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Italy

Food Processing Ingredients

2018 Italian Food Processing Ingredients Sector

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Report Highlights:

The Italian food-processing industry continues to be highly fragmented, however, in recent years the sector has been characterized by the growing consolidation of smaller companies and by an increasing number of joint ventures. 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. Key market drivers include an increasing interest in healthy and functional foods, an aging population, and health conscious consumers. Italy depends almost entirely on raw material imports, most of which come from other EU countries.

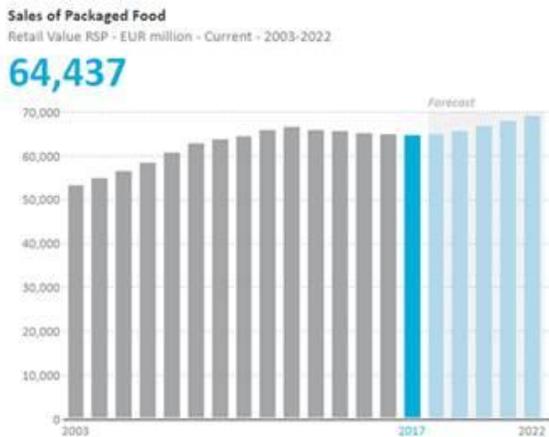
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The Italian food-processing industry is highly fragmented. Progress in food technology, marketing innovations, “Made in Italy” products and exports of finished food products have all contributed to Italy’s increasing demand for food ingredients. Artisanal products are at the forefront of the packaged food market. Italian consumers continue to favor bakery products, ice cream and confectionery. Traditionally, Italian consumers are a bit suspicious of non-Italian food, which is why the major food processors continue to play it safe by manufacturing more Mediterranean style ready meals. As lifestyles have become busier, prepared ready meals have become more popular. Continuous improvements in recipes and packaging, as well as new product launches, have helped with the positive growth in ready meals. In spite of the strong culinary tradition in Italy, ready meals continue to increase in popularity, in particular among younger consumers. Chilled ready meals have proven to be more successful than dried or frozen products, as they are perceived to be fresher and more natural.

Key market drivers include:

- Italy is a major food processor and a net agricultural importer
- Increasing interest in healthy and functional foods
- Aging population
Health conscious consumers



Sales of Packaged Food by Category

Retail Value RSP - EUR million - Current - 2017

Category	Category Value	Current Year Growth	% CAOR (Historic)	%CAOR (Forecast)
Baby Food	740.8	-3.1	-3.3	-0.4
Baked Goods	17,205.1	1.3	0.1	2.5
Breakfast Cereals	355.2	-0.8	-1.2	1.1
Confectionery	3,326.6	-1.6	-2.5	0.3
Dairy	11,017.1	-2.0	-2.9	0.7
Edible Oils	1,708.7	-0.9	0.1	1.2
Ice Cream and Frozen Desserts	5,624.2	-0.5	-1.6	1.1
Processed Fruit and Vegetables	1,855.0	1.3	0.7	3.0
Processed Meat and Seafood	11,832.8	-2.4	-0.2	-1.4
Ready Meals	2,067.2	1.8	1.2	3.6
Rice, Pasta and Noodles	3,244.9	2.8	0.9	4.1
Sauces, Dressings and Condiments	1,965.5	0.4	0.7	1.8
Savoury Snacks	2,024.9	0.4	0.9	1.7
Soup	323.3	2.4	1.9	3.8
Spreads	961.4	2.6	2.7	3.4
Sweet Biscuits, Snack Bars and Fruit Snacks	2,183.9	1.2	1.1	2.9

Euromonitor

Italy depends almost entirely on raw material imports, most of which come from other EU countries and the United States. Growth in recent years has been strongest in the production of frozen foods, pasta, and roasted coffee. Italian consumers continue to prefer fresh products rather than canned products. However, the most popular canned food products are fish and seafood (tuna in particular), meat and meat products, tomatoes and beans.

