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Report Highlights:

This report gives an overview of the Italian food retail and distribution sectors and outlines current market trends, including best product prospects. Italy's food retail sales reached $145 billion in 2019, one percent more than in 2018. The Italian retail food market is highly diversified. Hypermarkets, supermarkets, convenience, discount, and specialized stores coexist with traditional corner shops and open-air markets.

Market Fact Sheet: Italy

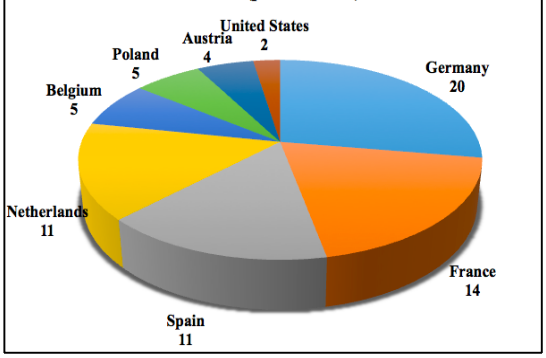
Executive Summary

Italy is the third-largest economy in the euro-zone, with a GDP estimated at $2.4 trillion and a per capita GDP of $39,675. 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 2019, U.S. agricultural, forest, and fish exports to Italy were $1.2 billion, while U.S. imports from Italy were $5.2 billion.

Imports of Consumer-Oriented Products

In 2019, Italy's imports of consumer-oriented products were approximately $23.6 billion, of which 84 percent originating from other EU27+UK member states. Imports from the EU27+UK were primarily dairy products, meat, and food preparations.

Italy's leading suppliers of consumer-oriented products in 2019 (percent share)



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, dairy products, processed meat and seafood, and snacks.

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. The majority of the supermarkets is located in northern Italy (47.1 percent), followed by the south (28.6 percent), and then by the central region (24.3 percent). Online grocery shopping is rapidly growing. Italy's food retail sales reached $145 billion in 2019, 1 percent more than 2018.

Quick Facts CY 2019

Imports of Consumer-Oriented Products: $23.6 billion

List of Top 10 Growth Products in Italy

1) Baked goods
2) Dairy products
3) Processed meat and seafood
4) Snacks
5) Cooking ingredients
6) Pasta
7) Ready meals
8) Sauces
9) Organics
10) Gluten-free

Food Industry by Channels ($ billion)

Food Industry Output	$153
Food Exports	$39.3
Food Imports	$23.6
Retail	$145
Food Service	$85

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 million
GDP: $2.4 trillion
GDP per capita: $39,675

Strengths/Weaknesses/Opportunities/Challenges

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	**Challenges**
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

The Italian retail food market is highly diversified. Hypermarkets, supermarkets, convenience, discount, and specialized stores coexist with traditional corner shops and open-air markets. The majority of supermarkets is located in northern Italy (47.1 percent), followed by the south (28.6 percent), and then by the central region (24.3 percent). Convenience stores and small supermarkets are commonly located in central areas of towns and cities. Hypermarkets and supermarkets tend to be positioned within large shopping centers in suburban areas and on the outskirts of cities.

Italy's food retail sales reached $145 billion in 2019, one percent more than in 2018. Multi-channel strategies, blending online and in-store sales, are key to success across retailing. Grocery retailers are paving the way towards innovative solutions in this respect, offering e-commerce shopping with deliveries to the consumer's home and in-store lockers for customers to collect online orders.

Food retailers witnessed a major move in May 2019 when Conad announced the acquisition of 1,600 points of sale (including 46 hypermarkets) from Auchan Retail Italia, operated under the brand names Auchan and Simply. Through such acquisition, Conad strengthened its lead over the second-placed player in grocery retailers, Coop Italia. Domestic and international discounters continued their expansion plans in Italy. In addition to the leader Eurospin Italia, which reached the 1,100 stores threshold, German discounters Lidl Italia, Aldi, and Penny Market Italia announced major investments for 2019-2020, and the opening of more than 140 new stores to strengthen their foothold in the country.

