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# Greece

# Retail Food Sector

# Report

# 2000

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**Report Highlights: The retail sector in Greece is rapidly changing with the emergence of new international chains and mergers of existing companies. There are over 2,700 supermarkets throughout Greece including 88 cash and carry operations. U.S. products have a good reputation in the retail sector because of their high quality and wide variety, but many importers are not adequately aware of these benefits and are concerned about the cost of transportation and the possible need to label GMO presence. Market potential for U.S. products is particularly strong for frozen foods, including vegetables and fish, as well as tree nuts, pulses, wine and beer.**

Includes PSD changes: No
Includes Trade Matrix: No
Annual Report
Athens [GR1], GR

## SECTION I. MARKET SUMMARY

The first 'supermarket' enterprises started in Greece about 30 years ago and have gradually begun displacing traditional grocery stores. The products that were initially sold were mainly food and beverages, but also included some stationery items and detergents. Eventually, the items sold were expanded to include meat and fish products, fruits, vegetables, glass items, apparel, shoes, electric and electronic appliances, general household items and cooked food.

The differentiation in meaning between the supermarkets and the grocery stores is still ambiguous, but, Greeks generally characterize supermarkets as self service shops that mainly sell food items in an area of over 200 square meters, and have at least two checkouts. Supermarkets, however, are grouped in two categories; chains and independents. The former are comprised of three or more shops, while the latter have only one or two shops. Supermarkets with more than 2,500 square meters are characterized hypermarkets. There are about 2,740 supermarkets throughout Greece including 180 discount shops belonging to supermarket chains, of which 775 are located in the greater Athens area. A remarkable point in the retail sector is that more than half of the "cash and carries" (club/warehouse stores) established in the last two years, belong to supermarket chains. There are 88 cash and carries throughout the country, with 4 companies dominating the sector with a total of 44 outlets. Out of total sales, cash and carries sell 51.6% grocery items, 19.7% toiletries, 22.5% beverages and 6.2% miscellaneous, and 78% of these businesses have storehouses of more than 600 square meters.

| DEVELOPMENT OF THE GREEK SUPERMARKET SECTOR 199 5-1999 | | | | | |
|---|---|---|---|---|---|
| | 1995 | 1996 | 1997 | 1998 | 1999 |
| TOTAL OF GREEK SUPERMARKETS | 2,123 | 1,938 | 2,077 | 2,252 | 2,740 |
| TOTAL OF CHAINS' SUPERMARKETS | 999 | 1,149 | 1,320 | 1,496 | 1,719 |
| NUMBER OF CHAINS WITH 16+ SUPERMARKETS | 592 | 700 | 872 | 1,014 | 1,235 |
| NUMBER OF INDEPENDENTS | 1,124 | 789 | 757 | 756 | 1,021 |

Source: PANORAMA of Greek Supermarkets magazine

Small stores that cater to the consumer's every day needs are common throughout Greece, and include mini markets, branches of supermarket chains, beverage shops, and kiosks (many of which are actually small general stores). The bigger ones can be included in the convenience store category, but most are considered as mom and pop stores. These shops can be called 'small points of sale' and constitute an integral and traditional part of the Greek market. There are about 22,000 shops falling in this category, and another 14,000 kiosks.

Supermarkets faced another difficult year in 1999. According to official figures taken from supermarket balance sheets, turnover of the 24 biggest chains approached 1.2 trillion drs., ($39.2 bln) compared to approximately 1.1 trillion drs., ($37.3 bln) in 1998, while overall profits amounted 11.5 bln drs., ($37.6 mln) compared to 9.5 bln drs., ($32.3 mln) in 1998. Part of the reason were the market "shocks" experienced by food scandals such as the dioxin scandal as well as government pressure for price restraint in view of Greece's entry into the Economic Monetary Union.

