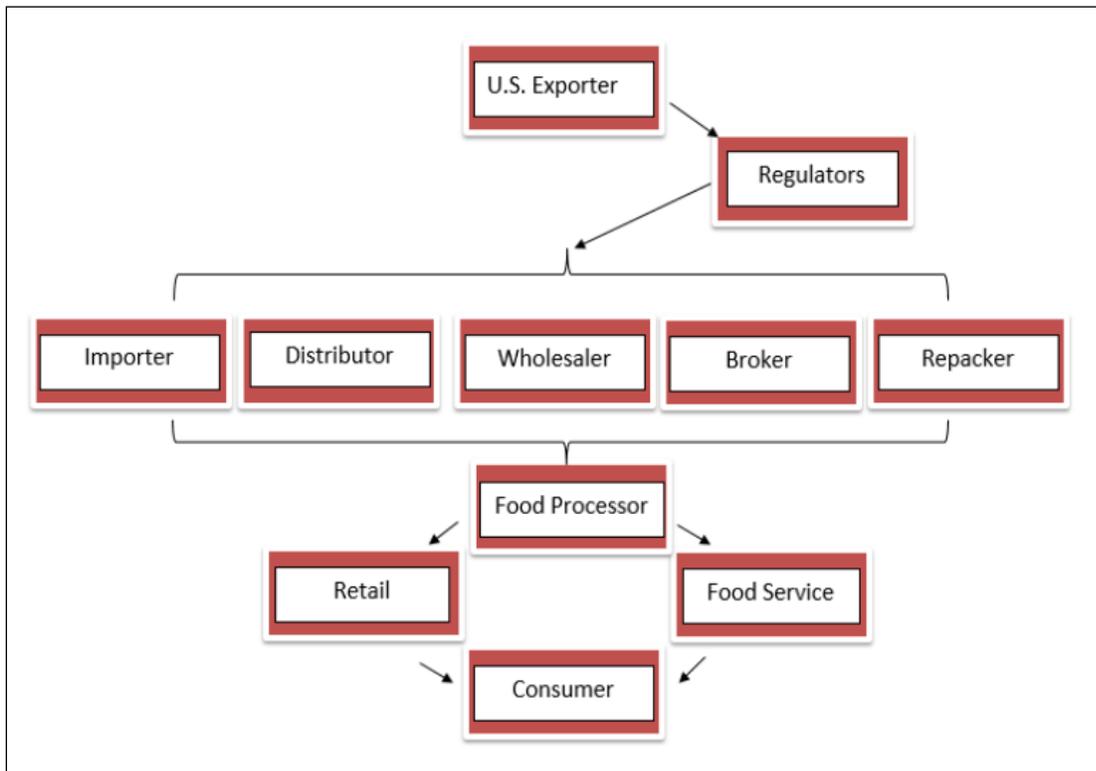
○ **Entry Strategy**

- Survey existing and potential opportunities by reviewing [FAS GAIN](#) reports and consider engaging a market research firm to assist in analyzing market opportunities and challenges.
- Identify a key importer, broker, distributor, agent, or wholesaler, as they know how to best navigate the import and distribution process. They are key to doing business in Italy. Food importing is a specialized business, and an importer plays a pivotal role in navigating the hurdles of Italian and EU food law. Italian importers are mostly small to medium-sized companies and normally carry a whole range of products. The terms and length of association between the U.S. company and the Italian company are normally established by contract.
- Price is always important, although quality and novelty alone do move some imported products.
- Be prepared to start small by shipping a few pallets or cases of a product and recognize that it could take several months or years before an importer is ready to order full containers. Italians place a lot of importance on first building the trust to consolidate the business relationship.
- Be willing to meet special EU labeling requirements and consider working through a consolidator or participating in mixed container shipments.
- Participation in some of the larger European international food trade shows (ANUGA, SIAL, and TUTTOFOOD) offers a good opportunity to get a sense of the Italian market and meet with potential Italian importers or distributors.