- In 2017, U.S. agricultural and fish exports to Italy were \$1.0 billion
- In 2017, U.S. imports from Italy reached \$4.6 billion

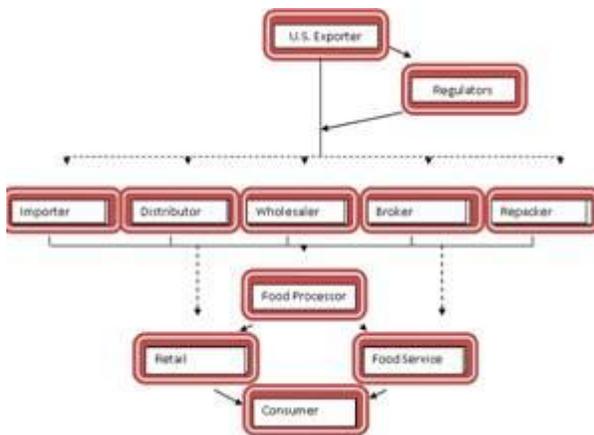
U.S. leading exports to Italy		Italian leading exports to the U.S.	
Tree nuts: \$288 million		Wine and Beer: \$1.875 billion	
Wheat: \$117 million		Olive oil: \$580 million	
Fish products: \$83 million		Cheese: \$307.2 million	
Snack foods: \$161.1 million		Processed Red meats: \$113.9 million	
Beef and beef products: \$62 million		Coffee: \$101.4 million	
Advantages		Challenges	
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.	
Lifestyle changes have increased demand for processed, convenient foods.		Non-tariff barriers, including traceability requirements, can hinder U.S. exports.	
Italy is highly dependent on raw imports for its processed food industry. Italy is the world's fifth largest exporter of agri-food products.		U.S. exporters new to the Italian market may find the Italian bureaucracy difficult to maneuver.	
EU expansion creates new market opportunities for Italian food and drink exports, for which the Italian food processing industry will need additional ingredient inputs.		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**

- Italian importers are mostly small to medium-sized companies
- Companies import smaller volumes and a broad range of products
- Most imported food products enter the Italian market through brokers or specialized traders
- Price is always important, although quality and novelty alone do move some imported products
- Processed food is primarily distributed through retail grocers, convenience and discount stores
- Be cognizant of regional differences between North and South Italy
- Develop a good understanding of regulations and procedures that comply with trade
- Follow import guidelines to avoid imports being detained
- Develop clear market strategy prior to entry
- Market research in order to assess product opportunities
- Price is very important, along with quality and novelty
- Advanced calculations of the cost of introducing the product in the Italian market, in order to prove its competitiveness in the local market
- Imported products from North America often enter Italy indirectly from the Port of Rotterdam or directly by air
- U.S. companies seeking to export their goods to Italy are advised to research the market for a better understanding

Importation factors of consideration

- All imports are covered under European Union (EU) regulations
- Custom duties are applied to all products and rates depend on product being processed or unprocessed
- Imports from a third country must clearly identify country of origin
- Important to 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



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, local importers and wholesalers
- Only large processors import ingredients directly from foreign suppliers
- Retailers usually purchase directly from the processor or the buying organization
- The Hotel Restaurant and Institution (HRI) sector may purchase directly from a wholesaler whereas smaller HRI outlets generally purchase products from cash and carry operations
- 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

Company Profiles

Major Italian food companies active in the country’s processed meat and poultry sectors include:

- **Gruppo Cremonini** - <https://www.cremonini.com/en/gruppo>
- **Amadori** - <https://www.amadori.com/en/amadori/company>

Diverging trends affected the processed fruits and vegetables sectors in 2017. On one hand, shelf stable fruits and vegetables have declined in popularity as these products are perceived to be less fresh and many consumers have shifted to fresh or frozen vegetables. Manufacturers are trying to change this trend by introducing products with a focus on provenance and naturalness. The leading player in processed, frozen fruits and vegetables include:

- **Findus** - <https://www.findus.it/>
- **Nestlé** - <https://www.nestle.it/>
- **Buitoni** - <https://www.buitoni.it>
- **La Valle degli Orti** - <http://www.lavalledegliorti.it/>
- **Orogel Surgelati** - <https://www.orogel.it/>

