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## **Italy**

### **Retail Foods**

#### **Italian Food Retail and Distribution Sector Report 2019**

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**Report Highlights:**

This report gives an overview of the Italian food retail and distribution sectors and outlines current market trends, including best product prospects. Italy's food retail sales reached 153.3 billion in 2018, a two percent increase from 2017. The Italian retail food market is highly diversified. Hypermarkets, supermarkets, convenience stores, major discount stores, and specialized stores coexist with traditional corner grocery stores and open-air markets.

**Post:**

Rome

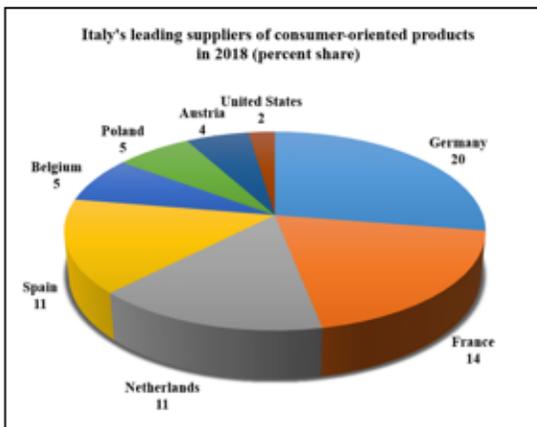
# Market Fact Sheet: Italy

## 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 highly 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 VèGè                  | 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.

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## **SECTION I. MARKET SUMMARY**

The Italian retail food market is highly diversified. Hypermarkets, supermarkets, convenience stores, major discount stores, and specialized stores coexist with traditional corner grocery stores and open-air markets. The majority of 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).

Italy's food retail sales reached 153.3 billion in 2018, a two percent increase from 2017. As Italian consumers increasingly turn to organic and natural products, Italy faces a proliferation of chains like EcorNaturaSi. The products in these outlets tend to have higher margins compared to traditional counterparts. Therefore, all large grocery retailers from Coop to Conad and Selex have started developing their own health and wellness private label lines. In the near future, organic specialists will continue to face strong competition from traditional large grocery retailers, and growth will come from store expansion and increasing sales volumes.

In Italy, consumers increasingly have visibility of a larger number of products and prices through online channels. Online grocery shopping is rapidly growing; the boom in sales of tablets and smart phones has meant more access to online shopping. New players will provide more choice to shoppers. Italian consumers look for information online in terms of prices and specifics about the food they eat, how it is sourced as well as its health features. At the moment, most of the large grocery retailers and packaged food brands fail to make this information available through their company websites. In the future, direct communication with consumers will be crucial to build and maintain brand awareness. Unlike large grocery retailers, traditional grocery retailers already started working at developing good communication with consumers to explain their products and what is behind them in terms of production processes and sourcing. This looks set to prove successful for them in the forecast period.

### **Key market drivers and consumption trends**

- Ageing population and increased health consciousness of consumers is fueling the demand for health and wellness products, as well as functional food products.
- Increasingly high-paced society and the rising number of single households are driving the demand for convenient ready-to-eat meals, desserts, and baking mixes.
- Ethnic foods, health, and super foods, “free from” products (e.g. gluten or lactose free), and locally grown are further trends that attract more and more Italian consumers.
- Consumers increasingly require traceability and information about production methods.

### **Sales in Grocery Retailers by Channel: Value 2013-2018**

EUR million	2013	2014	2015	2016	2017	2018
Convenience Stores	14,653.6	14,747.4	14,797.6	14,827.1	14,942.8	15,092.2
Discounters	14,005.2	14,495.4	14,988.2	15,677.7	16,414.5	17,481.5
Forecourt Retailers	254.9	252.8	259.1	266.9	274.4	279.9
Hypermarkets	21,452.9	20,348.0	20,848.8	21,392.4	21,561.9	21,742.4
Supermarkets	43,643.0	43,119.3	43,317.6	43,612.2	44,571.7	45,686.0
Modern Grocery Retailers	94,009.6	92,962.8	94,211.3	95,776.3	97,765.2	100,281.9
Traditional Grocery Retailers	34,148.4	34,023.9	34,346.5	34,697.0	35,276.5	35,572.8
Grocery Retailers	128,158.0	126,986.7	128,557.8	130,473.4	133,041.7	135,854.7

Source: Euromonitor

<b>Advantages</b>	<b>Challenges</b>
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.
Interest in new and innovative products, especially with a health benefit.	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

