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Greece

Retail Food Sector

Annual

2004

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Report Highlights:
The retail sector in Greece is still growing and concentrating, especially in metropolitan Athens. There are about 3,200 supermarkets in Greece, 687 of which are located in the Athens metropolitan area. The top 10 supermarkets account for 84% of total supermarket sales. The top six supermarkets had combined sales of $4.4 billion. These businesses, importers themselves, offer marketing opportunities for U.S. suppliers. Products with best prospects include frozen foods, fish, tree nuts, meat, wine and beer and snack foods.

Includes PSD Changes: No
Includes Trade Matrix: No
Unscheduled Report
Rome [IT]
[GR]

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SECTION I. MARKET SUMMARY

Greek Economy Overview

Greece, a member of the European Union (EU) has also been a member of the EU Economic and Monetary Union (EMU) for more than three years. The Euro was introduced on January 1, 2002. Greece is an import dependent country ($4.2 billion of agricultural products in 2002) with a population of 11 million people. National Bank of Greece sources report that the Greek economy's prospects remain favorable and its growth rate is expected to reach 4 percent in 2004 and 3-3.5 percent in 2005, which is almost double the figure expected for the eurozone. Services make up the largest and fastest growing sector of the Greek economy, accounting for 69 percent of GDP, followed by trade and financial services, transportation and communications, and health and education. Real property management (16.5 percent) and tourism are the largest service sectors.

Inflation in 2005 is expected to be slightly higher than 3 percent due to strong domestic demand, high labor costs and second round effects from oil price hikes. The inflation rate in October was 3.2 percent (2.8 percent in September, 3.1 percent in July), higher than the eurozone average (2.3 percent), according to Eurostat data. Greece's fiscal deficit is reported to reach 5.3 percent of Gross Domestic Product in 2004, reflecting increased spending related to the Athens Olympic Games, compared to the fiscal deficit in 2003 which totalled 4.6 percent of GDP. However, it is expected to fall below 3% of next year's GDP as a result of government financial measures to reduce public spending compared with 2004, and to implement the stability pact on fiscal discipline. The GOG is expected to announce measures to boost economic activity and to attract investment through a revision of the development law. The aim is to increase the competitiveness of the Greek economy.

Wage increases of around 3-3.5 percent in real terms and rising household borrowing will continue to maintain private consumption in 2005, as was the case in 2004. Greek banks' unpaid debt from housing and consumer loans totals approximately $3 billion. According to banking officials, around $1.4 billion, or 8 percent of a total of approximately $17.7 billion of the country's outstanding consumer credit, was showing delay in repayment. The annual growth rate of consumer loans ended 2003 at 25.4 percent, and reached 37 percent in June 2004. The unemployment rate in 2004 is 8.4%. Supermarkets are the top employer in the trade sector with a share of 27%, followed by transportation with 9% and clothing-footwear with 7.6%. Per capita GDP in 2004 is estimated at $17,780. Despite the high economic growth rates of recent years, Greece's per capita income is still at 73 percent of the EU-15 average and at 91.2 percent of the EU-25. Productivity in Greece was at 90.3 percent of the EU-15 average and employment at 57.8 percent of the EU-15. According to the National Statistical Service, 83.4% of the per capita disposable income covers consumer needs of the Greek family, while 16.6% goes towards savings and investment.

According to financial reports, the the Greek commercial sector continues to grow, with rising consumer demand, increasing disposable income and the expansion of credit. The volume of retail sales expanded by 4.5% in 2002, matching the respective volume of 2001. The business confidence index for the retail sector improved by 1.2% in 2002. More recent figures are not available, but the trend is confirmed.

The National Statistical Service (NSS) data show CY 2002 total imports at approx $36.3 billion, with EU countries being the main suppliers. CY 2002 total exports were approx $11.9 billion. Total imports from the U.S. were almost $2.1 billion, of which $123 million being agricultural and food products, compared to $115 million in 2001. CY 2003 imports of U.S. origin agricultural and food products were $127.5 according to FAS data.