○ **Import Procedure**

- All imports are covered under EU regulations.
- Work with experienced distributor or independent reliable agent to counsel on import duties, sanitary regulations, and labeling requirements. Personal relationships and language ability are of value when conducting business transactions.
- Imports from a third country must clearly identify country of origin.
- Custom duties are applied to all products and rates depend on product being processed or unprocessed.
- Imported products from North America often enter Italy indirectly from the Port of Rotterdam or directly by air.

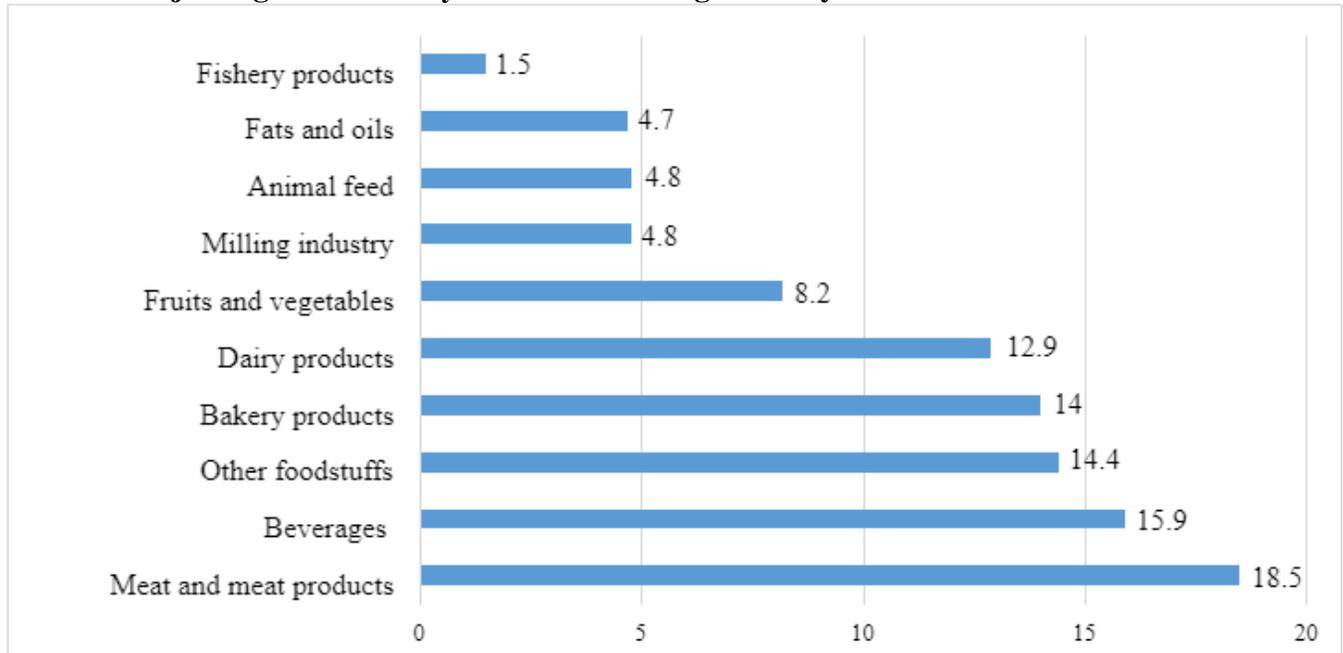
○ **Distribution Channels**



○ **Market Structure**

- Italy's food processing industry is well developed and has access to a wide range of food ingredients and suppliers.
- Italian producers source their ingredients from brokers, agents, local importers, and wholesalers. Only large processors import ingredients directly from foreign suppliers.
- Processed food is primarily distributed through retail grocers, convenience, and discount stores.
- U.S. exporters of food processing ingredients usually enter the Italian market through a specialized ingredients importer.
- A good importer will be your partner in promoting your product to his or her customers.
- The most common entry strategy for small-and medium-sized U.S. companies is dealing either directly with a local wholesaler or broker or indirectly through an export agent or consolidator.