In Italy, grocery retailers continue to adapt their product assortment towards Italian consumers, expanding the range of locally grown, but also ethnic, vegan and vegetarian alternatives, "free from" products (e.g. gluten, lactose, or sugar free), and super foods. Convenience remains a valued commodity by Italian shoppers. Hectic lifestyles and busy agendas force consumers to look for solutions which allow them to save time and shop on the go. This is especially true in urban scenarios, where proximity stands high in the priority list.

Online grocery shopping is rapidly growing in Italy and experienced a significant surge during the COVID-19 emergency, growing by 145 percent in the period February 17 - May 3, 2020 compared to the same period last year. Sales increases were also registered in convenience stores (+26.9 percent), supermarkets (+12.9 percent), and discount stores (+7.9 percent). Conversely, sales dropped by 39.8 percent in Cash & Carry formats due to the closure of pubs, bars, cafes, restaurants, and catering services. Similarly, sales in hypermarkets (-9.8 percent) were penalized by the closure of shopping centers.

Key market drivers and consumption trends

- Ageing population and increased health consciousness of consumers is fueling the demand for health and wellness products, as well as functional food products.
- Increasingly high-paced society and the rising number of single households are driving the demand for convenient prepared ready meals, baking mixes, and desserts.
- Locally grown, but also ethnic, vegan and vegetarian alternatives, and "free from" products (e.g. gluten, lactose, or sugar free) attract more and more Italian consumers.
- Consumers increasingly require traceability and information about production methods.

Sales in Grocery Retailers by Channel: Value 2014-2019

EUR million	2014	2015	2016	2017	2018	2019
Convenience Stores	14,747.4	14,797.6	14,827.1	14,942.8	14,657.4	14,676.4
Discounters	14,495.4	14,988.2	15,677.7	16,414.5	17,230.3	18,110.8
Forecourt Retailers	252.8	259.1	266.9	274.4	279.6	284.4
Hypermarkets	20,348.0	20,848.8	21,392.4	21,561.9	21,214.7	20,828.6
Supermarkets	43,119.3	43,317.6	43,612.2	44,571.7	45,641.4	46,599.9
Modern Grocery Retailers	92,962.8	94,211.3	95,776.4	97,765.3	99,023.4	100,500.1
Traditional Grocery Retailers	33,564.6	33,896.9	34,283.4	34,890.2	34,820.4	34,608.0
Grocery Retailers	126,527.5	128,108.2	130,059.7	132,655.4	133,843.8	135,108.1

Source: Euromonitor

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.
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 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

