Required Report - public distribution

Date: 8/29/2019
GAIN Report Number: IT1919

Italy

Food Service - Hotel Restaurant Institutional

2019

Approved By:
Fred Giles

Prepared By:
Ornella Bettini

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 general, Italians like to dine out, both for convenience (modern lifestyles and working outside of the home) and for social reasons (to meet and mingle). When choosing an eatery, Italian consumers are increasingly looking for food and beverages that they consider healthy, including locally sourced products that combine good nutritional value and farm to fork traceability.

Post:
Rome

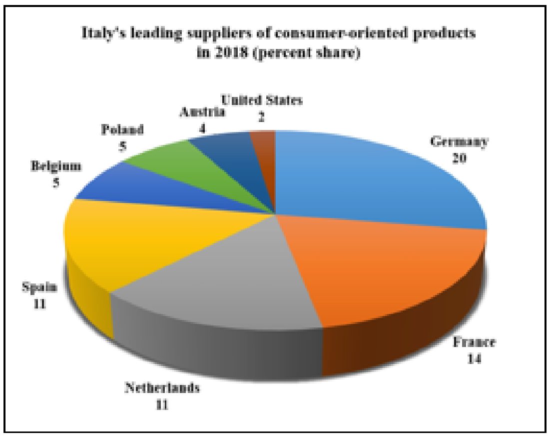
Market Fact Sheet: Italy

Executive Summary

Italy is the third-largest economy in the euro-zone, with a GDP estimated at $2.3 trillion and a per capita GDP of $38,200. 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 2018, U.S. agricultural, forest, and fish exports to Italy were $1.4 billion, while U.S. imports from Italy were $5 billion.

Imports of Consumer-Oriented Products

In 2018, Italy's imports of consumer-oriented products were approximately $23.7 billion, of which 84 percent originating from other EU-28 member states. Imports from the EU-28 were primarily meat, cheese, food preparations, and beer.



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, confectionery, and snacks.

Food Retail Industry

The Italian food retail industry is higly diversified. Hypermarkets, supermarkets, convenience stores, major discount stores, and specialized stores coexist with traditional corner grocery stores and open-air markets. The majority of the supermarkets is located in northern Italy (47.1 percent), followed by the south (28.6 percent), and then by the central region (24.3 percent). On-line shopping is expected to increase, although at a lower pace compared to other western European countries. Italy's food retail sales reached $153.3 billion in 2018, 2 percent more than 2017.

Quick Facts CY 2018

Imports of Consumer-Oriented Products: $23.7 billion

List of Top 10 Growth Products in Italy

1) Pork meat
2) Dairy products
3) Food preparations
4) Beer
5) Baked goods
6) Almonds
7) Snacks
8) Condiments and sauces
9) Organics
10) Gluten-free

Food Industry by Channels ($ billion)

Food Industry Output	$158
Food Exports	$39.3
Food Imports	$23.7
Retail	$153.3
Food Service	$88

Top 10 Italian Retailers

1) Conad
2) Coop Italia
3) Selex Gruppo Commerciale SpA
4) Esselunga SpA
5) Gruppo VéGé
6) Crai Secom SpA
7) Carrefour SA
8) Gruppo Eurospin
9) Lidl
10) Auchan

GDP/Population

Population: 62.2 million
GDP: $2.3 trillion
GDP per capita: $38,200

Strengths/Weaknesses/Opportunities/Challenges

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	**Challenges**
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:
CIA Factbook, GTA (Global Trade Atlas), ISTAT (Italian Institute of Statistics), Federalimentare, Euromonitor.

Contact: OAA Rome, Italy
E-mail: agrome@fas.usda.gov
Tel: (011)-(39)-06-4674-2396

SECTION I. MARKET SUMMARY

In 2018, consumer foodservice value sales and transactions remained relatively stable in Italy. Consumers continue to enjoy eating in foodservice establishments, with demand continuing to grow. In addition, Italians are showing signs of willingness to spend more for higher quality service and displaying interest in sustainable and healthier options. However, while looking to eat out more, consumers remain price sensitive.

