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Italy

Food Service - Hotel Restaurant Institutional

Italy Food Service - Hotel Restaurant Institutional 2017

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Report Highlights:
This report gives an overview of the foodservice, hotel, restaurant and institutional sectors in Italy and outlines current market trends, including best product prospects. In general, Italians like to dine out, both for convenience (modern lifestyles and working outside of the home) and for social reasons (to meet and mingle.) When choosing an eatery Italian consumers are increasingly looking for food and beverages that they consider to be healthy, including locally sourced products that combine good nutritional value and farm to fork traceability.

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Section I. Market Summary
In general, Italians like to dine out, both for convenience (modern lifestyles and working outside of the home) and for social reasons (to meet and mingle.) When choosing an eatery Italian consumers are increasingly looking for food and beverages that they consider to be healthy, including locally sourced products that combine good nutritional value and farm to fork traceability. Independent outlets continue to represent the largest share of foodservice operators in Italy. Despite difficult economic conditions and a slowdown in customer traffic, they continue to account for the majority of outlets in the country, thanks to their focus on unique menus and dining experiences. There is, however, a growing trend of new outlets joining existing establishments. Thanks to the increased use of smartphones, more Italian consumers are searching the internet when deciding where and what to eat. Although, this is still in its' early stages, Italy has seen significant growth in online ordering operators such as Just Eat and Deliveroo.

Italy is the third-largest economy in the euro-zone, but exceptionally high public debt burdens and structural impediments to growth have rendered it vulnerable to scrutiny by financial markets. Italy's GDP is estimated at $2.234 trillion and it has a per capita GDP of $36,800. Italy has a population of approximately 62 million, and Italian is the official language. The economic crisis has forced Italian consumers to reduce expenses on meals consumed outside the home. With limited disposable income, consumers are skipping traditional full-service restaurants in favor of cheaper venues, such as fast food outlets or bars with happy hours, where consumers pay for drinks and are offered food free of charge. In Italy, meals are traditionally a social gathering. However, Italians tend to gather family and friends at home rather than in full-service restaurants.

In Italy, pizzerias have traditionally been one of the most popular destinations to eat out casually. This is especially true on weekends. Pizzerias have always been less expensive than traditional full-service restaurants. Some Italian consumers still prefer to purchase pizzas for takeaway and/or purchase frozen pizza at the grocery store to be eaten at home. Traditionally, Italians do not recognize breakfast as an important meal, and therefore it is popular to skip breakfast altogether or to just have coffee. In the case that they do eat breakfast at a café' they generally have a sandwich or pastry and a coffee or cappuccino. Cafés (referred to as bars in Italy) are beginning to offer breakfast deals, in order to attract consumers worried about spending too much money. Unlike Americans, Italians rarely eat a full breakfasts including, for example, sausages, cereals, and scrambled eggs. This type of menu is usually only offered in expensive hotels because of their international clientele.

In Italy, breakfast is generally consumed between 07:30 and 09.00 while lunch is eaten between 13.00 and 14.00, and dinner between 20:00 and 21.30. All of this varies, and can depend on the nature of an individual's profession and schedule, as well as the region in which they live. Italy's southern regions tend to follow a Mediterranean schedule, and eat dinner later than the northern regions. Italians still generally follow a set meal schedule, but snacking is becoming quite prevalent. Italians are very busy, lack time, and simply like to eat when hungry. The most popular hot drink in Italy is coffee. Usually, a double boiler coffee machine is used at home, but machines that use pods are becoming popular. This is because they are similar in taste to bar coffee. Italians usually enjoy tea during mid-morning or the middle of the afternoon. Sometimes cookies are also eaten then. Many more Italians than in the past are making health a top priority and thus herbal tea has gained favor. The most popular alcoholic beverages in Italy are wine and beer. Wine is generally always on the dinner table, whilst beer is most often drunk with starchier food, such as pizza.

Cafés/bars continue to be the largest segment of the consumer foodservice sector, and coffee is the leading product consumed outside of the home, followed by soft drinks and alcoholic beverages. Fast food is becoming one of the most dynamic sectors in consumer foodservice along with street stalls/kiosks. Home delivery/takeaway is still a relatively underdeveloped segment in Italy compared with other European countries and is mostly composed of pizza outlets. Self-service cafeterias remain stable, most of them belonging to chain outlets strategically located in shopping malls, airports, highway convenience stores, and city centers.