Discount chains play an important role in the ongoing development of retail trade. Their presence in the domestic market is a relatively recent development, as it has only five years since the first discount chain "Dia Hellas" entered the Greek market. Lidl of Germany is active in Greece as well, while rumors say that Aldi of Germany also (the big competitor of Lidl) will be soon added in the list of discount chains in Greece.

| **OVERALL RETAIL FOOD SALES (in mln dollars)** | | | | | |
|---|---|---|---|---|---|
| **Product Category** | **1994** | **1995** | **1996** | **1997** | **1998** |
| **Food and non-alcoholic bev** | **14,032** | **16,301** | **16,999** | **15,875** | **15,475** |
| Bread, Cereals & Bakery Products | 1,279 | 1,424 | 1,469 | 1,376 | 1,330 |
| Meat | 2,981 | 3,350 | 3,362 | 3,136 | 3,016 |
| Fish | 740 | 876 | 934 | 870 | 902 |
| Dairy Products - Eggs | 2,792 | 3,111 | 3,078 | 2,825 | 2,859 |
| Oils & Fats | 855 | 1,066 | 1,366 | 1,217 | 1,026 |
| Fruits & Vegetables | 2,922 | 3,625 | 3,904 | 3,681 | 3,570 |
| Potatoes | 336 | 328 | 308 | 304 | 306 |
| Sugar & Confectionary Products | 598 | 708 | 726 | 687 | 686 |
| Coffee, Tea, Cocoa | 189 | 239 | 236 | 241 | 227 |
| Other products * | 890 | 1,058 | 1,097 | 1,053 | 1,047 |

| | | | | | |
|---|---|---|---|---|---|
| Non-alcoholic beverages | 450 | 515 | 519 | 484 | 506 |
| **Alcoholic beverages** | **754** | **852** | **936** | **906** | **886** |
| **Grand Total** | **14,786** | **17,153** | **17,935** | **16,781** | **16,361** |

* Other products include rice, pulses etc.

Source: ICAP Study & National Statistical Service

The most significant event in the Greek retail market during 1999 was the entry of CARREFOUR through the acquisition of PROMODES, as well as its collaboration with the biggest Greek chain, MARINOPOULOS. This merger creates new conditions in the Greek retail business placing the other supermarket chains and independents in a position having to compete with the ‘giant’ in regard to prices and services. The new chain will own and operate 137 supermarkets in total of which 4 are hypermarkets. The chain employs nine thousand people and its sales are estimated at 370 billion drs, ($92.5 mln). According to forecasts, in the next three years sales are estimated to be 550 billion drs., ($1.4 bln) annually. In addition, it has become known that the U.S. company ‘Wal-Mart’ has established an office in Athens and is studying the Greek retail trade.

The Greek retail sector has reacted to CARREFOUR’s entry into the market through:

- Significant merges and alliances: The most important were two acquisitions in Northern Greece, and another very recently of TROFO by AB Vassilopoulos (Delhaize Le Lion). AB Vassilopoulos and TROFO have, together, a turnover of about 600 bln drs, ($1.5 bln) and they occupy the second place in the Greek retail trade (after Carrefour/Marinopoulos) with 103 supermarkets (53 of AB and 50 of TROFO).

- Some big chains are seeking collaborations, business coalitions and mergers among themselves in order to achieve economies of scale in purchasing stock.

- Supermarkets are in search for new ways to offset the decline in sales. The most important approaches they have tried include:

y Home Delivery: The traditional way by grocers to attract customers is coming back in its electronic version. Orders are now received through telephone, fax, internet.
y Establishment of Cash and Carries: More than half of cash and carries established in the last two years belong to supermarket chains.
y Sale of 'new' products: Big supermarkets have opened special departments with "shop-in-shop" arrangements selling mobile phones and electronic equipment.
y Development of ready-meals department: These departments have been expanded in many supermarkets with a variety of meals sold. A few chains are accepting orders through phone and offer home delivery services.

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

Ø ELOMAS group - 395 supermarkets members. ELOMAS gives special emphasis on private label products. Presently the group has 150 private label items. ELOMAS' future plans include investment in new technology and strengthening their marketing techniques.

Ù EL.ET.A (Greek Purchasing Company) group - 289 supermarkets. EL.ET.A operates small and medium size supermarkets in 38 prefectures of the country with special concentration in tourist regions. Private label products are in their master plan for the near future.