Table 1. Units, Transactions, and Value Sales in Italian Consumer Foodservice 2013-2018

	2013	2014	2015	2016	2017	2018
Units	307,190.0	303,842.0	300,217.0	298,249.0	296,192.0	294,559.0
Transactions (mn)	9,026.4	8,932.4	8,832.6	8,846.2	8,856.7	8,894.4
EUR million current prices	79,606.3	78,711.0	78,024.4	77,828.7	77,694.2	77,962.7
EUR million constant prices	79,606.3	78,521.3	77,806.1	77,707.9	76,633.2	75,944.7

Source: Euromonitor

Health and wellness remain key for a growing number of consumers when choosing foodservice establishments and meals, with consumer foodservice operators responding by providing a wider offer. Stronger awareness and mindfulness is making consumers demand simpler and more natural foods and more transparent information about ingredients and origin. In addition, greater attention is being paid by foodservice operators to food intolerances and allergies, offering menus dedicated to consumers with specific health and dietary needs (eg. celiac, vegan, and vegetarian).

Advantages	Challenges
Italians are traveling more and 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 market entry.	The Italian retail sector is extremely fragmented, and 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.

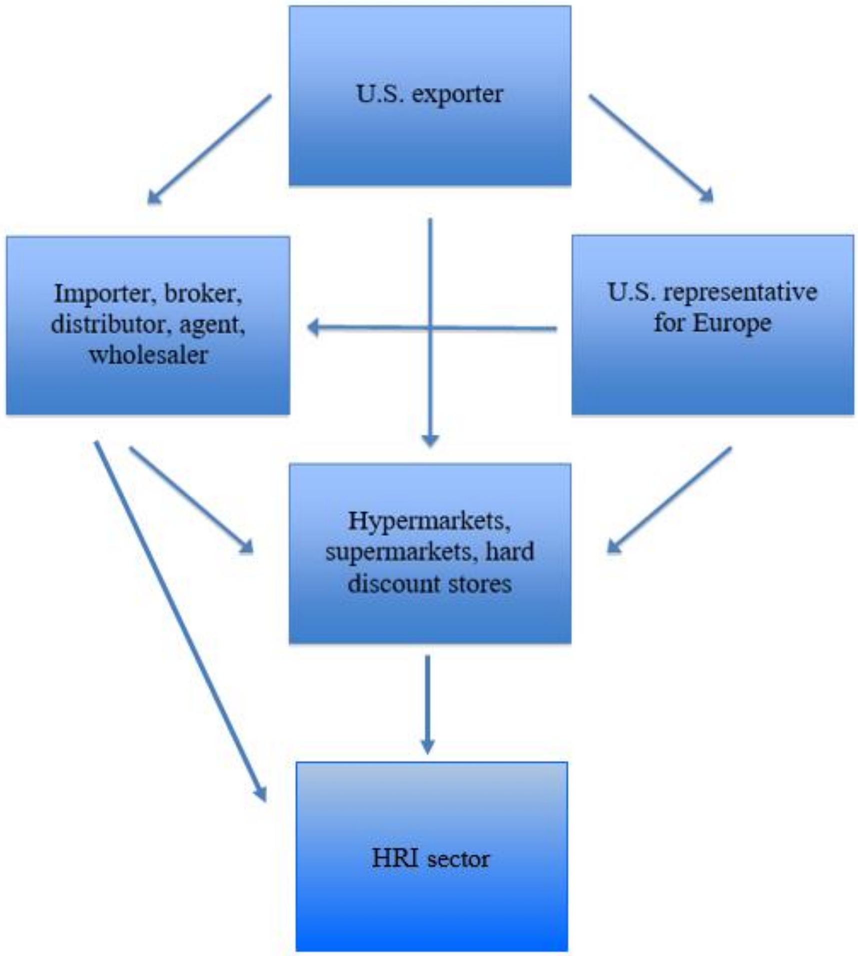
SECTION II. ROAD MAP FOR MARKET ENTRY

- **Entry Strategy**

- 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. Importers 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.
- 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.
- 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 provides the opportunity to meet potential Italian importers or distributors. Market entry to the Italian retail sector requires patience and substantial homework on the part of the U.S. exporting company to ensure that all import regulations and labeling laws are met.