Due to the economic recession, families with young children tend to favor fast food establishments rather than pizzerias or traditional full-service restaurants. This shift is due to the offer of less expensive meals and entertainment for children. In 2016, fast food outlets registered an increase in value sales while traditional full-service restaurants suffered considerably. However, there seems to be a growing trend for restaurants offering North American type food driven by the outlet expansion of brands such as America Graffiti and Old Wild West owned by Cigierre Spa, and Roadhouse Grill owned by Cremonini SpA. These brands have focused on outlets in railway stations and shopping malls, offering competitive prices and a casual environment.

In light of the increasing interest among Italian consumers for natural, healthy and organic food, several operators have refocused their menus in order to meet this new demand. For example, vegetarian and vegan options have been introduced, as well as recipes made with local ingredients that are perceived as being healthier and more environmentally sustainable. In the case of pizza and other baked products, many outlets are now offering gluten-free alternatives. Burgers, ice cream and pizza are the most popular types of fast food in Italy. Sushi bars have exploded, and Chinese and Indian food is also becoming highly favored. In 2016, online ordering systems such as Deliveroo, Just Eat and Foodora continued to register an increase in users, combining a large list of restaurants and offering users the possibility to order directly online.

Italy is one of the top tourist destinations in Europe with the number of tourists increasing every year, boosting demand for meals in the HRI sector. Restaurant chains, including ethnic and fast food, are gaining market share and are expected to continue growing. Here are some of the key factors relating to changing Italian demographics and consumer habits that are affecting the HRI sector:

- Smaller households – The number of households without children is increasing. The average family has one or no children per household. Also, single person households are increasing.

- Increasing number of women in the workforce. The percentage of women in the workforce is bolstering the demand for more ready-to-eat foods, as well as eating-out frequency.

- Change in eating patterns. The increased presence and success of ethnic foods from all over the world can be seen particularly among the younger population.

- Aging population. An increasing percentage of the Italian population is over 65 years old and this increases the demand for senior citizens centers and/or facilities.

Every year more than 48 million tourists visit Italy, making it the world's fifth most attractive tourist destination. The Italian hotel and food service industry is a lucrative and growing sector; however, it is also diverse and fragmented. Tourism is one of Italy's fastest growing and most profitable industrial sectors. Many small establishments dominate Italy, including: bed and breakfasts, youth hostels, camping facilities, resorts and rural tourism. The Italian HRI sector serves more than 5.5 million meals a day. On average, hotel customers in Italy are 75 percent of international origin. In terms of product offering, success seems to be almost guaranteed for hotels which offer quality ingredients and local cooking with an emphasis on a gourmet format. This is also of interest to Italian customers if the restaurant has street access, not just access from inside the hotel, and provides menus with reasonable prices.

Overall levels of taxation within the hospitality sector in Italy are increasing, with the introduction of a range of tourist taxes in 2011 alongside with an increase to 22 percent in the Value Added Tax (VAT) in 2013. Italy applies a zero rate on wine, reflecting its position as a major wine producer. In Italy, the HRI sector accounts for about one third of all food consumed. The financial crisis has impacted Italian consumer choices and eating habits. With an unemployment rate of almost 12 percent, many families have drastically reduced their spending and altered their consumption habits.

Changing Italian lifestyles, with more workers now forced to spend their lunch hours outside of the home due to either longer commuting times or shorter lunch breaks, have given a boost to the food service industry. Italy is slowly moving towards trends and lifestyles seen in other European countries, and it is forecast that an increasing number of consumers will eat out during their lunch breaks and possibly also for their evening meals because of their jobs, long working hours, and business meetings. Although lunch breaks are likely to become shorter, it remains unlikely that most Italians will eat lunch at their desks. Italians still prefer to leave the office for a quick bite. Most hotels in Italy operate on the continental plan, which includes breakfast in the room rate. Lunch and dinner are seldom served due to the lack of demand from the small number of guestrooms. The breakfast room is closed for the rest of the day. There is, however, usually a stand-up bar off the lobby, which serves espresso, cappuccino, and alcoholic beverages throughout the day.