AGRICULTURAL, FISH & FORESTRY TOTAL Imports from All Suppliers							
	Avg Annual Imports from All Suppliers	Annual Import Growth from All Suppliers	Avg Annual Imports from U.S.	Relative U.S. Market Share	Absolute U.S. Market Share		
	2002-2003	1999-2003	2002-2003	2003	1999	2003	Chg
	$1000	%	$1000		%	%	%
Greece	4,221,146	4.18%	122,911	NC	3%	NA	NC

Source: UN Data

Greece's major trade partners are the member states of the EU-15 countries. In 2002 they supplied the majority of imported food products (approx $3.1 billion), with the Netherlands the biggest supplier with exports amounting to approximately $719,000. Consumer-oriented food products imported in 2002 totaled $2.4 billion compared to $1.9 billion in 2001.

The following table provides data on major Greek imports of food products.

Major Greek imports of Food Products and U.S. Market Share (2000-2002)

In US $million	2000		2001		2002	
Product	**Total**	**USA**	**Total**	**USA**	**Total**	**USA**
Red Meats	620	1	542	1	666	1
Dairy Products	258	0	257	0	282	0
Snack Foods (excl. nuts)	108	1	98	1.1	139	1.3
Veg Oils	48	1	57	2	86	3
Processed Fruits and Vegs	108	1.6	116	1.7	154	3.3
Tree Nuts	37	7.5	45	7.9	65	14.2
Fresh Fruits	90	1	106	1	124	1
Seafood products	258	7	262	5	316	3
Poultry meat	55	0	68	0	86	0
Wine and Beer	45	1	54	1	98	1

Source: UN Data

Consumer Trends and Retail Sales

Socio-economic changes have significantly affected food trends in Greece. Although Greek consumers are targeted by promotions for many products, state control mechanisms and consumer organizations are more conscious than ever about food safety matters, demanding that food industry be more precise on labeling information. Higher incomes allow room for higher quality foods. In addition, the working population has little time to prepare meals. Consequently, preferences are moving toward easy-to-prepare meals and foods delivering more health benefits. A recent study showed a 22.4% average yearly increase in the period 2000-2003 in the consumption of easy-to-prepare meals. An increase of 9-10% is projected for this year and an increase of 10% is projected for 2005. Canned ready-to-eat food increased by 12.3% last year.

Total sales of food and beverage industries in Greece in 2001 was $7.2 billion dollars, accounting for 25.6% of total industry sales. The 1100 largest domestic food and beverage industries reported gross profits amounting to approximately $3.3 billion in 2001.

In Greece there are about 3,187 supermarkets, 687 of which are located in the Athens metropolitan area. With a Greek population of 11 million, each supermarket serves, on average, about 3,500 people. One hundred twenty eight new outlets opened in 2003, 30 of them in Athens. The following table shows the development of supermarkets in Greece:

DEVELOPMENT OF THE GREEK SUPERMARKET SECTOR 1998-2003						
	1999	2000	2001	2002	2003	Change 2002/2003 %
Total of Greek supermarkets	2,740	2,919	3,049	3,187	3,025	5.36
Total supermarkets belonging to chains	1,719	1,862	1,919	2,010	2,133	6.12
Number of Chains with 16+ supermarkets	1,235	1,408	1,540	1,569	1,574	0.32
Number of independent Supermarkets	1,021	1,057	1,130	1,015	1,054	3.84

Source: Panorama of Greek Supermarkets, 2004

The year 2003 was reported by trade sources as a good year for supermarkets, without important buy-outs, mergers or expansions, a balanced year for the sector's growth. Expansion of business initiatives towards franchising and the creation of organized convenience-store networks were also noticed in 2003. In 2003, two convenience-store groups (OLA STORES and TO MIKRO S.A.) were introduced in the Greek market.

Supermarket sales increased by 9.38% in 2003 compared to 13.14 in 2002, reaching approximately $8 billion. The 10 largest groups achieved sales of approximately $6.7 billion. Profits grew by approx $180 million. The following table provides sales data, individually by company, for the 10 leading supermarkets.

