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Report Highlights:

This report gives an overview of the food service – hotel, restaurant, and institutional sectors in Italy and outlines current market trends, including best product prospects. In 2022, Italy's consumer food service value sales registered an increase of 23.5 percent compared to 2021 while moving towards full recovery from the lingering COVID-19 pandemic. The HRI sector in Italy offers excellent opportunities for U.S. consumer-oriented product exporters.

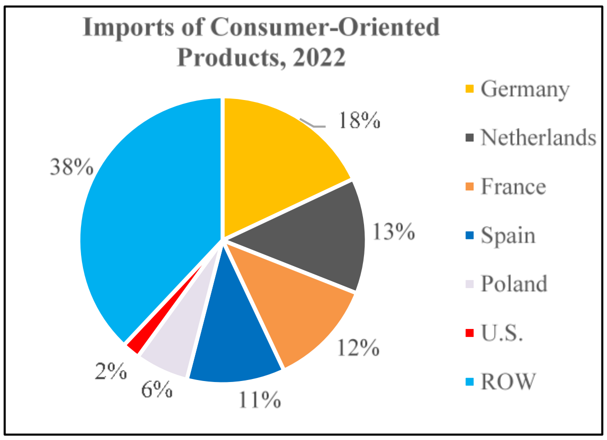
Market Fact Sheet: Italy

Executive Summary

Italy's economy is the eighth largest in the world and the third largest in the euro-zone, with a GDP estimated at $2 trillion and a per capita GDP of $34,083 in 2022. 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 2022, U.S. agricultural exports to Italy were $1.2 billion, while U.S. imports from Italy were $7.4 billion.

Imports of Consumer-Oriented Products

In 2022, Italy's imports of consumer-oriented products were $31.2 billion, of which 83 percent originating from other EU-27 member states. Imports from the EU-27 were primarily dairy products, beef and pork meat, fresh fruit, and processed vegetables.



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 $170.4 billion in 2022. Increased sales were registered in discounters (+4.1 percent), supermarkets (+2.8 percent), hypermarkets (+2.7 percent), and small local grocers (+1 percent).

Quick Facts CY 2022

Imports of Consumer-Oriented Products: $31.2 billion

List of Top 10 Growth Products in Italy

1) Dairy Products
2) Processed Meat and Seafood
3) Baked Goods
4) Processed Vegetables
5) Pasta and Rice
6) Chocolate Confectionary
7) Savory Snacks
8) Sauces, Dressings, and Condiments
9) Tree Nuts
10) Ready Meals

Food Industry by Channels ($ billion)

Food Industry Output	$189.6
Food Exports	$53.9
Food Imports	$31.2
Retail	$170.4
Food Service	$73.6

Top 10 Italian Retailers

1) Conad
2) Coop Italia
3) Selex Gruppo Commerciale SpA
4) Esselunga SpA
5) Gruppo VéGé
6) Gruppo Eurospin
7) Schwarz Gruppe
8) Crai Secom SpA
9) D.IT Distribuzione Italiana Soc. Coop.
10) Spar International

GDP/Population

Population: 58.9 million
GDP: 2 trillion
GDP per capita: $34,083

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

In 2022, Italy's consumer food service value sales registered an increase of 23.5 percent compared to 2021, while moving towards full recovery from the lingering COVID-19 pandemic. Italian tourism is rapidly recovering from the effects of the pandemic and reaching pre-pandemic levels. Italy received 12.7 million international tourists in the period from January to May of 2023, a 43 percent increase from the same period last year. The hospitality industry was one of the hardest hit sectors during the pandemic but bounced back to pre-pandemic levels since the full reopening of the sector in 2022. Food service players faced the challenge of reviving footfall in outlets: while some looked at price promotions, many focused on improving their menus and the dining experience. Healthy options made their way onto menus, as COVID-19 accelerated healthy eating trends in the country. In addition, greater attention continued to be paid by food service operators to food intolerances and allergies, as they offered menus dedicated to consumers with specific health and dietary needs (e.g. celiac, vegan, and vegetarian).