○ **Share of Major Segments in Italy's Food Processing Industry 2020**



Source: Italy's Institute of Statistics (ISTAT)

○ **Leading Food Processing Companies**

Baked goods

Barilla - <https://www.barilla.com/it-it>

Bauli - <https://www.bauli.it/>

Ferrero - <https://www.ferrero.com>

Coop Italia - <https://www.e-coop.it/noi-coop-e-chi-siamo>

Dr Schär - <https://www.schaer.com/it-it>

Processed meat and meat products

Consorzio del Prosciutto di Parma - <https://www.prosciuttodiparma.com/>

Gruppo Veronesi - <http://www.gruppoveronesi.it/bpweb/SitoVeronesi.nsf/home>

Fratelli Beretta - <http://www.fratelliberetta.com/>

Amadori - <https://www.amadori.it/amadori/storia>

Ferrarini - <https://en.ferrarini.com/>

Dairy products

Granarolo - <https://www.granarologroup.com/>

Galbani - <http://www.gruppolactalisitalia.com/hubpage/>

Parmalat - <https://www.parmalat.it/>

Ice cream and frozen desserts

Unilever Italia - <https://www.unilever.it/our-company/>

Sammontana - <https://www.sammontana.com/>

Froneri Italy - <https://gelatimotta.it/>

Coop Italia - <https://www.e-coop.it/noi-coop-e-chi-siamo>

Esselunga - <https://www.esselunga.it/cms/azienda.html>

Conad - Consorzio Nazionale Dettaglianti - <https://chisiamo.conad.it/>

Pasta and rice

Barilla - <https://www.barilla.com/it-it>

De Cecco - https://www.dececco.com/it_it/

Pastificio Rana - <https://www.rana.com.au/>

Conad - Consorzio Nazionale Dettaglianti - <https://chisiamo.conad.it/>

Coop Italia - <https://www.e-coop.it/noi-coop-e-chi-siamo>

Chocolate confectionary

Ferrero - <https://www.ferrero.it/>

Lindt & Sprüngli - <https://www.lindt.it/>

Nestlè Italia - <https://www.nestle.it/>

Elah Dufour Alimentari Riunite - <https://www.elah-dufour.it/en>

Mars Italia - https://ita.mars.com/it/prodotti-mars?language_content_entity=it

Savory snacks

Barilla - <https://www.barilla.com/it-it>

San Carlo Gruppo Alimentare - <https://www.sancarlo.it/it/default.asp>

Mondelez Italia Services - <https://www.mondelezinternational.com/Europe/Western-Europe>

Noberasco - <https://www.noberasco.it/it-IT-it/Default.aspx>

Amica Chips - <https://www.amicachips.it/>

Sauces, dressings, and condiments

Star - Stabilimento Alimentare - <https://www.star.it/storia/>

Unilever Italia - <https://www.unilever.it/our-company/>

Conserve Italia - <https://www.conserveitalia.it/en/>

Coop Italia - <https://www.e-coop.it/noi-coop-e-chi-siamo>

Barilla - <https://www.barilla.com/it-it>

Sweet biscuits, snacks bars, and fruit snacks

Barilla - <https://www.barilla.com/it-it>

Mondelez Italia Services - <https://www.mondelezinternational.com/Europe/Western-Europe>

Colussi Group - <https://www.colussigroup.it/en/>

Galbusera - <https://www.galbusera.it/international-range/>

Balocco - <https://www.balocco.it/en>

Ready meals

Bonduelle Italia - <https://www.bonduelle.it/>

La Linea Verde Società Agricola - <https://www.lalineaverde.it/?lang=en>

Piatti Freschi Italia - <http://www.piattifreschiitalia.com/>

Coop Italia - <https://www.e-coop.it/noi-coop-e-chi-siamo>

Cameo - <https://www.cameo.it/it-it/index>

○ **Sector Trends**

- Ageing population and increased health consciousness of consumers is fueling Italy’s demand for health and wellness products, as well as functional food products.
- Locally grown, but also ethnic, vegan, vegetarian, and flexitarian alternatives, and “free from” products (e.g. gluten, lactose, or sugar free) attract more and more Italian consumers.
- Demographic evolution is driving changes in consumer buying habits, as single and two person households are growing, while households of four or more persons declining.
- Consumers increasingly require traceability and information about production methods.