The 10 Leading Supermarket Groups			
Name	Sales (mln dollars)		Change %
	2002	2003	
Carrefour	1,396,135	1,867,384	12.47
A-B Vassilopoulos	910,900	1,161,557	7.23
Sklavenitis	642,768	826,819	8.17
Veropoulos	528,721	682,869	8.61
Atlantik	437,986	565,805	8.63
Masoutis	407,235	520,654	7.51
Metro	333,313	457,029	15.30
Pente	262,993	344,948	10.30
Arvantidis	160,346	212,378	11.38
INKA Chania	79,080	108,627	15.51
Total	5,159,482	6,748,072	9.98
All Others	1,023,700	1,294,525	6.34
GRAND TOTAL	6,183,182	8,042,597	9.38

Source: Panorama of Greek Supermarkets, 2004

A recent survey conducted on a sample of 25 supermarket businesses, including the largest chains, concluded that in 2003 the businesses' main economic sizes have positively changed as regards profits. 2003 in general is characterized as a relatively good year for the sector. Most of the supermarkets belong to the Association of Greek Supermarket Enterprises, SESME, which actively participates in trade and retail policy.

How the sector's big players did in 2003 compared to 2002:

* Careffour Marinopoulos: Turnover growth of over 10% reaching $1.4 billion.
* A-B Vasilopoulos Group: Sales increase of 7.7% reaching $974.64 million and increase of unified net profits of 65.3% reaching $10.29 million
* Veropoulos Group: Revenue increase of 10.6% reaching $764 million
* Atlantik Group: Sales increase from $438 to $566 million.
* Metro: Sales increase from $332 million to $457 million and profit increase from $11.4 to $14.5 million.
* Dia: Profitable for the first year. Net result of $2.4 million before tax compared to a loss of $1.7 million in 2002. Sales of $290 million in 2003.
* Commercial Groups: Elomas: $1.4 billion, KEA $634 million, Asteras: $383 million.

There are several buying groups active in Greece, of which the most important are:

♦ ELOMAS – The group has 49 supermarket members, total 576 outlets all over Greece. Its sales in 2003 reached approx $1.4 billion. During the last year the group invested a total of $648,648 in a warehouse management system in order to cover needs of its members.

♦ ELETA – Group of Greek Supermarkets Ltd. The group has 383 supermarket members. 2003 sales amounted to approximately $432 million. In 2003 ELETA together with ASPIDA group created KEA buying group.

♦ ELLINIKI DIATROFI – 1,600 members. 50 new members were added to the group's network in 2003; they recorded sales of $778 million, compared to $590 million in 2002. Projected sales for 2004 are $1.06 billion.

To conclude, the retail sector in Greece is very dynamic, facing competition as a result of the emergence of new international grocery store chains and mergers of existing companies and food processors. The family structure of many Greek companies adapt to new, advanced forms of organization to better exploit the opportunities of the market. The use of electronic trade presently is in its infant stage in Greece and new techniques and tools are among the goals of supermarkets and retailers to meet competition. Normal services that supermarkets provide include:

✷ Home Delivery: The traditional way that grocers attract customers is coming back in its electronic version. Orders are now received through telephone, fax and internet.
✷ Establishment of Cash and Carries: More than half of cash and carries established in the last two years belong to supermarket chains.
✷ Sale of 'new' products: Big supermarkets have opened special departments with "shop-in-shop" arrangements selling mobile phones, electronic and electrical equipment.
✷ Development of ready-meals department: These departments have been expanded in many supermarkets with a variety of meals offered.
✷ Entrance into the travel and leisure market: Carrefour Marinopoulos introduced this activity with the opening of 2 travel agencies called Carrefour Travel, operating in two hypermarkets. Other Carrefour stores plan to follow suit.

Greek importers and consumers favor U.S. products because of their good quality and wider variety. However, existing constraints limit the U.S. market share of U.S. food and agricultural products to 3%.

Advantages and Challenges facing U.S. exporters

Advantages	Challenges
Greek per capita income is increasing	Only a limited number of importers and distributors are aware of the variety and innovative U.S. food products that can be exported to Greece.
The top 10 supermarkets account for 84% total supermarket sales. Several are importing directly.	Price wars are strong pressure on suppliers. U.S. suppliers need to be price-competitive. Educate the sector representatives about the high quality, variety and availability of U.S. food products.
Retail trade is expanding	U.S. exporters are not fully aware of the existing market opportunities in the Greece market.
Greek importers favor U.S. products because of good quality and wider variety.	Average tariff levels remain high increasing products' price. GM labeling requirements on the other hand result in consumer concern.