Advantages and Challenges Facing U.S. Products in Italy

Advantages	**Challenges**

Food consumption levels in Italy are among the highest in the world. Italians value quality food.	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 and transshipping.	U.S. exporters must conform to often-difficult Italian/European standards and regulations.
Consumers are receptive to modern and innovative products, although arguably less so than elsewhere in Europe.	High unemployment has kept consumer's price sensitive.
Growing demand for fast food mainly at lunch time; suppliers may find a niche (soups, fruit juices, sodas, organic, healthy, gluten free etc.)	Due to the economic situation, future growth in fast food sector will necessitate outlets development specific strategies.
Consumers demand quality, innovative, healthy and reasonably priced products.	U.S. suppliers must adapt products and prices to consumer tastes and expectations.

Section II. Road Map for Market Entry

A. Entry Strategy

The best initial step that a U.S. company interested in exporting to Italy and the EU can take is to find a reputable food importer, agent or wholesaler who already operates in the Italian market, knows how to facilitate product entry and has an established distribution to the HRI sector. Italian importers are usually small to medium-sized companies, rather than the large, market-dominating entities found in northern Europe. Consequently, these companies import on a smaller scale but usually with a broad product range.

A directory of European importers (many of them HRI suppliers) is available online at the American Foods in Europe Directory. http://www.american-foods.org/index.php European importers of U.S. products are listed by product category and company/country index.

Italians tend to be conservative and traditional in their eating. Food service companies usually select their products directly from the importers and distributors. Therefore, U.S. exporters need to work closely with the industry, focusing on the importers and distributors who can best promote U.S. products to the Italian HRI sector. These groups often have up-to-date knowledge of the most recent laws and regulations, and know how to communicate and work closely with the Italian Customs Officials. American exporters who can assist in consolidating shipments from other U.S. sources or who have a wide range of products for export have the greatest possibility of success in the Italian market. Single item exporters have a more limited chance for success in the Italian market at this time. Purchasing by hotels, restaurants, and institutions (HRI) remains fragmented and competitive. Few of them import products directly from other countries, except for items that they purchase in large quantities. Most HRI's would rather buy from central buyers/distributors importing food and beverages. In general, these wholesalers have specialized in products or product groups and some are even experts in food products from a specific country of origin. Thus, specialized importers have an in-depth knowledge of importing requirements, such as product certification, labeling and packaging.

They also typically handle shipping, customs clearance, warehousing and distribution of products within the country

Most imported food products enter the Italian market through brokers or specialized traders. Imported products from North America often enter Italy indirectly via the Netherlands' Port of Rotterdam or directly by air. Wholesalers are the main customers for fish and seafood products, as they purchase and distribute to numerous small restaurants and hotels. Most of the processed food and raw material sourcing decisions are made directly by the restaurant chef and/or hotel Food Purchasing Director. Restaurants, hotels, and catering companies tend to rely on importers, wholesalers, and food manufacturers, while trattorias and pizzerias purchase directly from large retail food outlets. While there are Category Associations for the Hotel and Food Service sectors, each establishment operates independently when it comes to sourcing decisions.

Studies have shown that sourcing behavior and purchasing decisions made by food service establishments are mainly based on the perceived “quality of the food,” followed by “price.” Italians tend to purchase the same products “to be on the safe side” and most decisions are made by the establishment owner or the chef. Restaurants, hotels and catering companies tend to rely on importers, wholesalers and food manufacturers, while trattorias and pizzerias purchase directly from large retail food outlets. The health and wellness trend has grown rapidly in Italy, which as a consequence has led to an increased popularity in gluten-free products and interest remains in local quality products made following regional recipes. Whilst in the past, demand for gluten-free products was mainly from consumers suffering from coeliac disease, a larger percentage of customers now are buying gluten-free products within foodservice outlets, as they perceive these as healthier and as a way of avoiding food intolerances. Another section of consumers increasingly are seeking food prepared according to local recipes and using local ingredients, also based on a perception of being more wholesome because of local provenance and familiarity with the food. Nutritious meals with lower fat content and more vegetables and fruits are expected to be given increasing prominence in menu displays.