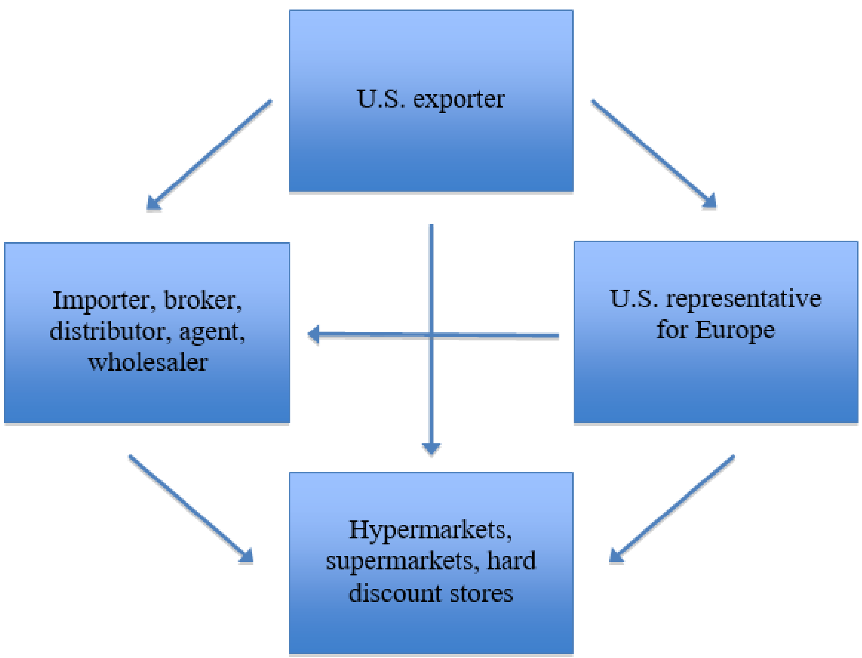
- **Entry Strategy**

- Identify 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.
- 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. 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. 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, 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 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.

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.



Leading Food Retailers

- Conad
- Coop Italia
- Selex Gruppo Commerciale SpA
- Esselunga SpA
- Crai Secom SpA
- Gruppo VèGè
- Gruppo Eurospin
- Schwarz Gruppe

- Carrefour SA
- Spar International

SECTION III. COMPETITION

Italy's main trading partner is the EU27+UK, supplying approximately 71 percent of the total agricultural, forest, and fish products, and nearly 84 percent of consumer-oriented products. Proximity and price make the EU27+UK more attractive and competitive.

Italy's leading suppliers of consumer-oriented products

Partner	January - December (Value: USD)			Market Share (%)			%Δ 2019/18
	2017	2018	2019	2017	2018	2019	
World	22,806,048,636	23,756,723,115	23,628,094,102	100	100	100	-0.54
EU27+UK	19,180,213,766	19,961,395,623	19,810,520,427	84.10	84.03	83.84	-0.76
Germany	4,651,307,424	4,770,860,732	4,747,474,699	20.40	20.08	20.09	-0.49
France	3,331,863,403	3,368,224,588	3,336,878,623	14.61	14.18	14.12	-0.93
Spain	2,507,412,348	2,653,460,964	2,699,726,852	11	11.17	11.43	1.74
Netherlands	2,511,246,009	2,682,274,673	2,683,583,176	11.01	11.29	11.36	0.05
Belgium	1,229,028,051	1,302,174,916	1,286,702,230	5.39	5.48	5.45	-1.19
Poland	1,166,333,727	1,183,430,124	1,110,588,177	5.11	4.98	4.70	-6.16
Austria	987,128,399	987,185,311	931,101,627	4.33	4.16	3.94	-5.68
United States	418,371,410	406,698,882	442,587,533	1.83	1.71	1.87	8.82

Source: Trade Data Monitor (TDM)

Competitive situation for selected consumer-oriented products

Commodity	Italy's imports from the world 2019	Italy's imports from the United States 2019	Key constraints over market development	Market attractiveness for the United States
Pork meat and products	$2.5 billion	$1.1 million	Competition from other EU countries, mainly Germany, the Netherlands, Denmark, and Spain.	Increasing domestic consumption.
Food preparations	$2 billion	$6 million	Competition from other EU countries, mainly Germany, the Netherlands, and France.	Growing demand from consumers and manufacturers.
Chocolate & cocoa products	$1 billion	$546,612	Competition from other EU countries, mainly Germany, France, and Belgium.	Growing demand from consumers, manufacturers, and confectionary industry.
Beer	$646 million	$3.2 million	Competition from other EU countries, mainly Belgium and Germany. Transport costs and time.	Italian drinking culture is changing. The beer market is growing with increased imports, new breweries, and pubs where high quality beer is served at reasonable prices.
Almonds	$368 million	$202 million	Competition from Spain.	Growing demand from manufacturers, confectionary, and snack industry.

Source: (TDM)

SECTION IV. BEST PRODUCT PROSPECTS CATEGORIES

- **Products present in the market which have good sales potential**

  - Tree nuts
  - Food preparations
  - Snack foods
  - Condiments and sauces

- **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