- **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. While there are category associations for the hotel and food service sectors, each establishment operates independently when it comes to sourcing decisions. Wholesalers are the main customers for fish and seafood products, as they purchase and distribute to numerous small restaurants and hotels. Most of the processed food and raw material sourcing decisions are made directly by the restaurant chef and/or hotel food purchasing director.

Therefore, U.S. exporters need to work closely with the industry, focusing on the 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.

Table 2. Consumer Foodservice Independent vs. Chain: Units/Outlets 2018

Outlets	Independent	Chained	Total
Cafés/Bars	137,487	1,558	139,045
Full-Service Restaurants	102,654	964	103,618
Limited-Service Restaurants	38,877	3,254	42,131
Self-Service Cafeterias	596	597	1,193
Street Stalls/Kiosks	8,332	240	8,572
Consumer Foodservice	**287,946**	**6,613**	**294,559**

Source: Euromonitor

The online channel is gaining ground within consumer foodservice, with consumers increasingly choosing restaurants based not only on advice from family and friends, but also online reviews. This new trend is visible in the behavior of Italians while consuming their meals and after eating, with a growing number of people sharing their experience on social media. As a result, the availability of Wi-Fi in restaurants is increasingly important for many consumers.

In addition, the online channel is gradually gaining ground with respect to booking and requesting delivery services for food to be consumed in the comfort of one's home. Increasingly hectic consumer lifestyles demand more flexibility from consumer foodservice operators. At the same time, a growing number of establishments, mainly in bigger cities, are operating variable opening hours in order to cater to the various needs of consumers. Furthermore, there is an increasing trend towards opening fish or meat shops with a restaurant, where clients know what to eat and pay. Overall, more and more Italians are regularly attending foodservice establishments.

- **Leading International Chain Hotels and Resorts in Italy**

  - AccorHotels Group
  - NH Hotels Group
  - InterContinental Hotels Group
  - Starhotels SpA

- **Leading Restaurants/Fast Foods in Italy**

  - McDonald's Corporation
  - Autogrill SpA
  - Cigierre SpA
  - Gruppo Cremonini
  - Restaurant Brands International
  - BMV Srl
  - Gruppo Sebeto

- **Leading Institutional Food Service Providers in Italy**

  - CAMST La Ristorazione Italiana Soc. Coop. a.r.l.
  - CIR Food Cooperativa Italiana di Ristorazione
  - Elior Ristorazione
  - Ligabue

SECTION III. COMPETITION

American-style fast food chains, buffets, 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. Many bars, restaurants, and food service companies also are seeking foods that microwave easily. Italians are consuming increasing quantities of breakfast cereals, organic, and snack foods. The Italian youth market is especially interested in lifestyle foods such as American microbrew beers and salted snacks.

The Italian HRI sector is expected to face stronger competition as there will be an overwhelming offer of various consumer foodservice outlets. In order 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 as a way to increase consumer interest and appeal. In what is a very competitive environment, companies are trying to diversify their offer via innovation in order 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 growing 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 CATEGORIES

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

  - Tree nuts

- Food preparations
- Snack foods
- Condiments and sauces

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

  - Pork and beef
  - Cheese
  - Food preparations
  - Beer

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

  - Tree Nuts
  - Beef
  - Processed Vegetables
  - Prepared Food

- **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
  - Organic products

- **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

Office of Agricultural Affairs, Foreign Agricultural Service, U.S. Embassy Rome, Italy
Address: Via Veneto, 119a - 00187 Rome, Italy
E-mail: agrome@fas.usda.gov

Tel: (011)-(39)-06-4674-2396
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