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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 $170.4 billion in 2022, a 2.1 percent increase compared to 2021. Increased sales were registered at discount stores (+4.1 percent), supermarkets (+2.8 percent), hypermarkets (+2.7 percent), and small local grocers (+1 percent). Conversely, convenience stores registered a 1 percent decrease.

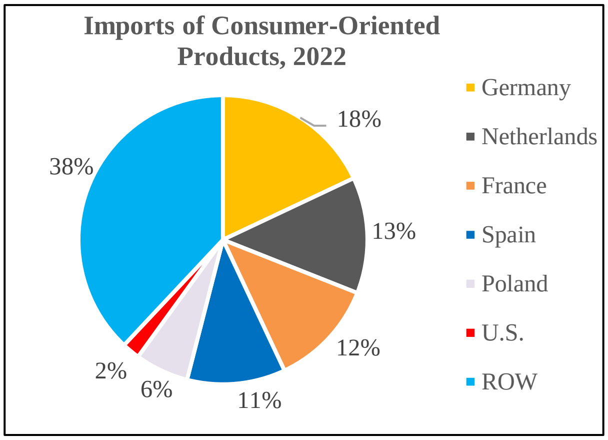
Market Fact Sheet: Italy

Executive Summary

Italy's economy is the eighth largest in the world and the third largest in the euro-zone, with a GDP estimated at $2 trillion and a per capita GDP of $34,083 in 2022. 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 2022, U.S. agricultural exports to Italy were $1.3 billion, while U.S. imports from Italy were $7.4 billion.

Imports of Consumer-Oriented Products

In 2022, Italy's imports of consumer-oriented products were $31.2 billion, of which 83 percent originating from other EU-27 member states. Imports from the EU-27 were primarily dairy products, beef and pork meat, fresh fruit, and processed vegetables.



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 highly 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 $170.4 billion in 2022. Increased sales were registered in discounters (+4.1 percent), supermarkets (+2.8 percent), hypermarkets (+2.7 percent), and small local grocers (+1percent).

Quick Facts CY 2022

Imports of Consumer-Oriented Products: $31.2 billion

List of Top 10 Growth Products in Italy

1) Dairy Products
2) Processed Meat and Seafood
3) Baked Goods
4) Processed Vegetables
5) Pasta and Rice
6) Chocolate Confectionary
7) Savory Snacks
8) Sauces, Dressings, and Condiments
9) Tree Nuts
10) Ready Meals

Food Industry by Channels ($ billion)

Food Exports	$53.9
Food Imports	$31.2
Retail	$170.4
Food Service	$73.6

Top 10 Italian Retailers

1) Conad
2) Coop Italia
3) Selex Gruppo Commerciale SpA
4) Esselunga SpA
5) Gruppo VéGé
6) Gruppo Eurospin
7) Schwarz Gruppe
8) Crai Secom SpA
9) D.IT Distribuzione Italiana Soc. Coop.
10) Spar International

GDP/Population

Population: 58.9 million
GDP: 2 trillion
GDP per capita: $34,083

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 $170.4 billion in 2022, a 2.1 percent increase compared to 2021. Increased sales were registered at discount stores (+4.1 percent), supermarkets (+2.8 percent), hypermarkets (+2.7 percent), and small local grocers (+1 percent). Conversely, convenience stores registered a 1 percent decrease. 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 2022, delivery services continued their 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 grocery retailer in 2022 after the acquisition of approximately 1,600 points of sale from Auchan Italia, operated under the brand names Auchan, Sma, and Simply. Followed Coop Italia, Selex Gruppo Commerciale SpA, Esselunga SpA, and Gruppo VéGé.

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.

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.