Clear positioning is key to the success of franchise operators in Italy. A clear identity and focus on a few products, or even a mono-product offer, which clearly defined the positioning of the brand, were critical success factors among chained operators. A good example was the Italian Old Wilde West full-service restaurant chain, which combined a western style with foodservice. New formats also include chain full-service restaurants offering hamburgers made with fresh ingredients and cooked within sight of the consumer. Other chain full-service restaurants with a limited offer of specific products, such as buffalo mozzarella, rice, soups, pasta, or fish, are expected to become more popular in Italy. This trend is also set to affect fast food restaurants, focusing on specific menus, such as beef and chicken burgers, pasta, pizza or fish dishes. Specialist coffee shops, consisting of coffee-themed outlets with a focus primarily on serving coffee, will also likely benefit from this trend. Piadinerie, paninerie and porchetta street stalls/kiosks are other channels set to focus on this trend.

Success in introducing food products depends mainly on knowledge of the market and personal contact. The U.S. supplier should analyze Italian/EU food law, packaging and labeling requirements, business practices and trade-related laws and tariffs, potential importers and the distribution system.

The Office of Agricultural Affairs (OAA) offers guidelines on business practices and import regulations which can be found on the Post's webpage:
https://it.usembassy.gov/embassy-consulates/embassy/sections-offices/fas/

B. Market Structure

With more women in the workforce, and changing working conditions, Italians seem to be eating out more, taking shorter lunch breaks, snacking more and spending much less time in the kitchen preparing a meal. Dine out preferences are shifting from traditional restaurants in favor of less expensive foodservice options like pizzerias, bars, street stalls/kiosks, self-service cafeterias and fast food. This shift towards convenient dining has led Italian importers to seek food products adapted to self-service eateries. Many bars, restaurants and food service companies also are seeking foods that microwave easily. While home use of microwaves is still low, microwave sales are increasing. Families with two working parents rely more and more on microwaves to reheat food and prepare frozen foods. Microwaves are present in most small food shops to reheat baked goods such as pizza or roasted chicken.

The Italian youth market is especially interested in lifestyle foods such as American beer, Tex Mex, sushi, ethnic and salted snacks. American type packaging is perceived as being trendy and consumer friendly. U.S. exports of bulk and packaged dried fruits and nuts have consistently sold well in Italy and do very well in the HRI sector. Health food and gluten free items are doing very well too. U.S. exporters should be attentive of the new EC labeling and traceability regulations and be careful about claims. Also, the HRI sector has shown a historic reluctant to purchase any items that must be labeled as genetically engineered per EU GMO requirements.

C. Sub-Sector Profiles

Commercial Catering:

The commercial catering includes traditional restaurants, hotels and resorts, leisure parks, cafeterias, cafes, brasseries, fast food outlets, and street vendors. A large number of restaurants in and around Rome and in other major Italian cities, are medium/high end restaurants serving a wide range of traditional food, although an increasing number specialize in cuisine from Asia, Africa, India, and the United States. Consumers concerned with their decreased purchasing power favored fast food, home delivery/take away sectors over traditional restaurants.

Institutional Catering:

The institutional catering includes education, healthcare, business catering, schools, hospitals, factory restaurants, and air and sea catering. Economic woes encouraged workers to frequent company-provided cafeterias for low-cost meals. The requirements of feeding an aging population, either in institutions or through home-delivered meals, kept institutional catering demand strong. This sector is expected to continue growing; however, education (at schools, universities) and business catering sectors are growing more slowly than the healthcare and hospital sectors, mainly due to an aging population.

The economic downturn has heavily impacted the development of consumer foodservice in Italy, resulting in declines in value, outlets and transactions in 2015. This factor, along with the increase in the unemployment rate, the closure of many companies, a lack of confidence in future economic prospects, high taxation and labor costs, have impacted the development of the HRI sector in Italy. Independent foodservice operators have declined, while chain outlets have increased. Independent smaller players were the most affected by difficulties in acquiring bank loans during the crisis and a slower ability to react to market threats or opportunities due to the lower liquidity compared to operators that are part of a chain. Conversely, franchise chains benefited greatly from brand awareness, marketing and promotional activities and the technical and management support.

