Foreign Agricultural Service
GAIN Report
Global Agriculture Information Network

Required Report - public distribution

Date: 11/14/2002

GAIN Report #GR2025

Greece

Retail Food Sector

2002

Approved by:
Ann Murphy
U.S. Embassy Rome
Prepared by:
Danae Synodinou

Report Highlights: The retail sector in Greece is rapidly concentrating, especially in metropolitan Athens. There are about 3,100 supermarkets throughout Greece including 100 cash and carry operations. Greece provides good potential for U.S. food products, especially in conjunction with the 2004 Olympic Games to be hosted in Greece. The Games are expected to have a dramatic impact, as imports are necessary to meet increased demand. 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
Rome [IT], GR

SECTION I. MARKET SUMMARY

The first 'supermarket' enterprises started in Greece about 32 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 inventory was 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 "supermarkets" and "grocery stores" is still ambiguous, but, Greeks generally characterize supermarkets as self service shops with a retail space of at least 200 square meters, 2 checkouts, and providing 7 out of 10 main consumer product categories. Supermarkets 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. In Greece there are about 3,100 supermarkets. Of the nation's total 1,197 of them belong to supermarket chains, 817 of which are located in the Athens metropolitan area. A remarkable increase of 9.4% was observed in supermarket chains with more than 16 shops. Another notable feature of the Greek retail sector is that more than half of the "cash and carries" (club/warehouse stores) recently established, belong to supermarket chains. There are 100 cash and carries throughout the country. In this sector 4 companies dominate with a total of 58 outlets. Out of their total sales, 51.6% is for grocery items, 19.7% goes to toiletries, 22.5% goes to beverages and 6.2% is for miscellaneous. Among cash and carries 78% of these businesses have storehouses of more than 600 square meters.

DEVELOPMENT OF THE GREEK SUPERMARKET SECTOR 1997-2001							
	1997	1998	1999	2000	2001	Change % 2001/2000	New Shops 2001/2002
TOTAL OF GREEK SUPERMARKETS	2,077	2,252	2,740	2,919	3,101	6.2	182
TOTAL OF CHAINS' SUPERMARKETS	1,320	1,496	1,719	1,862	1,971	5.8	109
NUMBER OF CHAINS WITH 16+ SUPERMARKETS	872	1,014	1,235	1,408	1,540	9.4	132
NUMBER OF INDEPENDENTS	756	753	1,021	1,057	1,130	6.9	73

Source: Panorama of the Greek Supermarkets, 2002

DEVELOPMENT OF SUPERMARKET CHAINS BY NUMBER OF SHOPS 1997-2001					
Number of shops	1997	1998	1999	2000	2001
3-5 shops	40	34	40	35	30
6-10 shops	25	25	20	19	21
11-15 shops	9	13	14	14	13
16-20 shops	6	2	6	4	7
20 + shops	14	18	20	23	21
TOTAL	94	92	100	95	92

Source: PANORAMA of Greek Supermarkets, 2002

As mentioned above, the Athens metropolitan area belongs to the Prefecture of Attiki, where 817 supermarkets of a total of 3,101 are found. GDP increased by 12% on average in 2001 in this area rising to $13,258. Attiki has 34% of the country's population and produces 38% of the nation's domestic product. Attiki residents spend more than any other Greeks for food, spirits, cigarettes, clothing, education, healthcare and transport. In the last five years, 13,475 new industrial businesses and 4,768 trading businesses opened in the region. The two combined account for 52.3% of the country's total.

Small stores catering to 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 could 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.

The association of Supermarket Enterprises froze prices starting Jan 1, 2002. Changes in the supermarket sector are rapid. In 2001 mergers and high levels of concentration were observed. The transition to the euro in January of 2002 and the prohibition of below cost sales are undoubtedly the two most important matters not only for supermarkets but for the market as a whole. The January 1st decision of the Association of Supermarket Enterprises of Greece (SESME), was to freeze prices until February 2002. They intended that the freeze would boost consumer confidence, in the face of prices which rose as a result of the conversion to the euro. This provided temporary relief on March 2002 to the cost of food and non alcoholic beverages increased 8.1%, compared to March 2001 prices.

