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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 $167.8 billion in 2021, a 2.9 percent increase compared to 2020 in spite of the lingering COVID-19 pandemic. Increased sales were registered at discount stores (+6.0 percent), hypermarkets (+3.4 percent), supermarkets (+3.3 percent), grocery retailers (+1.2 percent), and convenience stores (+1.2 percent).

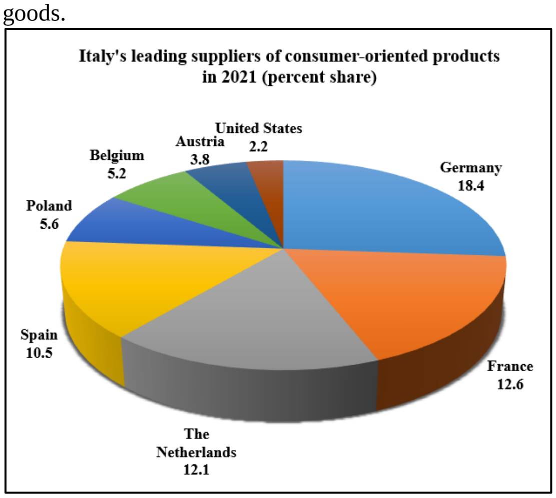
Market Fact Sheet: Italy

Executive Summary

GDP estimated at $1.9 trillion and a per capita GDP of $31,676. 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 2021, U.S. agricultural exports to Italy were $1.1 billion, while U.S. imports from Italy were $6.5 billion.

Imports of Consumer-Oriented Products

In 2021, Italy's imports of consumer-oriented products were approximately $28.4 billion, of which 82 percent originating from other EU-27 member states. Imports from the EU-27 were primarily dairy products, meat, and bakery goods.



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 baked goods, 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 $167.8 billion in 2021, 2.9 percent more than in 2020. Increased sales were registered in discount stores (+6.0 percent), hypermarkets (+3.4 percent), supermarkets (+3.3 percent), grocery retailers (+1.2 percent), and convenience stores (+1.2 percent).

Quick Facts CY 2021

Imports of Consumer-Oriented Products: $28.4 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) Chocolate 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	$170.2
Food Exports	$52.8
Food Imports	$28.4
Retail	$167.8
Food Service	$57.5

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) eBay Inc.

GDP/Population

Population: 59.5 million
GDP: 1.9 trillion
GDP per capita: $31,676

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:
Trade Data Monitor (TDM), LLC; 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 are located in northern Italy, followed by the south, and then by the central region. 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 malls in suburban areas and on the outskirts of cities.

Italy's food retail sales reached $167.8 billion in 2021, a 2.9 percent increase compared to 2020 in spite of the lingering COVID-19 pandemic. Increased sales were registered at discount stores (+6.0 percent), hypermarkets (+3.4 percent), supermarkets (+3.3 percent), grocery retailers (+1.2 percent), and convenience stores (+1.2 percent). 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. In 2021, delivery services experienced continuous growth, with third party delivery companies broadening the product types available for delivery (e.g. Just Eat, Glovo, Deliveroo, and Uber Eats).

Conad was Italy's leading food retailer in 2021 after the acquisition of more than 1,000 points of sale from Auchan Retail Italia, operated under the brand names My Auchan, Punto Sma, and Punto Simply. Followed Coop Italia, Selex Gruppo Commerciale, Esselunga, and Crai. Domestic and international discounters continued their expansion plans in Italy. In addition to the leader Eurospin Italia, which expanded to 1,100 stores, German discounters Lidl Italia and Aldi opened 42 and 31 new stores, respectively, strengthening their presence in Italy.

Grocery retailers continue to adapt their product offerings to Italian consumer preferences, 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. Moreover, 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.

Key market drivers and consumption trends

- Ageing population and increased health consciousness of consumers is fueling Italy's demand for health and wellness products, as well as functional food products.
- Demographic evolution is driving changes in consumer buying habits, as single and two person households are growing, while households of four or more persons declining.
- Locally grown, but also ethnic, vegan, vegetarian, and flexitarian 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 2017-2021 (€ million)

	2017	2018	2019	2020	2021
Convenience stores	14,942.8	14,657.4	14,965.2	15,584.8	15,779.6
Discounters	16,414.5	17,230.3	18,488.2	21,556.3	22,849.6
Forecourt retailers	274.4	269.6	266.6	262.4	258.4
Hypermarkets	21,561.9	21,466.0	21,035.4	20,848.7	21,551.2
Supermarkets	44,691.2	46,925.8	48,568.2	52,582.8	54,309.0
Modern grocery retailers	97,884.8	100,549.1	103,323.5	110,835.0	114,747.8
Traditional grocery retailers	34,890.2	34,820.4	35,516.8	37,647.8	38,099.6
Grocery retailers	132,775.0	135,369.4	138,840.3	148,482.8	152,847.4

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.

