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Italy

Food Service - Hotel Restaurant Institutional

Italy Food Service - Hotel Restaurant Institutional 2018

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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. 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:

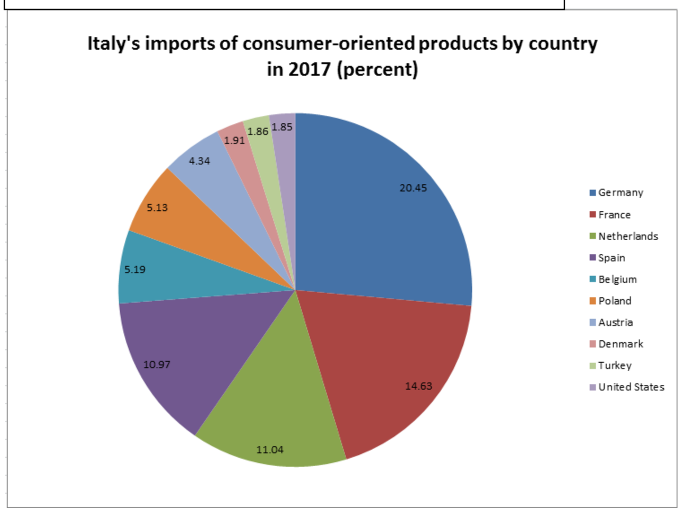
Rome

Market Fact Sheet: Italy

Executive Summary

Italy is the third-largest economy in the euro-zone, with a GDP estimated at $2.2 trillion and a per capita GDP of $36,800. 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 products to the United States, while the United States exports mostly bulk commodities to Italy. U.S. agricultural and fish exports to Italy were $1.0 billion and U.S. imports from Italy were $4.6 billion.

Imports of Consumer-Oriented Products



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 and confectionery. Traditionally, Italian consumers are a bit suspicious of non-Italian food, which is why the major food processors continue to play it safe by manufacturing more Mediterranean style ready meals.

Food Retail Industry

Italy's food retail distribution system has noticeable differences between the north and south. Italy's diversified industrial economy is divided by a developed industrial north dominated by private companies, and a less-developed agricultural south afflicted with high unemployment. This division is reflected in the distribution of retail outlets, with the majority of the supermarkets located in the north (53 percent), followed by the south (27 percent) and then by the central region of Italy (20 percent).

Quick Facts CY 2017

Imports of Consumer-Oriented Products from the world $22.7 billion

Imports of Consumer-Oriented Products from the U.S. $418.5 million

List of Top Growth Products

Pork meat	Snacks	Wine
Beer	Gluten free	Organics

Strengths/Weaknesses/Opportunities/Challenges

Advantages	Challenges
Food consumption levels are among the highest in the world.	Competition from EU countries that export to Italy tariff free.
Lifestyle changes have increased demand for processed, convenient foods.	Non-tariff barriers, including traceability requirements, can hinder U.S. exports.
Italy is dependent on raw imports for its processed food industry. Italian food products have a reputation for being of high quality.	U.S. exporters new to the Italian market may find the Italian bureaucracy difficult to maneuver.
EU expansion creates new market opportunities for Italian food and drink exports, for which the Italian food processing industry will need additional ingredient inputs.	U.S. products/ ingredients, while innovative, may be perceived as overly processed and less wholesome than their Italian/EU counterparts which are marketed as traditional and seen as having more "natural" ingredients

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Section I. Market Summary

In 2017, 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 also showing signs of being more prepared to spend more for higher quality service and displaying more 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 Consumer Foodservice 2012-2017

	2012	2013	2014	2015	2016	2017
Units	313,650.0	307,156.0	303,807.0	300,095.0	296,050.0	293,317.0
Transactions (mn)	9,186.5	9,026.1	8,927.7	8,832.2	8,827.4	8,822.9
EUR million current prices	80,563.1	79,618.0	78,726.7	77,998.1	77,694.9	77,464.7
EUR million constant prices	80,563.1	78,656.2	77,588.2	76,840.3	76,637.2	75,423.7

Source: Euromonitor

Health and wellness remains key for a growing number of consumers when choosing foodservice establishments and meals, with consumer foodservice operators responding by providing a wider offer. This is a consequence of changing consumption habits among Italian consumers, with demand for healthier and allergy friendly foods growing. Vegetable-based diets continue to grow in popularity from vegetarian to vegan. The underlining concept is to reduce consumption of meat in favor of vegetables and vegetable proteins. Stronger awareness and mindfulness is making consumers demand simpler and more natural foods and more transparent information about ingredients and origin. Italian consumers are seeking less salt and animal fats, as well as gluten free products, fruits and legumes. In addition, greater attention is being paid to food intolerances and allergies, offering menus dedicated to consumers with specific health and dietary needs (eg. Celiac, vegan or 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.
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 product remain	Complying with European and Italian

quite popular in Italy.	Regulations.
Interest in new and innovative products, especially with a health benefits.	Competition from similar food products produced in other EU countries that enter tariff free.
Italian consumers demand quality, innovative, healthy products	Adapting products to Italian consumer tastes and expectations

Section II. Road Map for Market Entry

The best way to begin exporting to Italy is to identify either 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.

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. Italians tend to be conservative and traditional in their eating. Food service companies usually select their products directly from the importers and distributors.