The year 2001 ended with a substantial improvement for the supermarket sector in all aspects. In 2001, the 62 biggest supermarkets achieved sales of euro 57.2 bln (euro 50.7 bln in 2000) and net profits of 0.54% on sales compared to -0.59% in 2000. Carrefour Marinopoulos leads in sales (23.06% of total sales in 2001 compared to 23.75% in 2000), followed by A-B Vassilopoulos

(15.17% of total sales in 2001, 15.37% in 2002). The sector has increasingly used external capital (bank loans and suppliers credit) which reached 81% of the capital employed in 2001. In 2000, 53.52% of the chains' turnover corresponded to the 20 major supermarket suppliers. The following table provides sales data, individually by company, for the 10 leading supermarkets. Lidl, the German Supermarket, does not provide information on economic data.

The 10 Leading Supermarket Groups					
Name	**Sales (mln euro)**		**Change %**	**% of total sales**	
	2000	**2001**		**2000**	**2001**
Carrefour Marinopoulos	1,205	1,319	9.4	23.75	23.06
A-B Vasilopoulos	779	868	11.32	15.37	15.17
Sklavenitis	590	656	10.95	11.64	11.45
Veropoulos	506	543	7.35	9.98	9.50
Masoutis	343	393	14.65	6.76	6.87
Metro S.A.	268	318	18.28	5.30	5.56
Atlantik	235	281	19.91	4.63	4.92
Pente	217	259	19.68	4.28	4.54
Arvanitidis	65	132	104.45	1.28	2.32
Balis A. & Co.	74	72	-2.39	1.47	1.27
All Others	788	877	11.35	15.53	15.33

According to an EU Commission survey, the Greek market is more expensive than the EU average and if one considers that per capita income in Greece is 70% of the Community average, the price/income relationship is even more unfavorable for Greek consumers. According to the survey, Greece is the fifth most expensive country in the European Union (following Scandinavian countries, Ireland and Britain), while the cheapest countries are Spain, the Netherlands and Germany. The survey also shows that the products selling at higher prices in Greece are packaged cereals, toothpaste and coffee.

As Greek consumers' needs evolve, their food purchase patterns are changing. The average household size is 2.6 persons, compared to 3.5 persons 10 years earlier, while 22% of the population is over 60 years old. Larger disposable incomes, larger numbers of dual-income families, an increase in one-member households, and an increase in single parent households have resulted in expanded demand for consumer-ready products and restaurant meals.

The average Greek consumer goes grocery shopping 3.1 times on average per month and spends, on all consumables, approximately 600 euros. The main criterion in choosing a store is not product price, but quality, convenience and the speed of purchasing. Food items represent 65% of total household expenditures, followed by detergents and personal hygiene products (19%) and beverages (16%). Milk and yogurt are purchased on average 14 times per month, followed by bread (13.8), snacks (6.1), fruits and vegetables (5.5), soft drinks, juices (5), cheese, processed meat products (4.8), meat, and fish (4.6 purchases per month). The study surveyed 753 women aged 18-64, who are responsible for doing this household shopping. Over 80% had visited supermarkets and hypermarkets in the last three months, 7% of the sample shop twice a week, 39% once a week, 24% twice a month, 9% every ten days, and 21% of the sample shop once a month.

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

- ELOMAS - ELOMAS group has 426 supermarket members. ELOMAS gives special emphasis on private label products. 2001 sales amounted euro 909.8 mln, compared with euro 837.6 mln in 2000). ELOMAS' future plans include the addition of new private label brands among the existing 181 brands, and introduction of a loyalty card.

- ELETA - 126 members. Gross sales in 2001 were euro 379 mln. Computerization and adopting new technologies are among the group's targets for 2002.

- ASPIS - 240 members. Gross sales in 2001 were euros 316 mln. Aspis private label products as well as imported brands will be boosted in 2002.