SECTION II. ROAD MAP FOR MARKET ENTRY

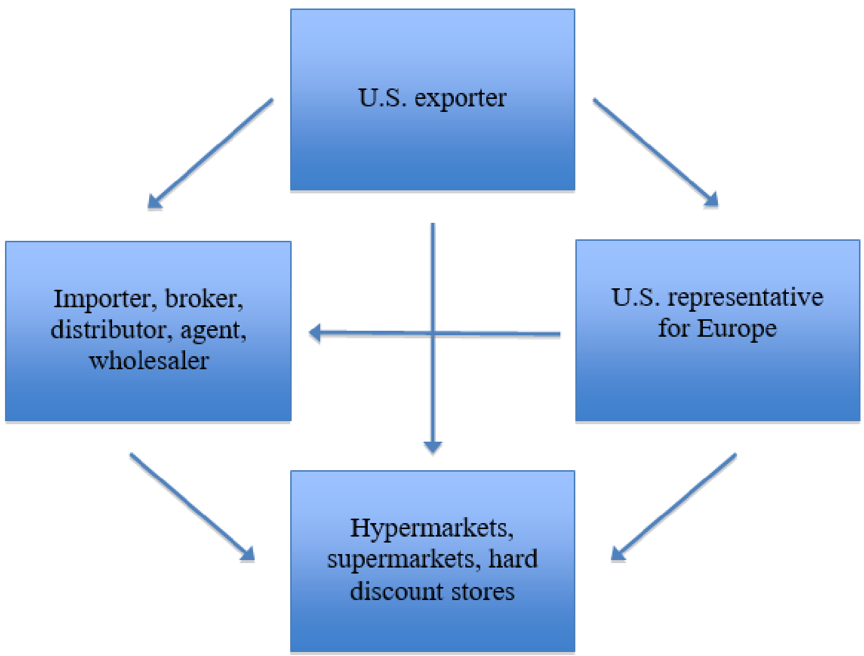
- **Entry Strategy**

  - 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 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.
  - 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
  - eBay Inc.

SECTION III. COMPETITION

Italy's main trading partner is the EU-27, supplying approximately 72 percent of the total agricultural products, and 82 percent of consumer-oriented products. Proximity and price make the EU-27 more attractive and competitive.

Italy's leading suppliers of consumer-oriented products

Partner Country	January - December (Value: USD)			Market Share (%)			%Δ 2021/20
	2019	2020	2021	2019	2020	2021	
World	26,840,944,494	25,903,448,784	28,440,299,424	100	99,99	100	9,79
EU-27	22,128,615,323	21,106,079,977	23,432,787,605	82,44	81,48	82,39	11,02
Germany	5,298,417,046	4,837,242,597	5,236,631,092	19,74	18,67	18,41	8,26
France	3,331,726,888	3,239,534,867	3,579,853,433	12,41	12,51	12,59	10,51
Netherlands	2,582,441,552	2,720,674,534	3,449,101,992	9,62	10,5	12,13	26,77
Spain	2,927,623,425	2,856,892,983	2,995,111,751	10,91	11,03	10,53	4,84
Poland	1,601,903,315	1,400,459,978	1,604,791,097	5,97	5,41	5,64	14,59
Belgium	1,355,083,339	1,207,885,987	1,473,340,373	5,05	4,66	5,18	21,98
Austria	1,004,611,826	979,823,063	1,070,479,992	3,74	3,78	3,76	9,25
United States	689,522,351	644,980,127	627,299,282	2,57	2,49	2,21	-2,74
Turkey	502,242,887	544,947,072	607,476,745	1,87	2,1	2,14	11,47
Denmark	456,256,581	420,955,214	554,650,080	1,7	1,63	1,95	31,76

Source: TDM, LLC

Competitive situation for selected consumer-oriented products

Commodity	Italy's imports from the world 2021	Italy's imports from the United States 2021	Key constraints over market development	Market attractiveness for the United States
Pork meat and products	$2.3 billion	$0	Competition from other EU countries, mainly Germany, the Netherlands, Spain, and Denmark	Growing consumers' demand.
Bakery goods	$1.7 billion	$988,178	Competition from other EU countries, mainly Germany, France, Austria, and Spain.	Growing consumers' demand.
Tree nuts	$1.6 billion	$315.5 million	Competition from Turkey, Germany, Chile, and Spain.	Growing demand from manufacturers, confectionary, and snack industry.
Chocolate and cocoa products	$1.2 billion	$271,416	Competition from other EU countries, mainly Germany, France, the Netherlands, and Belgium.	Growing consumers' demand.
Food preparations	$942.7 million	$7.5 million	Competition from other EU countries, mainly Germany, the Netherlands, France, and Belgium.	Growing consumers' demand.

SECTION IV. BEST PRODUCT PROSPECTS CATEGORIES

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

  - Tree nuts
  - Distilled spirits
  - Food preparations
  - Beer
  - 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

- **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: https://gain.fas.usda.gov/#/search

Attachments:

No Attachments