Food and drinks are strongly rooted in Italian culture, and as shown in 2022, eating out can be expected to remain a top-of-mind activity among consumers looking for avenues of socialization and enjoyment. Easy online ordering via third-party delivery companies, touchless payment systems, and a focus on local ingredients continued to feature highly among the strategies for developing businesses and attracting consumers (Euromonitor 2023).

Table 1. Units, Transactions, and Value Sales in Italian Consumer Food service 2017-2022

	2017	2018	2019	2020	2021	2022
Units	296,244.0	294,017.0	291,568.0	277,094.0	266,804.0	264,668.0
Transactions (mn)	8,876.9	8,916.3	8,960.3	6,198.2	7,264.2	8,111.4
EUR million current prices	77,903.1	78,249.2	78,664.2	50,335.2	60,878.1	75,159.9

Source: Euromonitor

Table 2. Consumer Food Service, Independent vs. Chain: Units/Outlets 2022

Outlets	Independent	Chained	Total
Cafés/Bars	119,912	1,886	121,798
Full-Service Restaurants	90,597	1,155	91,752
Limited-Service Restaurants	37,410	4,036	41,446
Self-Service Cafeterias	526	612	1,138
Street Stalls/Kiosks	8,214	320	8,534
Consumer Food Service	**256,659**	**8,009**	**264,668**

Source: Euromonitor

Advantages	Challenges
Italians are becoming more aware of foreign cuisines.	Competition in the Italian food market is fierce and many consumers still prefer traditional Italian products.
Italy is a member of the Euro zone, which eases	The Italian retail sector is extremely fragmented, and

market entry.	the mandatory customs duties, sanitary inspections, and labeling requirements can be onerous.
The tourism industry increases demand for hotel, restaurant, and institutional products.	Competition from similar food products produced in other EU countries that enter tariff-free.
American food and food products remain quite popular in Italy.	Complying with European and Italian regulations.
Italian consumers demand quality, innovative, and healthy products.	Adapting products to Italian consumers' tastes and expectations.

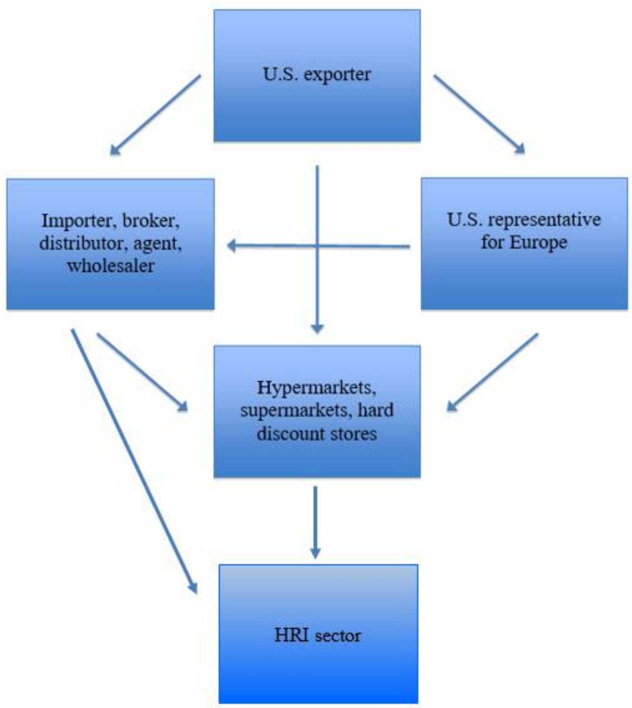
SECTION II. ROAD MAP FOR MARKET ENTRY

- **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.
  - 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.
  - 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 provides the opportunity to meet potential Italian importers or distributors.

- **Market Structure**

  Most imported food products enter the Italian market through brokers or specialized traders. Italian importers are usually small to medium-sized companies, rather than the large, market-dominating varieties found in northern Europe. Consequently, these companies import on a smaller scale, but often a broader range of products than their much larger counterparts do. Price is an increasingly important basis for import purchase decisions, although quality and novelty do move some products. Imported products from North America often enter Italy indirectly from the Netherlands' Port of Rotterdam or directly via air.