Sector Trends

- Domestic food expenditure is slowly recovering, both at home and abroad
- Changes in demographics and working patterns; demand for convenient and ready-to-eat foods
- New labeling and traceability requirements, in addition to environmental and animal welfare requirements, are forcing consolidation at all levels of the food chain, from farm to fork
- Italian consumers increasingly look for organic and natural products, especially those sourced locally, feeling as though they are supporting their communities and their economic recovery
- Demographic evolution is driving changes in consumer buying habits, due to smaller households. Single and two person households are growing and households of 4 or more persons declining
- Consumers tend to buy more expensive, value-added products or meal components when cooking for only one or two persons
- Increasing elderly population
- Increase of private labels to the detriment of branded products

Section III. Competition

Product Category Total imports 2016 (quantity/value)	Major suppliers (% value)	Strengths of Key Supply Countries	Advantages/Disadvantages of Local Suppliers
Fresh Fruit Imports: 2 million tons Value: \$1.8 billion	Spain 31% Costa Rica 13% Colombia 7%	Spain is geographically close. Costa Rica and Colombia are price competitive.	Increased domestic consumption. Local suppliers are affected by rising production costs.
Snack Foods Imports: 277,818 tons Value: \$1 billion	Germany 33% France 14% Belgium 10%	Germany, France, and Belgium are geographically close and have developed a long-standing reputation in the market.	Good demand for salty, sweet, and chocolate products. Growing demand for new exotic flavors, combined with a healthier content.
Beer Imports: 717 million liters Value: \$600 million	Germany 43% Denmark 10% Belgium 9%	Germany, Denmark, and Belgium are geographically close, have developed a long- standing reputation in the market, and are price competitive.	While Italian drinking culture has always been focused on wine, things are changing. Beer imports have increased, along with new breweries and pubs serving high quality beer.
Wine Imports: 272 million liters Value: \$351 million	France 50% Spain 21%	France and Spain have developed a long-standing reputation in the market and are price competitive.	The U.S. is the fourth largest wine producing country in the world. U.S. wines are increasingly available in Italy and Europe.
Chocolate Imports: 73,190 tons Value: \$311 million	Germany 44% Belgium 17% France 14%	Germany and Belgium are geographically close with a good reputation in the market.	Growing demand from manufacturers, confectionary and snack industry.

Section IV. Best Product Prospects

Commodity	Imports 2016 \$	Imports from U.S. \$	2012-2016 Average % growth	Key constraints over market development	Market attractiveness for the U.S.
Pork meat	2.2 billion	893,912	+44.8	Competition from other EU countries.	Increasing domestic consumption.
Beer	611 million	2.5 million	+64.3	Competition from EU countries. Transport costs and time.	While Italians generally prefer wine, the beer market is growing with increased imports.
Soybeans	595 million	131 million	+111.2	Competition from Brazil.	Growing demand from the Italian feed industry.
Wine	335 million	42.3 million	+0.1	Competition from Italy and other EU countries.	The U.S. is the fourth largest wine producing country in the world. U.S. wines offer great value and are increasingly available in Italy and Europe.
Chocolate	313 million	196,973	+60.3	Competition from other EU countries.	Growing demand from manufacturers, confectionary and snack industry.

Products not present in significant quantities but which have good sales potential:

- Functional and health food
- Free-from products (lactose-free, gluten-free)
- Specialty foods, snack foods and sauces
- Organic Products

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- Organic Products

Products not present because they face significant trade barriers:

- Beef, other than that sold through the High Quality Beef Quota
- Poultry (sanitary procedures – chlorine wash)
- Processed food products containing biotech ingredients

Section V. Post Contact and Further Information

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Fax: (011) (39) 06 4788 7008

Webpage: <https://it.usembassy.gov/embassy-consulates/rome/sections-offices/fas/>

FAS Italy publishes numerous market and commodity reports available through the Global Agricultural Information Network (GAIN) at:

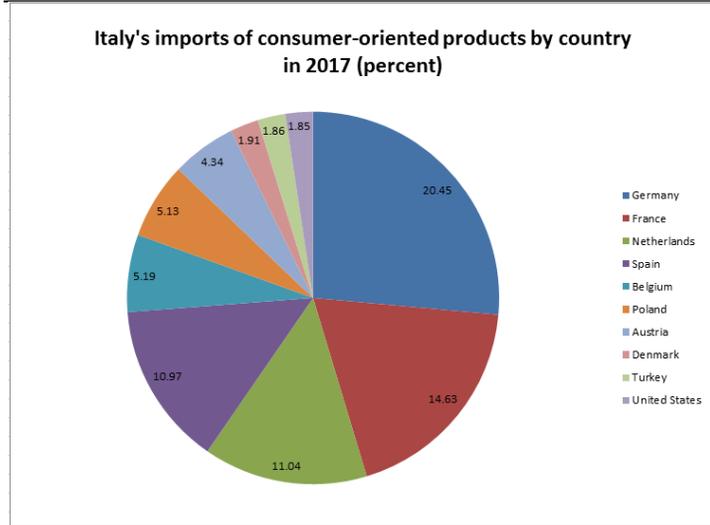
[www.fas.usda.gov/data/search?f\[0\]=field_countries%3A39&f\[1\]=field_countries%3A371](http://www.fas.usda.gov/data/search?f[0]=field_countries%3A39&f[1]=field_countries%3A371)

Market Fact Sheet: Italy

Executive Summary

Italy is the third-largest economy in the euro-zone, with a GDP estimated at \$2.2 trillion and a per capita GDP of \$36,800. 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 products to the United States, while the United States exports mostly bulk commodities to Italy. U.S. agricultural and fish exports to Italy were \$1.0 billion and U.S. imports from Italy were \$4.6 billion.

Imports of Consumer-Oriented Products



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. Artisanal products are at the forefront of the packaged food market. Italian consumers continue to favor bakery products, ice cream and confectionery. Traditionally, Italian consumers are a bit suspicious of non-Italian food, which is why the major food processors continue to play it safe by manufacturing more Mediterranean style ready meals.

Food Retail Industry

Italy's food retail distribution system has noticeable differences between the north and south. Italy's diversified industrial economy is divided by a developed industrial north dominated by private companies, and a less-developed agricultural south afflicted with high unemployment. This division is reflected in the distribution of retail outlets, with the majority of the supermarkets located in the north (53 percent), followed by the south (27 percent) and then by the central region of Italy (20 percent).

Quick Facts CY 2017

Imports of Consumer-Oriented Products from the world \$22.7 billion

Imports of Consumer-Oriented Products from the world \$418.5 million maybe from the U.S.?

List of Top Growth Products

Pork meat	Snacks	Wine
Beer	Gluten free	Organics
Soybeans	Chocolate	Spirits

Top Retailers

AGORA'	CONAD	EUROSPIN
COOP ITALIA	CRAI	DESPAR
ESSELUNGA	AUCHAN	BENNET
CARREFOUR	FINIPER	IL
GIGANTE		
LIDL ITALIA	METRO	SELEX

GDP/Population

Population: 62 million
 GDP: \$2.234 trillion
 GDP per capita: \$36,800

Strengths/Weaknesses/Opportunities/Challenges

Advantages	Challenges
Food consumption levels are among the highest in the world.	Competition from EU countries that export to Italy tariff free.
Lifestyle changes have increased demand for processed, convenient foods.	Non-tariff barriers, including traceability requirements, can hinder U.S. exports.
Italy is dependent on raw imports for its processed food industry. Italian food products have a reputation for being of high quality.	U.S. exporters new to the Italian market may find the Italian bureaucracy difficult to maneuver.

EU expansion creates new market opportunities for Italian food and drink exports, for which the Italian food processing industry will need additional ingredient inputs.	U.S. products/ ingredients, while innovative, may be perceived as overly processed and less wholesome than their Italian/EU counterparts which are marketed as traditional and seen as having more “natural” ingredients
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