Franchise chains have increased their presence in motorways and railway stations, shopping centers, historical city centers, airports and multiplex cinemas as many independent small operators generally cannot afford the high rents charged in these locations. Tourism has also helped the chains with foreign visitors accounting for a significant percentage of sales for these operators. The HRI sector's supply channels are diverse and serve small and large customers with different needs. Beverage suppliers are very specialized since most beverage consumption takes place in bars, cafeterias and restaurants.

The most important HRI sector suppliers are:

Importers, Wholesalers, Specialists
More specialized by product segment, importers and wholesalers also supply directly the HRI sector, particularly the restaurant and hotel chains.

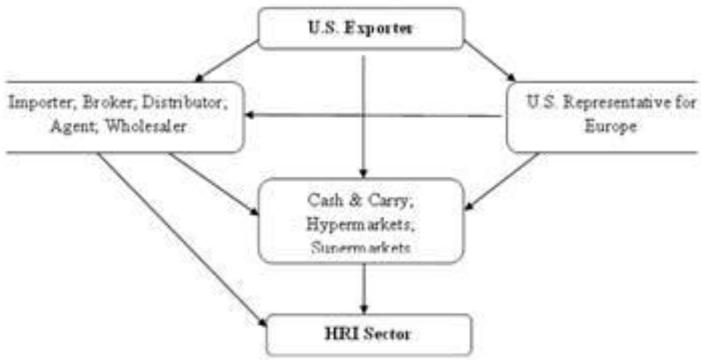
Commercial distributors
They play an important role in the supply of the food and beverages needs of many small and diverse food service providers.

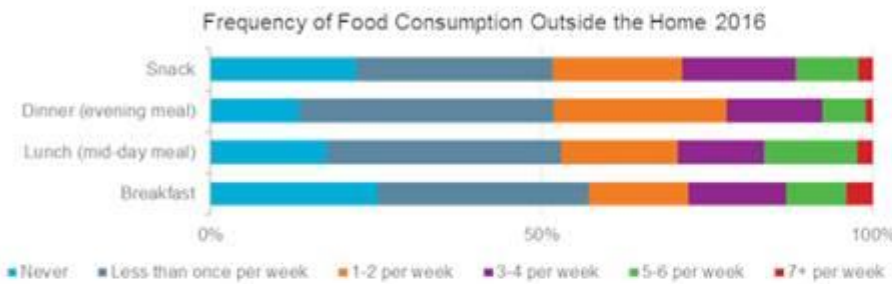
Wholesale Markets
Most perishable products are purchased at the wholesale market. The HRI sector is, by tradition, a net consumer of fresh produce.

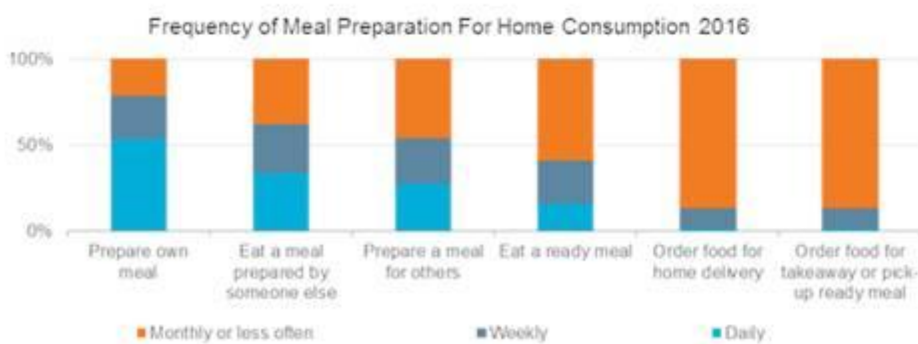
Cash & Carry
Open only to businesses and offering very competitive prices, they supply a wide variety of food products, from perishable to non-perishable, domestic and imported. Some cash-and-carry chains have developed outlets that only service the HRI sector.

Super and Hypermarkets
Very important to the HRI sector when considering "last minute" purchases. Also important due to their convenient locations.