Purchasing by hotels, restaurants, and institutions (HRI) remains fragmented and competitive in Italy. Restaurants, hotels, and catering companies tend to rely on importers, wholesalers, and food manufacturers, while trattorias and pizzerias purchase directly from large retail food outlets. Most of the processed food and raw material sourcing decisions are made directly by the restaurant chef and/or hotel food purchasing director. Generally, wholesalers are the main customers for fish and seafood products, as they purchase and distribute to numerous small restaurants and hotels.

Thus, U.S. exporters need to work closely with importers and distributors who can best promote U.S. products to the Italian HRI sector. These groups often have an in-depth knowledge of importing requirements, such as product certification, labeling, and packaging. They also typically handle shipping, customs clearance, warehousing, and distribution of products within the country. American exporters who can assist in consolidating shipments from other U.S. sources or who have a wide range of products for export have the greatest possibility of success in the Italian market. Single item exporters have a more limited chance for success in the Italian market at this time.

- **Leading International Hotel Chains and Resorts in Italy**
  - AccorHotels Group
  - NH Hotels Group
  - InterContinental Hotels Group
  - Starhotels SpA
  - BWH Hotel Group

- **Leading Restaurants/Fast Foods in Italy**
  - McDonald's Corporation
  - Autogrill SpA
  - Gruppo Cremonini
  - Cigierre SpA
  - Restaurant Brands International
  - Areas SA (GRUPO)
  - BMV Srl
  - Sebeto SpA
  - Gruppo La Piadineria
  - Vera Ristorazione

- **Leading Institutional Food Service Providers in Italy**
  - CIR Food Cooperativa Italiana di Ristorazione
  - CAMST La Ristorazione Italiana Soc. Coop. a.r.l.
  - Elior Ristorazione

SECTION III. COMPETITION

The EU is the main competitor for U.S. consumer-oriented food. The lack of trade tariffs, trade barriers, and other restrictions often make European goods more attractive and competitive, particularly with price sensitive goods. American-style fast food chains and fruit and salad bars are gaining popularity in the Italian market. This move towards more convenient dining has led Italian importers to seek out U.S. food products adapted to self-service eateries. Italian consumers continue to favor bakery products, dairy products, processed meat and seafood, and snacks. The Italian youth market is especially interested in lifestyle foods such as American craft beers and salted snacks.

The Italian HRI sector is expected to face stronger competition as there will be an overwhelming offer of various consumer food service outlets. To succeed in such a competitive environment, companies must provide innovative offers, based primarily on quality ingredients, as well as increased specialization. Players will look to offer not only food/wine parings, but also food/cocktails or food/beer combinations to increase consumer interest and appeal. In what is a very competitive environment, companies are trying to diversify their offer via innovation to stand out from the crowd. Companies are taking into account the growing preference among Italians for gluten-free, vegetarian, and vegan alternatives. Moreover, there is a rising trend towards butcher or fishmonger stores integrated with restaurants, thus boosting overall competition. Such restaurants only use fresh meat or fish, with consumers increasingly demanding high quality and visually appealing cuisine made from local ingredients. At the same time, restaurants with visible kitchens and chefs are expected to continue to gain popularity, as clients feel more involved and see the whole meal as an experience in itself.

SECTION IV. BEST PRODUCT PROSPECTS

- **Products present in the market which have good sales potential**

  - Tree nuts
  - Distilled spirits
  - Food preparations
  - Beer
  - Sauces, dressings, and condiments

- **Top consumer-oriented products imported from the world**

  - Dairy products (especially cheese, and milk and cream)
  - Beef and beef products
  - Pork and pork products

- **Top consumer-oriented products imported from the United States**

  - Tree nuts
  - Distilled spirits
  - Beef and beef products

- **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).

Attachments:

No Attachments