SECTION II. ROAD MAP FOR MARKET ENTRY

A. Super Stores, Supermarkets, Hypermarkets or Other Center, Club and Warehouse Outlets

Entry Strategy

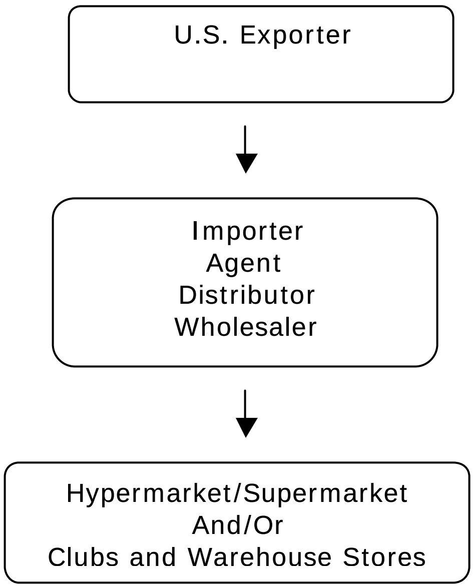
Eighty per cent of Greece's import trade is handled through sales agents or distributors. Distributors operate on wholesale (and in some cases, retail) basis with exclusive sales rights for certain districts or for the entire country. There are over 300,000 trading establishments in Greece, often small, family-owned and operated businesses, each of which deals in a narrow range of foods. There are 7,700 corporations and limited liability companies engaged in wholesale trade and 3,200 corporations and limited liability companies handling retail trade.

Food and beverage products of U.S. origin complying with EU rules and regulations would not require special permits (nor they are subject to special rules or regulations) for commercialization in Greece. However, biotech products are handled quite strictly. If a U.S. food product, other than food supplements, conforms to any single EU member state's rules and regulations it can then be transshipped and sold in any other EU member state. For additional information on trade restrictions food standards and regulations, please refer to Athens Food and Agricultural Import Regulations and Standards Report (FAIRS), available on internet website: http://www.fas.usda.gov, and to EU-25 FAIRS report available on: www.useu.be/agri/label.html.

Greece is as a member of the European Union (EU). Greece follows about 90% of the EU's food regulations. Additionally, Greece maintains specific labeling and ingredient rules for some food products under the Greek Food Code. Labeling and ingredient legislation for all food and agricultural products is based on EU rules and regulations. Greece requires that labels be in the Greek language. Multi-language labels are accepted. New to market food products require prior approval by the General Chemical State Laboratory. Products complying with the terms, regulations and provisions of the current Food Code do not require special permits in order to be imported and marketed in Greece.

To enter the Greek market, it is very important to have an agent or joint venture partner, with a suitable background, and the ability to a service network, providing full support to the end-user. The FAS Office in Athens maintains a list of potential importers and distributors. Most hypermarkets and supermarkets act as importers/agents for some products.

Market Structure



♦ Products are usually imported by an importer or agent, who may also be a wholesaler and/or distributor. The importer is responsible for the delivery of products to their distribution center.
♦ As mentioned above, supermarkets act as importers too.
♦ The agents usually undertake promotional campaigns for the products they import.
Most of the distributors have nationwide distribution channels.

Following table provides information on the major retail outlets that are established in Greece:

Major Supermarket Profiles					
Retailer Name and Outlet Type	**Ownership**	**Sales 2003**	**No. of Outlets**	**Locations**	**Purchasing Agent Type**
A-B Vassilopoulos/ TROFO/ENA	Belgian/Greek	$974 million	106	All over the country	Importer
SKLAVENITIS	Greek	$825 million	36	Attika	Importer
VEROPOULOS GROUP/ CHALKIADAKIS	Greek	$683 million	193	All over the country	Importer
ATLANTIK (Supermarket & Cash & Carry)	Greek	$581 million	192	All over the country	Importer
MASOUTIS	Greek	$521 million	159	Northern Greece	Importer
METRO (Cash & Carry) My Market	German/Greek	$457 million	63	All over the country	Importer