Most of the supermarket chains belong to the Association of Greek Supermarket Enterprises, SESME, which plays an active role in retail trade in regards to trade and policy matters.

| **Advantages** | **Challenges** |
|---|---|
| Greece, having been selected to host the 2004 Olympic Games, represents a growing and important market for U.S. exports | A limited number of Greek importers and distributors are aware of the variety of U.S. food products that can be exported to Greece. |
| Greek consumers favor U.S. products because of better quality and wider variety | Average tariff levels remain high. GMO labeling requirements could result in consumer concern. |
| Food sector shows dynamic growth | U.S. exporters are not aware of the existing opportunities in Greek retail trade. |

**SECTION II. ROAD MAP FOR MARKET ENTRY**

*A. SUPER STORES, SUPERMARKETS, HYPER MARKETS OR SUPER CENTERS, CLUB AND WAREHOUSE OUTLETS*

Entry Strategy

Eighty per cent of Greece's import trade is handled through sales agents or distributors. Sales agents operate on a purchase basis for their clients and do not import on their own. Agency agreements are not required to be exclusive and can cover any time period. Distributors operate on a wholesale (and in some cases, retail) basis with exclusive sales rights for certain districts or for the entire country. Retail and wholesale trade is characterized by small, family-owned and operated businesses, each of which deals in a narrow range of goods.

Food products must conform to the regulations established by Greek and EU laws. New to market food products require prior approval by the Supreme General 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, experience and extensive sales as well as a service network, who can offer full support to the end-user. Several supermarket chains also act as importers/agents.

Market Structure

U.S. Exporter

ú Importer
Agent
Distributor
Supermarket

ú Supermarkets
Hypermarkets
Clubs and Warehouse Stores

- Products are usually imported by an importer or agent who may also be a wholesaler and/or distributor. Some supermarkets act as importers as well.
- The agents usually undertake promotional campaigns for the products they import.
- Importers usually focus on refrigerated goods, fresh produce, and dry products sectors.
- Most of the distributors have nationwide distribution.

**Major Supermarket Profiles**

| **Retailer Name and Outlet Type** | **Ownership** | **Sales** | **No. of Outlets** | **Locations** | **Purchashing Agent Type** |
|---|---|---|---|---|---|
| Carrefour/ Marinopoulos, Hyper | French/Greek | 221 bln drs $552 mln | 137 | All over the country | Importer |
| A-B Vassilopoulos/ TROFO | Belgian/Greek | 149 bln drs $373 mln | 130 | All over the country | Importer |
| SKLAVENITIS | Greek | 180 bln drs $450 mln | 33 | All over the country | Importer |
| VEROPOULOS GROUP | Greek | 152 bln drs $380 mln | 158 | All over the country | Importer |
| ATLANTIK | Greek | 91 bln drs $228 mln | 114 | All over the country | Importer |
| METRO (Supermarket & Cash & Carry) | Greek | 80 bln drs $228 mln | 50 | All over the country | Importer |
| MASOUTIS | Greek | 97 bln drs $242 mln | 112 | Northern Greece | Importer |

*B. CONVENIENCE STORES, GAS MARTS, KIOSKS*

Entry Strategy

The same local representatives (importers/agents) who supply the supermarkets supply the convenience stores either directly or through wholesalers. As previously stated, success in introducing new products in the market depends on local representation, personal contact and promotional campaigns.

Market Structure

U.S. Exporter

ú Importer
Agent
Distributor

ú Wholesaler

ú

Convenience Stores

T Convenience stores usually sell dairy products, some dry grocery products, juices, beverages

T Gas station mini markets sell newspapers and magazines, tobacco, fast food, dairy products and some dry grocery items.

T Kiosks usually sell tobacco, newspapers, snacks, ice cream.

Convenience Store Type Stores Profile

There are no major convenience store chains in Greece. The stores are almost exclusively owned enterprises.

*C. TRADITIONAL MARKETS - 'MOM AND POP' SMALL INDEPENDENT GROCERY STORES AND WET MARKETS*

Entry Strategy

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

Market Structure

U.S. Exporter

ú Importer
Agent
Distributor

ú Wholesaler

ú

Traditional Markets/Wet Market

T Fresh fruits and vegetables are usually sold in wet markets in addition to traditional grocery stores and supermarkets.

Traditional Market Profile

The introduction of supermarkets and their small branches in various areas have already replaced some small stores. The supermarkets offer lower prices and more variety. The traditional markets count on the personal relationship between the owner and the client, and sell specific products from certain regions, i.e. cheese from small family owned factory, olives, etc.