Local Producers
Some players in the HRI sector buy directly from local producers, particularly if they are located close to major markets. The food service sector has a tradition of using fresh produce in their daily menus. Many restaurants and hotels, particularly along the coasts, buy directly from local producers and fishermen.







Source: Euromonitor International from national statistics/Eurostat/UN/OECD and Euromonitor International Global Consumer Trends survey; 2013-2016

Sales in Consumer Foodservice Value 2011-2016

EUR million	2011	2012	2013	2014	2015	2016
100% Home Delivery	6,844.8	6,850.8	6,870.9	6,906.2	6,945.2	6,983.2
Cafés/Bars	15,524.9	14,957.7	14,583.2	14,255.8	14,012.8	13,805.0
Fast Food	2,659.5	2,693.7	2,651.6	2,629.5	2,681.4	2,736.9
Full-Service Restaurants	33,294.7	32,644.0	32,060.1	31,438.3	30,898.9	30,454.9
Self-Service Cafeterias	943.9	927.9	902.5	871.5	834.2	800.6

Street Stalls/Kiosks	330.8	341.6	349.5	357.0	362.7	367.8
Consumer Foodservice	59,598.6	58,415.7	57,417.8	56,458.3	55,735.2	55,148.3

Source: Euromonitor International from official statistics, trade associations, trade press, company research, trade interviews, trade sources

Leading Company Profiles, Consumer Foodservice, Italy

Source: Euromonitor

Autogrill SpA

Website:	www.autogrill.com
Activities:	Operator of cafés/bars, fast food, self-service cafeterias
Autogrill SpA: Operational Indicators	2016
Net sales	€1,235 million

Cremonini SpA

Website:	http://www.cremonini.it/
Activities:	Operator in full-service restaurants, fast food and self-service cafeterias
Cremonini: Operational Indicators	2016
Net sales	€3.4 billion

McDonald's Srl

Website:	http://www.mcdonalds.it
Activities:	Operator in the fast food and café/bar channels
McDonalds: Operational Indicators	2016
Net sales	€1.0 billion

Sebeto Spa

Website:	http://www.sebeto.com
Activities:	Operator of full-service restaurants and fast food
Sebeto: Operational Indicators	2016
Net sales	€211 million

Airest Srl

Website:	http://www.airest.com
Activities:	Operator of self-service cafeterias
Airest Srl: Operational Indicators	2016
Net sales	€95 million

Camst Srl

Website:	http://www.camst.it
Activities:	Operator of self-service cafeterias, cafés/bars and full-service restaurants
Airest Srl: Operational Indicators	2016

Net sales	€112 million

Section III. Competition

Product Category **Total imports 2016 (quantity and value)**	**Major supply sources (% value)**	**Strengths of Key Supply Countries**	**Advantages and Disadvantages of Local Suppliers**
Fresh Fruit Imports: 2 million tons Value: $1.8 billion	Spain – 31% Costa Rica – 13% Colombia – 7%	Spain is geographically close and has developed a long-standing reputation in the market. Costa Rica and Colombia are price competitive.	Increased domestic consumption. Local suppliers are affected by rising production costs.
Snack Foods Imports: 277,818 tons Value: $1 billion	Germany – 33% France – 14% Belgium – 10%	Germany, France, and Belgium are geographically close and have developed a long-standing reputation in the market.	Good demand for salty, sweet, and chocolate products. Growing demand for new exotic flavors (olive oil, chili…), combined with a healthier content.
Beer Imports: 717 million liters Value: $600 million	Germany – 43% Denmark – 10% Belgium – 9%	Germany, Denmark, and Belgium are geographically close, have developed a long-standing reputation in the market, and are price competitive.	Although the Italian drinking culture has always been focused on wine, things have been changing recently. The beer market is growing with increased imports, new breweries and pubs where high quality beer is served at reasonable prices.
Wine Imports: 272 million liters Value: $351 million	France – 50% Spain – 21%	France and Spain have developed a long-standing reputation in the market and are price competitive.	The United States is the fourth largest wine producing country in the world after Italy, France, and Spain. American wines offer great value, with prize-winning vintages at reasonable prices, and are increasingly available in Italy and Europe.
Chocolate Imports: 73,190 tons Value: $311 million	Germany – 44% Belgium – 17% France – 14%	Germany and Belgium are geographically close and have developed a long-standing reputation.	Growing demand from manufacturers, confectionary and snack industry.