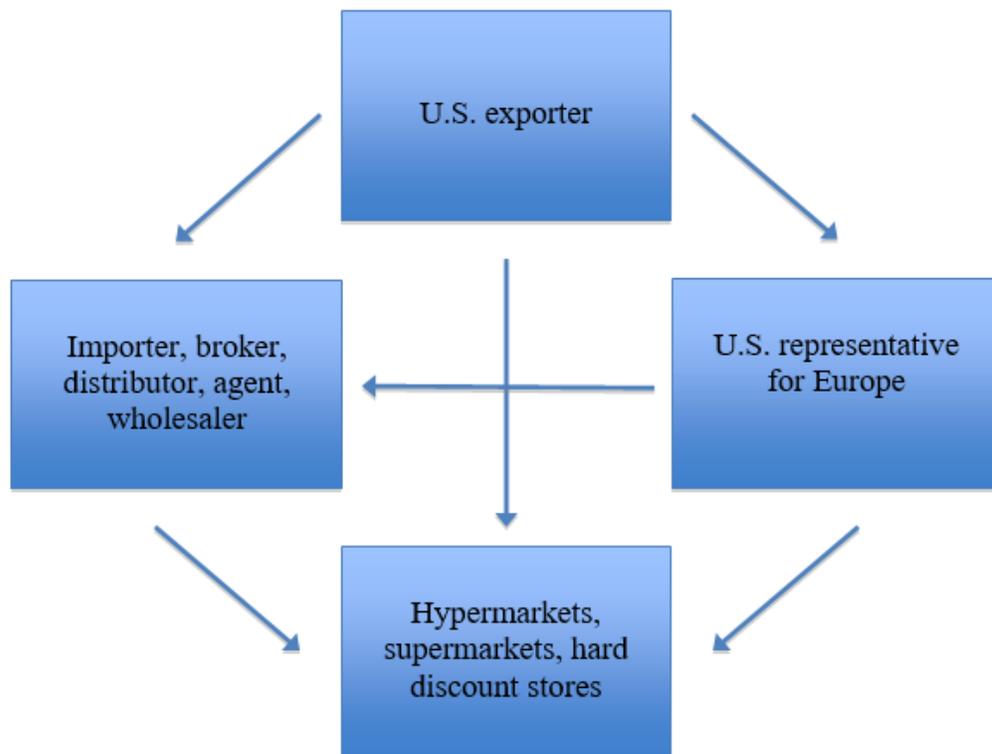
### ○ **Entry Strategy**

- Identify a key importer, broker, distributor, agent, or wholesaler, as they know how to best navigate the import and distribution process and are able to engage directly with Italian food retailers. 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. 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.



- **Leading Food Retailers**

- [Conad](#)
- [Coop Italia](#)
- [Selex Gruppo Commerciale SpA](#)

- [Esselunga SpA](#)
- [Gruppo VèGè](#)
- [Crai Secom SpA](#)
- [Carrefour SA](#)
- [Gruppo Eurospin](#)
- [Lidl](#)
- [Auchan](#)

### SECTION III. COMPETITION

Italy's main trading partner is the EU-28, supplying approximately 71 percent of the total agricultural, forest, and fish products, and nearly 84 percent of consumer-oriented products. Proximity and price make the EU-28 more attractive and competitive.

#### Italy's leading suppliers of consumer-oriented products

January – December 2018							
Partner Country	United States Dollars			% Share			% Change 2018/2017
	2016	2017	2018	2016	2017	2018	
World	21,289,208,935	22,806,048,636	23,663,081,936	100.00	100.00	100.00	3.76
EU-28	17,519,471,551	19,180,213,766	19,866,127,199	82.29	84.10	83.95	3.58
Germany	4,347,680,519	4,651,307,424	4,754,543,294	20.42	20.40	20.09	2.22
France	3,101,707,026	3,331,863,403	3,359,702,257	14.57	14.61	14.20	0.84
Netherlands	2,333,690,604	2,511,246,009	2,674,750,146	10.96	11.01	11.30	6.51
Spain	2,213,087,575	2,507,412,348	2,639,263,005	10.40	10.99	11.15	5.26
Belgium	1,038,231,907	1,229,028,051	1,299,439,785	4.88	5.39	5.49	5.73
United States	446,231,947	418,371,410	406,716,754	2.10	1.83	1.72	-2.79

Source: GTA

#### Competitive situation for selected consumer-oriented products

<b>Commodity</b>	<b>Italy's imports from the world 2018</b>	<b>Italy's imports from the United States 2018</b>	<b>Key constraints over market development</b>	<b>Market attractiveness for the United States</b>
Pork meat	\$2.3 billion	\$443,787	Competition from other EU countries, mainly Germany, the Netherlands, Denmark, and Spain.	Increasing domestic consumption.
Food preparations	\$724 million	\$4.4 million	Competition from other EU countries, mainly Germany, the Netherlands, and France.	Growing demand from consumers and manufacturers.
Beer	\$674 million	\$4 million	Competition from other EU countries, mainly Belgium and Germany. Transport costs and time.	Italian drinking culture is changing. The beer market is growing with increased imports, new breweries and pubs where high quality beer is served at reasonable prices.
Bakery products	\$625 million	\$484,409	Competition from other EU countries, mainly Germany and France.	Growing demand from consumers, manufacturers, and confectionary industry.
Almonds	\$311 million	\$180 million	Competition from Spain.	Growing demand from manufacturers, confectionary, and snack industry.

Source: GTA

#### **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**

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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)