



Voluntary Report - public distribution

Date: 11/5/1998

GAIN Report #IT8734

Italy

MARKET BRIEF: Snack Food

1998

Prepared by:

Robert H. Curtis

Agricultural Trade Officer

U.S. CONSULATE - MILAN

Drafted by:

Veronica Ward

Report Highlights:

Italian snack food consumption is rapidly increasing, especially among younger consumers. Export opportunities exist for consumer ready individual pre-packed snacks as well as for snack food ingredients.

THE ITALIAN SNACK FOOD MARKET

SUMMARY

Snack food consumption in Italy lags far behind that of northern European countries; in fact, it is less than half the per capita consumption of Germany. Eating snacks in Italy is gradually becoming a more common practice. Traditionally, fruits were used as snack foods and sweet cakes are often served to school age children in the afternoon when they return home from school. Most other food consumption occurs during regular meals. While the traditional lunch of students and northern office workers is a sandwich seldom is it accompanied with a side item like potato chips or french fries unless eating at McDonald's.

The Italian snack market has expanded more than 6% a year since 1992. Imports account for nearly 40% of the market supply. Imported products generally establish the general snack food prices. This sector provides high profits for domestic Italian products. High profit margins are expected to remain an important factor in this sector.

The changing lifestyle of Italian consumers boosts snack consumption. Major factors causing this change in consumption patterns are more active life styles combined with more flexible eating habits and fewer home-prepared meals.

Snacks in Italy generally refer to chips, popcorn, cookies, pretzels, crackers, nuts, and small sweet cakes similar to muffins.

PRICES

Snack food prices are relatively inelastic. Italian snack food prices are generally 25 to 50% higher than in the United States. Consumers purchase snack food often without comparing prices with other items available to them. In fact, many Italian bars and other snack food outlets do not display prices so consumers base their purchase decisions on packaging or experience.

Imported ground and tree nut prices are generally higher than chips or sweet cakes. Sweet cake prices are comparable to chip prices.

Importers and manufacturers selling directly to supermarkets have retail prices margins of 40-50%.

PRODUCERS

Most snack food production is from large companies that combine their own production with imported products or ingredients. Many of these companies belong to multinational groups and may only import technologies or final products from their foreign units.

Most snack food production is located in industrial northern Italy. This is also the area where there is the highest disposable income.

COMPETITION

The main snack food competitors are other EU member countries that have a distinct transportation and tariff advantage over US products.

Competition between major domestic companies and brands is stiff, especially cookies, crackers and sweet cakes. The competition is based on expensive publicity campaigns through television commercials and newspaper and magazine ads. This represents a steep barrier for market newcomers. The competition is so fierce that there are few imported cookies, crackers or sweet cakes available in the supermarket.

There is little to no advertisement for chips, popcorn, nuts and other salty snacks.

DISTRIBUTION

The distribution channel in Italy is interesting and complex. Large supermarket chains usually have their own distribution channels. Cash&Carry wholesale outlets are available to small retailers. There are also small companies that distribute products to bars, institutional cafeterias, and other snack food outlets.

Most domestic snack food producers use agents for distribution of their product. Some have distribution/storage units spread all over Italy. Only a few producers sell directly to the supermarkets or Cash&Carry chains.

Discount stores and supermarkets account for roughly half of snack food sales. Italian retailers and wholesalers are actively adopting just-in-time distribution patterns. Consequently, stocks are small and distributors supply stores two to three times per week; this insures freshness and high product quality.

CONSUMERS

Adolescents account for 1/3 of the snack food purchase decisions in Italy. Italian youth make up the largest portion of the snack food market as they are willing to try new products. They are strongly influenced by “MTV-type” programs and advertisements.

Typically, Italian consumers are influenced by packaging, novelty items, and by the implied concept that the product brings happiness, encourages friendships, is good for parties, or school vacations.

Snack foods have very short life cycles due to the quick-changing trends, new ideas and strong advertising from the large companies.

Young Italian consumers often prefer sweet snacks to salty ones. In general, Italians perceive traditional sweet cakes as being healthier than chips or other salty snack foods because the sweet cakes could often have been prepared at home by Mom.

IMPORT REGULATIONS AND PACKAGING

- c To prevent unexpected delays, US exporters should work closely with the Italian importers to ensure compliance with Italian food safety rules.
- c Italy applies a value-added tax on most food items that range from 4% (for semi-processed commodities) to 20% (for luxury, high-value food items). This tax is paid by the consumer when purchasing the product.
- c US food and agricultural products imported into any EU member country can be transhipped unimpeded into Italy, or any other EU country, provided it has a label written in Italian (multi-language labels are acceptable, as are computer-generated, stick-on labels) and the products present no risk to human or animal health.
- c Italian rules and regulations on food additives, coloring and modified starches are very to those of FDA.
- c Packaging is a key factor in purchasing: easy-to-handle, brightly colored packages influence reflexive/compulsive purchase decisions, especially for young consumers.

Food Labeling

Food labels must contain at least the following items:

- ☞ the name of the food;
- ☞ list of ingredients in descending order by weight (including starch, colorings and additives);
- ☞ expiration date;
- ☞ name and address of the importer;
- ☞ name and address of the manufacturer, packer or seller;
- ☞ instructions for use;
- ☞ country origin;
- ☞ storage instructions;
- ☞ batch number;
- ☞ information regarding prohibited or non recommended use or preparation;
- ☞ weights and measurements must be in metric units.

Every package must have listed the minimum shelf-life period. Preferred language is: “is to be consumed preferably by DD/MM/YY”. It is also possible to state the time limit of consumption if the food is stored and prepared properly.