## SECTION III. COMPETITION

The retail food sector is the most dynamic sector in Greece. There are about 850 industrial groups involved in the food and beverage production, including some of the biggest and most advanced companies, with sales of approximately $7.2 billion and a net income of $403 million.

Greece is an import dependent country with a population of 10.5 million people. National Statistical Service data report total Greek imports reaching $28.4 billion, of which $3.4 million were food products.

Greece provides good potential for U.S. food products, even if the Greek food habits remain traditional, with a heavy emphasis on the Mediterranean diet, despite the strong dollar. Greece also provides good opportunities for U.S. firms with European subsidiaries, which enable them to compete on a more equal footing with EU suppliers.

The main competitors of U.S. products are the other European countries, especially Germany, France, Italy, and the local products.

## 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, fries, fish, meat and meat products, dough. Now, that about 30% of Greek families, especially in the big cities, have microwaves and freezers and the demand for convenience foods is increasing, frozen foods have increased in potential in the Greek market.

**Frozen Fish**: The frozen seafood market is a $47.5 million market, but changing trends in lifestyle and demographics are creating exciting opportunities for new products. Greece ranks fifth in per capita consumption in the EU with 24kgs average per capita consumption. In addition, preparation of the 2004 Olympic Games, when tourism is expected to double to 25 million, is creating a dramatic impact on imports.

**Tree Nuts**: Consumption trends in Greece show a gradual increase in tree nut utilization in the food and confectionary industry as well as the snack food sector. Greece is among the largest per capita tree-nut consumers in the world (8 kgs per capita average consumption). Almonds, walnuts, peanuts, pistachios seem to be the most favorite nuts. Pecans are also imported in small amounts.

**Pulses:** Mainly lentils and beans, have a good potential in the Greek market. Declining domestic production, coupled with the fact that pulses are considered a healthy food, favor imports. The total pulse market size is 45,000 tons, of which 13,500 tons are lentils.

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

**Meat:** The sector holds 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. The Greek meat market has the potential to increase as incomes grow. In addition to the retail sector, meat, and especially high quality beef, has very good potential for the Hotel and Restaurant sector.

**Organic foods**: Organic foods made their appearance recently and seem to be subject to growing demand. The demand of dietary and health products remains stable, although limited. However, significant growth is expected in the next few years. The demand is, to a large extent, dependent on trends and advertising.

**Wine - Beer - Juices and Soft Drinks**: These products seem to have a good potential in the Greek market in conjunction with the 2004 Olympics. There are more than 130 imported beer brands, which cover 6% of the market. The juice and soft drink market also has been characterized by continual growth over the past decade. Wine consumption is also increasing, reaching the 31.4 liters per capita consumption.

**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 are among the biggest cheese consumers in the world. Ice cream, although with seasonal consumption and average per capita consumption of 5 liters, seem to have an upward trend in demand.

*C. PRODUCTS NOT PRESENT BECAUSE THEY FACE SIGNIFICANT BARRIERS*

**Turkey and Other Poultry products**: EU member states do not still import poultry products of U.S. origin. (Note: Cruise ships are exempt from these regulations.)

**SECTION V. POST CONTACT AND FURTHER INFORMATION**

If you have any questions or comments regarding this report or need assistance exporting to Greece, please contact the Foreign Agricultural Service Office in Athens at the following address:

Foreign Agricultural Office
American Embassy
8, Makedonon Str.
GR-101 60 Athens
Tel. ++30-1-720-2233; 7212-951 x-2233
Fax: ++30-1-721-5264
email: AgAthens@fas.usda.gov
Home page: www.usisathens.gr/agric/fas/htm
or
American Embassy
PSC#108, Box 7 (AGR)
APO AE 09842

For additional information on the Greek market, we'd like to advise you to review the following reports prepared by our Office:

- Exporter Guide
- Seafood Market Brief
- Tree Nut Market Brief
- Frozen Food Market Brief

In addition, please contact us to find out about upcoming activities designed to promote your products in Greece. Importer lists are available from our office to exporters of U.S. food products.

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

Exchange Rates:
1999: $1.00 = 305.85 Drachmae
2000: (Jan-Oct) $1.00 = 360.44 Drachmae