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 up-to-date knowledge of the most recent laws and regulations, and know how to communicate and work closely with the Italian Customs Officials. 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. Purchasing by hotels, restaurants, and institutions (HRI) remains fragmented and competitive. Few of them import products directly from other countries, except for items that they purchase in large quantities. Most HRI's would rather buy from central buyers/distributors importing food and beverages. In general, these wholesalers have specialized in products or product groups and some are even experts in food products from a specific country of origin. Thus, specialized importers 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.

- 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.
- Establish a relationship with an Italian importer/distributor that provides services to the food-processing or retail sectors.
- 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 and SIAL) 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.

Table 2. Consumer Foodservice Independent vs Chain: Units/Outlets 2017

outlets	Independent	Chained	Total
100% Home Delivery/Takeaway	28,511.0	471.0	28,982.0
Cafés/Bars	137,747.0	1,551.0	139,298.0
Full-Service Restaurants	102,951.0	918.0	103,869.0
Fast Food	9,180.0	2,313.0	11,493.0
Self-Service Cafeterias	604.0	586.0	1,190.0
Street Stalls/Kiosks	8,245.0	240.0	8,485.0
Pizza Consumer Foodservice	46,720.0	452.0	47,172.0
Consumer Foodservice	287,238.0	6,079.0	293,317.0

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 also 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. However, 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. Many Italians are attracted by high quality takeaway food, which can be consumed in the comfort of their own homes. At the same time, an increasing number of establishments, mainly in bigger cities, are operating variable opening hours in order to cater to the various needs of consumers. In addition, 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 Company Profiles, Consumer Foodservice, Italy

Autogrill SpA	www.autogrill.com	**Sebeto Spa**	http://www.sebeto.com
Activities:	Operator of cafés/bars, fast food, self-service cafeterias	Activities:	Operator of full-service restaurants and fast food
Approx. net sales	€1,235 million	Approx. net sales	€211 million
Cremonini SpA	http://www.cremonini.it/	**Camst Srl**	http://www.camst.it
Activities:	Operator in full-service restaurants, fast food and self-service cafeterias	Activities:	Operator of self-service cafeterias, cafés/bars and full-service restaurants
Approx. net sales	€3.4 billion	Approx. net sales	€112 million
McDonald's Srl	http://www.mcdonalds.it	**Airest Srl**	http://www.airest.com
Activities:	Operator in the fast food and café/bar channels	Activities:	Operator of self-service cafeterias
Approx. net sales	€1.0 billion	Approx. net sales	€95 million

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 or vegan alternatives. Growing popularity of stores with kitchens and visible cooking areas. 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

Total imports 2017 (quantity/value)	Major supply sources (% value)	Strengths of Key Supply Countries	Advantages and Disadvantages of Local Suppliers
Fresh Fruit Imports: 2 million tons Value: $2 billion	Spain – 29% Ecuador – 11% Costa Rica – 10%	Spain is geographically close and has a strong reputation in the market. Ecuador and Costa Rica are price competitive.	Increased domestic consumption. Local suppliers are affected by rising production costs.
Wine Imports: 404 million liters Value: $719 million	France – 61% Spain – 20%	France and Spain have developed a long-standing reputation in the market and are price competitive.	The U.S is the fourth largest wine producing country in the world after Italy, France, and Spain. U.S. wines offer value, with prize-winning vintages at reasonable prices, and are increasingly available in Italy and Europe.
Beer Imports: 659 million liters Value: $595 million	Germany – 31% Belgium – 25% Denmark – 11%	Germany, Belgium, and Denmark are geographically close, have developed a long-standing reputation in the market, and are price competitive.	Although the Italian drinking culture has been focused on wine, things are changing. The beer market is growing with increased imports, new breweries and pubs where high quality beer is served at reasonable prices.
Snack Foods Imports: 162,349 tons Value: $537 million	Germany – 22% Austria – 19% France – 12%	Germany, Austria, and France are geographically close and have developed a long-standing reputation in the market.	Good demand for salty, sweet, and chocolate products. Growing demand for new exotic flavors (olive oil, chili…), combined with a healthier content.
Chocolate Imports: 79,198 tons Value: $366 million	Germany – 44% Belgium – 15% France – 14%	Germany, Belgium, and France are geographically close and have developed a long-standing reputation in the market.	Growing demand from manufacturers, confectionary and snack industry.

Commodity	Imports 2017 $	Imports from U.S. $	Key constraints over market development	Market attractiveness
Pork meat	2.4 billion	432,191	Competition from other EU countries.	Increasing domestic consumption.
Soybeans	607 million	68.6 million	Competition from Brazil.	Growing demand from the Italian feed industry.
Beer	595 million	3.2 million	Competition from EU countries. Transport costs and time.	Beer market is growing.
Chocolate	366 million	270,952	Competition from other EU countries.	Growing demand from manufacturers, confectionary and snack industry.
Pulses	294 million	52.2 million	Competition from Italy.	Italy is a large consumer of pulses

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, snack foods and sauces
- Organic Products

Products not present because they face significant trade barriers:

- Beef, other than that sold through the High Quality Beef Quota
- Poultry (sanitary procedures – chlorine wash)
- Processed food products containing biotech ingredients

Section VI. 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):
www.fas.usda.gov/data/search?f[0]=field_countries%3A39&f[1]=field_countries%3A371