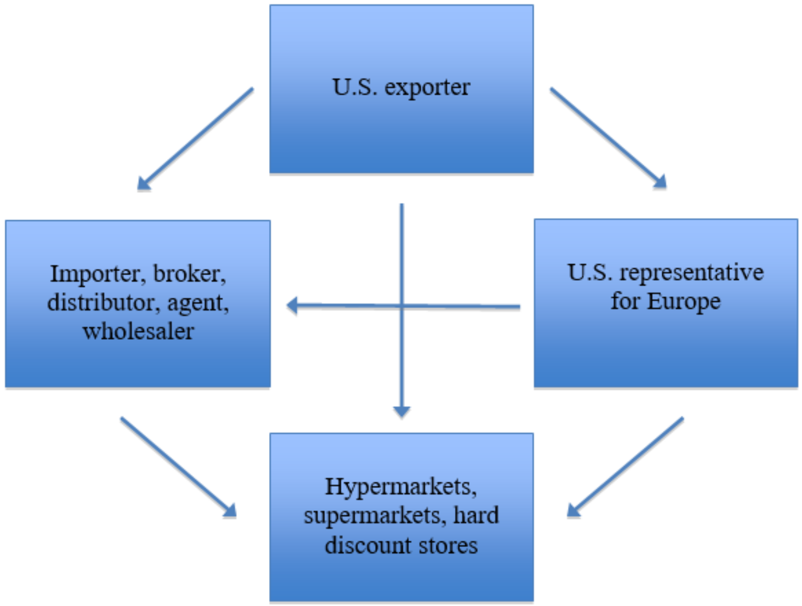
SECTION II. ROAD MAP FOR MARKET ENTRY

- **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.
  - 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 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
  - Gruppo VèGè
  - Gruppo Eurospin
  - Schwarz Gruppe
  - Crai Secom SpA
  - D.IT Distribuzione Italiana Soc. Coop.
  - Spar International

SECTION III. COMPETITION

Italy’s main trading partner is the EU-27, supplying approximately 70 percent of the total agricultural products, and 83 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 2022/21
	2020	2021	2022	2020	2021	2022	
World	25,903,448,784	28,806,947,942	31,228,265,508	99.99	100	100	8.41
EU-27	21,106,079,977	23,800,180,719	26,056,121,991	81.48	82.62	83.44	9.48
Germany	4,837,242,597	5,461,054,314	5,732,637,776	18.67	18.96	18.36	4.97
Netherlands	2,720,674,534	3,490,385,701	4,020,943,969	10.5	12.12	12.88	15.2
France	3,239,534,867	3,621,640,444	3,820,088,451	12.51	12.57	12.23	5.48
Spain	2,856,892,983	3,103,916,785	3,480,409,522	11.03	10.78	11.15	12.13
Poland	1,400,459,978	1,604,578,965	1,796,421,854	5.41	5.57	5.75	11.96
Belgium	1,207,885,987	1,334,309,867	1,675,429,084	4.66	4.63	5.37	25.57
Austria	979,823,063	1,099,088,757	1,225,875,715	3.78	3.82	3.93	11.54
United States	644,980,127	626,827,942	659,833,494	2.49	2.18	2.11	5.27
Denmark	420,955,214	552,863,241	629,108,697	1.63	1.92	2.02	13.79
Greece	430,552,648	528,701,610	530,594,352	1.66	1.84	1.7	0.36

Source: TDM, LLC

Competitive situation for selected consumer-oriented products

Commodity	Italy's imports from the world 2022	Italy's imports from the United States 2022	Key constraints over market development	Market attractiveness for the United States
Pork meat and products	$2.6 billion	$0	Competition from other EU countries, mainly Germany, Spain, the Netherlands, and Denmark	Growing consumers' demand.
Bakery goods, cereals, and pasta	$1.8 billion	$1.9 million	Competition from other EU countries, mainly Germany, France, Austria, and Spain.	Growing consumers' demand. Strong demand for pasta.
Tree nuts	$1.5 billion	$326.5 million	Competition from Turkey, Spain, Germany, and Chile.	Growing demand from manufacturers, confectionary, and snack industry.
Chocolate and cocoa products	$1.2 billion	$421,095	Competition from other EU countries, mainly Germany, the Netherlands, France, and Belgium.	Growing consumers' demand.
Food preparations	$965.8 million	$6.5 million	Competition from other EU countries, mainly Germany, the Netherlands, France, and Belgium.	Growing consumers' demand.

Source: TDM, LLC

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

- **Top consumer-oriented products imported from the world**
  - Dairy products (especially cheese, and milk and cream)
  - Beef and beef products
  - Pork and pork products

- **Top consumer-oriented products imported from the United States**
    - Tree nuts
    - Distilled spirits
    - Beef and beef products

- **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 Rome publishes numerous market and commodity reports available through the Global Agricultural Information Network (GAIN) at: https://gain.fas.usda.gov/#/search

Attachments:

No Attachments