B. Convenience Stores, GAS Marts, Kiosks

Entry Strategy

Convenience and other small stores that cater to every day needs exist throughout the neighborhoods of Athens and its suburbs. These are beverage shops, mini markets, and kiosks, most of which have grown into small general stores. The main reason for their existence is to cater to the emergency needs of an area's inhabitants for products of everyday consumption, particularly when big stores are closed or when it is impractical to pay a visit to the supermarket. These shops can be called "small points of sale" and constitute an integral traditional part of the Greek market. In 2003 seven-eleven type stores opened in the Athens metropolitan area, under the OLA convenience store chains and the TO MIKRO chain. No financial data are yet available.

Market Structure

The same local representatives (importers/agents) who supply the supermarkets supply the convenience stores either directly or through wholesalers. The last couple of years, and especially last year, hypermarket and supermarket chains started establishing proximity stores.

U.S. Exporter → Importer Agent Distributor → Wholesaler → Convenience Store

- Convenience stores usually sell dairy products, sodas, beverages, some dry grocery products, juices and a limited range of non-food products.
- Gas station mini markets sell newspapers and magazines, tobacco, snacks, dairy products and ice cream, and some dry grocery items.
- Kiosks sell tobacco, newspapers, snacks, and ice cream.

C. Traditional Markets – "Mom and POP" Small Independent Grocery Stores and Wet Markets

The wholesalers who supply the convenience stores supply the traditional market shops as well. Most of the products sold in traditional markets are locally produced.

D. Internet Sales of Food Products and Beverages

Internet sales of food products is not a common practice in Greece. One supermarket only offers this service, though not popular.

SECTION III. COMPETITION

The retail sector, the most dynamic sector in the Greek economy, includes some of the biggest and most advanced companies and provides good potential for the U.S. food items. The main competitor in Greece is the European Union. EU-15 countries supplied in 2002 agricultural and food products amounting $2.9 billion, of the total of $4.2 billion. As shown in the following table, Netherlands, Germany and France are the leading country suppliers in the food and agricultural trade.

Greek food imports by Country of Origin - 2002 (in million dollars)	
Country of Origin	**$Value**
Holland	589,220
Germany	431,140
France	419,632
Italy	419,010
Belgium	177,861
Spain	148,337
Denmark	127,486
Russia	122,306
U.S.	111,737

Source: UN Data

In 2002, the U.S. ranks 9th in the list of food and agricultural suppliers with imports totaling $123 thousand, of which $40 thousand is in the consumer-oriented category. CY 2003 consumer-oriented products of U.S. origin imported into Greece account for $60.4 million. Other than the U.S., Russia, Romania and Turkey are included in the non EU-15 leading country suppliers.

SECTION IV. BEST PRODUCT PROSPECTS

A. PRODUCTS PRESENT IN THE MARKET WHICH HAVE GOOD SALES POTENTIAL

Frozen foods: One of the fastest growing markets in Greece is the frozen food market, especially frozen vegetables, french fries, fish, meat and dough. Now that about 25% of Greek families, especially in the big cities, have microwaves and freezers, the demand for convenience foods is increasing. Frozen foods are increasingly sought by urban Greek consumers. Sales of frozen vegetables in 2002 amounted to approx $51 million, with supermarkets being the major selling point. The dough category shows a 8% increase in sales reaching approx $68 million. The French fries market remains stable the last couple of years with annual sales amounting approx $6.16 in 2002.

Frozen and Salted Fish: Fish consumption in Greece has been increasing since 1995, in line with public awareness that seafood is healthy and can substitute for meat consumption. Greek fish and seafood products imports accounted for $316 million in 2002. Seafood consumed per capita is 24 kilograms. Consumption of frozen fish and seafood products reached 65,000 MT in 2002, of which 32,000 MT consisted of processed seafood products. U.S. exporters supply Alaska Pollack, Pacific Salmon, squid, and dogfish.