- ELINNIKI DIATROFI - 1,390 members. The group's members are small to medium size retail companies. 2001 gross sales amounted to euro 528.25, an increase of 22.4% over 2000.

Supermarkets are researching of new ways to respond to competition and increase their market share. The most important approaches they have tried 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 and electronic equipment.
- Development of ready-meals department: These departments have been expanded in many supermarkets with a variety of meals offered. A few chains are accepting orders through phone and offer home delivery services.
- 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.

Most of the supermarkets belong to the Association of Greek Supermarket Enterprises, SESME, which actively participates in trade and retail policy.

Advantages and Challenges Facing U.S. Products In Greece

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 as brokers without taking legal possession of product or making imports on their own account. 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. There are 300,000 trading establishments in Greece. There are 7,000 corporations and limited liability companies engaged in wholesale trade and 3,200 corporations and limited liability companies handling retail trade.

Greece, as a member of the European Union (EU), fully complies with about 90% of EU regulations. Labeling and ingredient legislation for all food and agricultural products is based on EU rules and regulations. Additionally, Greece maintains specific labeling and ingredient rules for some food products under the Greek Food Code. 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.

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, GMO 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 transhipped and sold in any other EU member state. For additional information on EU Import Regulations and Procedures, please refer to: www.useu.be/agri/label.html.

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

T 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.

T The agents usually undertake promotional campaigns for the products they import.

T Importers usually focus on refrigerated goods, fresh produce, and dry products sectors.

T Most of the distributors have nationwide distribution.

Major Supermarket Profiles

Retailer Name and Outlet Type	Ownership	Sales 2001	No. of Outlets	Locations	Purchasing Agent Type
Carrefour/ Marinopoulos, Hyper	French/Greek	Euro 1.3 bln	138	All over the country	Importer
A-B Vassilopoulos/ TROFO	Belgian/Greek	Euro 869mln	103	All over the country	Importer
SKLAVENITIS	Greek	Euro 655mln	34	All over the country	Importer
VEROPOULOS GROUP	Greek	Euro 543mln	198	All over the country	Importer
ATLANTIK (Supermarket & Cash & Carry)	Greek	Euro 281mln	127	All over the country	Importer
METRO (Supermarket & Cash & Carry)	Greek	Euro 318mln	56	All over the country	Importer
MASOUTIS	Greek	Euro 393mln	156	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 into 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 Profile

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

<u>Traditional Market Profile</u>

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 factories, olives, etc.

SECTION III. COMPETITION

The retail food sector is the most dynamic sector in Greece. There are about 850 industrial groups involved in 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 11 million people. In CY 2000 total Greek imports reached $28.5 bln, with EU countries supplying $16.7 bln.

Greece provides good potential for U.S. food products, especially in conjunction with the 2004 Olympic Games to be hosted in Greece. The Games are expected to have a dramatic impact, as imports are necessary to meet increased demand. 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 other European countries, especially Germany, followed by France, Italy, and 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, and dough. Now that about 30% 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.

Frozen and Salted Fish: The frozen seafood market is a $50.0 million market, but changing trends in lifestyle and demographics are creating exciting opportunities for new products. In Greece the per capita consumption of fish is 24kgs.

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. Greeks are among the largest per capita tree-nut consumers in the world (8 kgs per capita average consumption). Almonds, walnuts, peanuts, and pistachios are 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.

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. The market for meat has potential to increase as incomes grow in Greece. 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 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.

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 approximately 31.4 liters per capita.

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 on average per capita consumption of 5 liters.

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. Cruise ships, an important provider of tourist accommodations and meals, particularly during the Olympics, are exempt from the EU food regulations which govern the mainland and Greek islands. Cruise ships therefore may serve US hormone-raised beef and US poultry.

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 Service
American Embassy
8, Makedonon Str.
GR-101 60 Athens
Tel. ++30-210-720-2233; 7212-951 x-2233
Fax: ++30-210-721-5264
email: AgAthens@fas.usda.gov
Website: www.usembassy.gr
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
- Hotel/Restaurant/Catering Industry 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