SECTION III. COMPETITION

Italy’s main trading partner is the EU-27, supplying approximately 72 percent of the total agricultural products, and 82 percent of consumer-oriented products. Proximity and price make the EU-27 more attractive and competitive.

Italy’s leading suppliers of consumer-oriented products

Partner Country	January - December (Value: USD)			Market Share (%)			%Δ 2021/20
	2019	2020	2021	2019	2020	2021	
World	26,840,944,494	25,903,448,784	28,440,299,424	100	99,99	100	9,79
EU-27	22,128,615,323	21,106,079,977	23,432,787,605	82,44	81,48	82,39	11,02
Germany	5,298,417,046	4,837,242,597	5,236,631,092	19,74	18,67	18,41	8,26
France	3,331,726,888	3,239,534,867	3,579,853,433	12,41	12,51	12,59	10,51
Netherlands	2,582,441,552	2,720,674,534	3,449,101,992	9,62	10,5	12,13	26,77
Spain	2,927,623,425	2,856,892,983	2,995,111,751	10,91	11,03	10,53	4,84
Poland	1,601,903,315	1,400,459,978	1,604,791,097	5,97	5,41	5,64	14,59
Belgium	1,355,083,339	1,207,885,987	1,473,340,373	5,05	4,66	5,18	21,98
Austria	1,004,611,826	979,823,063	1,070,479,992	3,74	3,78	3,76	9,25
United States	689,522,351	644,980,127	627,299,282	2,57	2,49	2,21	-2,74
Turkey	502,242,887	544,947,072	607,476,745	1,87	2,1	2,14	11,47
Denmark	456,256,581	420,955,214	554,650,080	1,7	1,63	1,95	31,76

Source: TDM, LLC

Competitive situation for selected consumer-oriented products

Commodity	Italy's imports from the world 2021	Italy's imports from the United States 2021	Key constraints over market development	Market attractiveness for the United States
Pork meat and products	\$2.3 billion	\$0	Competition from other EU countries, mainly Germany, the Netherlands, Spain, and Denmark	Growing consumers' demand.
Bakery goods	\$1.7 billion	\$988,178	Competition from other EU countries, mainly Germany, France, Austria, and Spain.	Growing consumers' demand.
Tree nuts	\$1.6 billion	\$315.5 million	Competition from Turkey, Germany, Chile, and Spain.	Growing demand from manufacturers, confectionary, and snack industry.
Chocolate and cocoa products	\$1.2 billion	\$271,416	Competition from other EU countries, mainly Germany, France, the Netherlands, and Belgium.	Growing consumers' demand.
Food preparations	\$942.7 million	\$7.5 million	Competition from other EU countries, mainly Germany, the Netherlands, France, and Belgium.	Growing consumers' demand.

Source: TDM, LLC

SECTION IV. BEST PRODUCT PROSPECTS CATEGORIES

- **Products present in the market which have good sales potential**
 - Tree nuts
 - Distilled spirits
 - Food preparations
 - Beer
 - Sauces, dressings, and condiments
- **Products not present in significant quantities, but which have good sales potential**
 - Functional and health food
 - Free-from products (lactose-free, gluten-free, sugar-free)
 - Specialty foods
- **Products not present in the market because they face significant barriers**
 - Beef, other than that sold through the High Quality Beef Quota
 - Poultry (sanitary procedures – chlorine wash)
 - Processed food products containing genetically engineered (GE) ingredients

SECTION V. KEY CONTACTS AND FURTHER INFORMATION

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FAS Italy publishes numerous market and commodity reports available through the Global Agricultural Information Network (GAIN) at: <https://gain.fas.usda.gov/#/search>

Attachments:

No Attachments