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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. Italy's consumer food service was severely impacted by Covid-19 lockdown and restrictions in 2020, causing a 33 percent decline in sales value compared to 2019. However, to earn revenue during the crisis and to maintain market share, many food service players offered delivery service (mainly pizza, gelato, and Asian restaurants), leading to a food delivery boom and a rise in partnerships with third-party delivery companies.

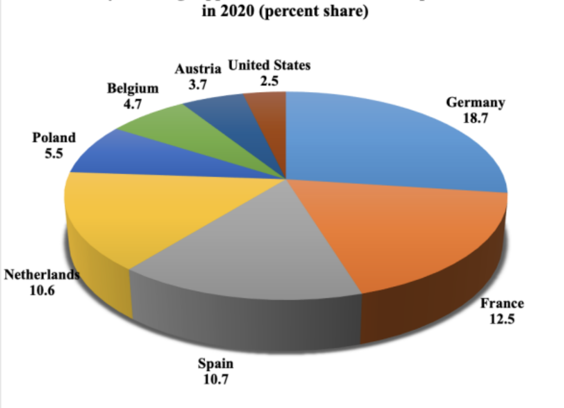
Market Fact Sheet: Italy

Executive Summary

Italy is the third-largest economy in the euro-zone, with a GDP estimated at $1.9 trillion and a per capita GDP of $31,630. 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 2020, U.S. agricultural exports to Italy were $1.0 billion, while U.S. imports from Italy were $5.5 billion.

Imports of Consumer-Oriented Products

In 2020, Italy's imports of consumer-oriented products were approximately $25.6 billion, of which 81 percent originating from other EU-27 member states. Imports from the EU-27 were primarily dairy products, meat, and fresh fruit.



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. Italian consumers continue to favor bakery products, processed meat and seafood, and dairy products.

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. Italy's food retail sales reached $175 billion in 2020, 5.6 percent more than in 2019. While on-line grocery shopping grew by 134.4 percent, increased sales were also registered in discount stores (+8.7 percent), supermarkets (+6.8 percent), and grocery retailers (+5.6 percent). Conversely, sales in hypermarkets (-3.4 percent) were penalized by the closure of shopping centers during COVID-19 lockdown.

Quick Facts CY 2020

Imports of Consumer-Oriented Products: $25.6 billion

List of Top 10 Growth Products in Italy

1) Baked goods
2) Processed meat and seafood
3) Dairy products
4) Ice cream and frozen desserts
5) Pasta and rice
6) Confectionary
7) Savory snacks
8) Sauces, dressings, and condiments
9) Sweet biscuits, snacks bars, and fruit snacks
10) Ready meals

Food Industry by Channels ($ billion)

Food Industry Output	$169.5
Food Exports	$45.4
Food Imports	$25.6
Retail	$175.0
Food Service	$62.6

Top 10 Italian Retailers

1) Conad
2) Coop Italia
3) Selex Gruppo Commerciale SpA
4) Esselunga SpA
5) Crai Secom SpA
6) Gruppo VéGé
7) Gruppo Eurospin
8) Schwarz Gruppe
9) Carrefour SA
10) Spar Intl.

GDP/Population

Population: 60.3 million
GDP: 1.9 trillion
GDP per capita: $31,630

Strengths/Weaknesses/Opportunities/Threats	
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	**Threats**
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:
TDM (Trade Data Monitor), Euromonitor, industry contacts.

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SECTION I. MARKET SUMMARY

Italy's consumer food service was severely impacted by the Covid-19 lockdown and restrictions in 2020, causing a 33 percent decline in sales value compared to 2019. Additionally, the strong rise of teleworking, especially in large cities, impacted food service, with a general decline of consumption during lunchtime, as people ate lunch at home. The worse performances were suffered by independent outlets more so than chain stores. Specifically, family-owned outlets faced difficulties due to the lower income received and ongoing costs, such as rent and salaries. However, to earn revenue during the crisis and to maintain market share, many food service players offered delivery service (mainly pizza, gelato, and Asian restaurants), leading to a food delivery boom and a rise in partnerships with third-party delivery companies.

Of note, after the initial lockdown from March to May 2020, consumers were more inclined to visit food service outlets known to them, with price-sensitivity influencing a decreasing consumers experimentation with different brands, flavors, and options. This trend benefited affordable and well-known operators.

Table 1. Units, Transactions, and Value Sales in Italian Consumer Food service 2015-2020

	2015	2016	2017	2018	2019	2020
Units	300,215.0	298,243.0	296,218.0	293,813.0	291,248.0	283,481.0
Transactions (mn)	8,844.5	8,860.1	8,874.8	8,906.8	8,947.2	6,783.4
EUR million current prices	78,250.0	78,031.4	77,887.7	78,141.8	78,511.2	52,412.5

Source: Euromonitor

Table 2. Consumer Food Service Independent vs. Chain: Units/Outlets 2020

Outlets	Independent	Chained	Total
Cafés/Bars	129,693	1,628	131,321
Full-Service Restaurants	99,442	1,084	100,526
Limited-Service Restaurants	38,706	3,277	41,983
Self-Service Cafeterias	566	544	1,110
Street Stalls/Kiosks	8,314	227	8,541
Consumer Food Service	**276,721**	**6,760**	**283,481**

Source: Euromonitor

Health and wellness remain key for a growing number of consumers when choosing food service establishments and meals, with food service operators responding by providing a wider offer. In addition, greater attention is being paid by food service operators to food intolerances and allergies, as they began offering menus dedicated to consumers with specific health and dietary needs (e.g. celiac, vegan, and vegetarian).