Tree Nuts: Greeks are among the largest per capita tree nut consumers in the world. Tree nut consumption trends in Greece are gradually increasing in the food and confectionery industry while demand in the snack food sector remains stable. Good quality tree nuts are mostly used as snack food. Consumption figures include snack, confectionary, ice cream and bakery uses. One of the more popular tree nut products among Greek consumers is almonds. In CY 2003 the value of imported almonds amounted to $33 million, of which $28.2 were of U.S. origin. Annual consumption of almonds in Greece is roughly 19-21,000 MT and it is steadily increasing from year to year. Almond consumption represents 35% of total nut consumption.

Pulses: Mainly beans and lentils, have good potential in the Greek market. Declining domestic production, coupled with the fact that pulses are considered a healthy food, favor imports.

B. PRODUCTS NOT PRESENT IN SIGNIFICANT QUANTITIES BUT WHICH HAVE GOOD SALES POTENTIAL

Meat: The sector has a very important role in the Greek market, since meat constitutes one of the most basic foodstuffs for Greeks, with around 88.4 kgs per capita average meat consumption. Almost 90% of beef consumed in Greece is imported. The market for meat has returned to normal levels, after various food crises, with consumers paying more attention to matters having to do with safety and hygiene and in general requesting products labeled by HACCP and ISO quality control certificates.

Wine - Beer - Juices and Soft Drinks: Greece is a $430 million wine market with wine consumption in upward trend. Per capita consumption reaches 26 liters. There are more than 130 imported beer brands, which cover 6% of the market. Beer sales in 2003 amounted to approx $145 million. The soft drink market also has been characterized by continual growth over the past decade. CY 2003 sales of juices amounted $162 million, with long life juices dominating the sector.

Organic foods: Organic foods made their appearance 4-5 years ago and the trend is continuing. The European food crises of recent years have made consumers turn to organics as they look for "safer" foods, since they perceive that risk lies in commercial, mass production. Because it is perceived to be "healthy", demand for organic food products is forecast to rise.

Dairy Products: Dairy products constitute one of the most important categories of foodstuffs in domestic consumption. Their share of total food consumption exceeds 17% and is increasing annually. Cheese products hold also a noteworthy position in Greek supermarkets, accounting for about 12% of sales. Greeks rank among the biggest cheese consumers in the world. Ice cream, although seasonally consumed, is at an average per capita consumption of 5 liters.

C. PRODUCTS NOT PRESENT BECAUSE THEY FACE SIGNIFICANT BARRIERS

Turkey and Other Poultry products: EU member states still do not import poultry products of U.S. origin.

SECTION V. POST CONTACT AND FURTHER INFORMATION

For additional information and lists of private sector contacts, available from our office to exporters of U.S. food products, please contact the Foreign Agricultural Service Office in Athens at the following address:

Foreign Agricultural Service
American Embassy
8, Makedonon Str.
GR-101 60 Athens
Tel. ++30-210-720-2233
Fax: ++30-210-721-5264
Email:AgAthens@usda.gov or fasgr@ath.forthnet.gr
FAS home page: http://www.fas.usda.gov
U.S. Embassy Athens home page: http://www.usembassy.gr

A list of Food and Agricultural shows taking place in Greece as well as promotional activities organized by our office are available on FAS/Athens page of the U.S. Embassy Athens web page.

For more information on exporting U.S. agricultural products to other countries, please visit the Foreign Agricultural Service home page: hppt://www.fas.usda.gov

GREEK GOVERNMENT AGENCIES

Agency responsible for Greek labeling/product ingredient regulations:

General State Chemical Laboratory
Directorate of Foods
Ms. Asimina Papathanasiou, Director
16, A. Tsoha Str, GR-115 21 Athens
Tel.: ++30-210-6479-251
Fax: ++30-210-6467-725

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Agency responsible for controlling food quality:

Food Control Agency (EFET)
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OTHER CONTACTS

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Fax: ++30-210-67-56-389
Email:sesme@ath.forthnet.gr

Exchange Rates Used:

Average 2001: $1.00 = €1.117
Average 2002: $1.00 = €1.100
Average 2003: $1.00 = €0.925
October 2004: $1.00 = €0.802

Source: Charleston Financial Management Center (US Government)