Advantages	Challenges
Italians are 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.

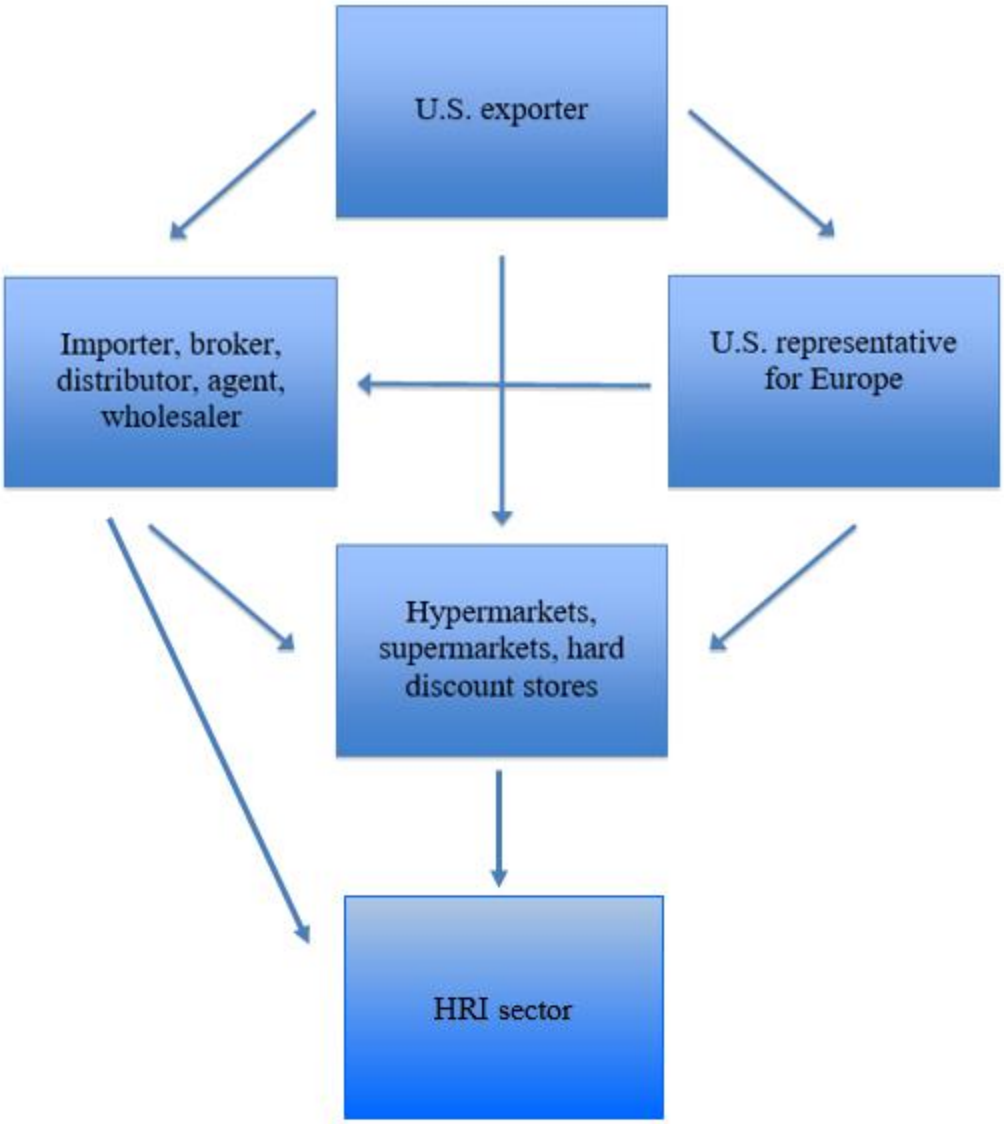
SECTION II. ROAD MAP FOR MARKET ENTRY

- **Entry Strategy**

  - 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.
  - 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.
  - Price is always important, although quality and novelty alone do move some imported products.
  - 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.
  - 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 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. Most of the processed food and raw material sourcing decisions are made directly by the restaurant chef and/or hotel food purchasing director. Generally, wholesalers are the main customers for fish and seafood products, as they purchase and distribute to numerous small restaurants and hotels.

Thus, U.S. exporters need to work closely with 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.

- **Leading International Chain Hotels and Resorts in Italy**
  - AccorHotels Group
  - NH Hotels Group (https://www.nh-hotels.com/)
  - InterContinental Hotels Group
  - Starhotels SpA

- **Leading Restaurants/Fast Foods in Italy**
  - McDonald's Corporation
  - Autogrill SpA
  - Gruppo Cremonini
  - Cigierre SpA
  - Restaurant Brands International
  - BMV Srl
  - Sebeto SpA

- **Leading Institutional Food Service Providers in Italy**
  - CAMST La Ristorazione Italiana Soc. Coop. a.r.l.
  - CIR Food Cooperativa Italiana di Ristorazione
  - Elior Ristorazione

SECTION III. COMPETITION

American-style fast food chains 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. Italian consumers continue to favor bakery products, dairy products, processed meat and seafood, and snacks. The Italian youth market is especially interested in lifestyle foods such as American craft beers and salted snacks.

The Italian HRI sector is expected to face stronger competition as there will be an overwhelming offer of various consumer food service outlets. 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 to increase consumer interest and appeal. In what is a very competitive environment, companies are trying to diversify their offer via innovation 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 rising 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
  - Sauces, dressings, and condiments

- **Products not present in significant quantities, but which have good sales potential**
  - Functional and health food
  - Free-from products (lactose-free, gluten-free, sugar-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

Attachments:

No Attachments