Section IV. Best Product Prospects

Local, organic and premium products continue to gain favor among Italian consumers both in retail and foodservice channels, to the point that they are becoming the new normal in everyday meals.

Foodservice operators today in Italy feature vegetarian and vegan menus, fresh produce from local farmers, gluten-free for those with coeliac disease, as well as lactose-free frozen yoghurt or ice cream. As the economy continues on its recovery path and consumers have more disposable income, this trend is expected to continue, and more foodservice operators are expected to embrace upgraded ingredients in their recipes. This will have a positive effect on the local economy and communities, at a time when unemployment rates are still very high compared to international standards.

American-style fast food chains, buffets, and salad bars are gaining popularity in the Italian market. This move towards more convenient dining has led Italian importers to seek out U.S. food products adapted to self-service eateries. Many bars, restaurants and food service companies also are seeking foods that microwave easily. Italians are consuming increasing quantities of breakfast cereals, organic and snack foods. The Italian youth market is especially interested in lifestyle foods such as American microbrew beers and salted snacks.

Best High Value Product Prospects

The consumer food/edible fishery and forestry products that offer the best U.S. export opportunities are as follows:

Commodity	Imports 2016 $	Imports from U.S. $	2012-2016 Average annual import % growth	Key constraints over market development	Market attractiveness for the U.S.
Pork meat	2.2 billion	893,912	+44.8	Competition from other EU countries.	Increasing domestic consumption.
Beer	611 million	2.5 million	+64.3	Competition from EU countries. Transport costs and time.	Although the Italian drinking culture has always been focused on wine, things have been changing recently. The beer market is growing with increased imports, new breweries and pubs where high quality beer is served at reasonable prices.
Soybeans	595 million	131 million	+111.2	Competition from Brazil.	Growing demand from the Italian feed industry.
Wine	335 million	42.3 million	+0.1	Competition from Italy and other EU countries.	The United States is the fourth largest wine producing country in the world after Italy, France, and Spain. American wines offer great value, with prize-winning vintages at reasonable prices, and are increasingly available in Italy and Europe.
Chocolate	313 million	196,973	+60.3	Competition from other EU countries.	Growing demand from manufacturers, confectionary

					and snack industry.

Products not present in significant quantities but which have good sales potential:

Functional and health food
Free-from products (lactose-free, gluten-free)
Specialty foods, snack foods and sauces
Organic Products

Section I. Market Summary

In general, Italians like to dine out, both for convenience (modern lifestyles and working outside of the home) and for social reasons (to meet and mingle.) When choosing an eatery Italian consumers are increasingly looking for food and beverages that they consider to be healthy, including locally sourced products that combine good nutritional value and farm to fork traceability. Independent outlets continue to represent the largest share of foodservice operators in Italy. Despite difficult economic conditions and a slowdown in customer traffic, they continue to account for the majority of outlets in the country, thanks to their focus on unique menus and dining experiences. There is, however, a growing trend of new outlets joining existing establishments. Thanks to the increased use of smartphones, more Italian consumers are searching the internet when deciding where and what to eat. Although, this is still in its' early stages, Italy has seen significant growth in online ordering operators such as Just Eat and Deliveroo.

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In Italy, pizzerias have traditionally been one of the most popular destinations to eat out casually. This is especially true on weekends. Pizzerias have always been less expensive than traditional full-service restaurants. Some Italian consumers still prefer to purchase pizzas for takeaway and/or purchase frozen pizza at the grocery store to be eaten at home. Traditionally, Italians do not recognize breakfast as an important meal, and therefore it is popular to skip breakfast altogether or to just have coffee. In the case that they do eat breakfast at a café' they generally have a sandwich or pastry and a coffee or cappuccino. Cafés (referred to as bars in Italy) are beginning to offer breakfast deals, in order to attract consumers worried about spending too much money. Unlike Americans, Italians rarely eat a full breakfasts including, for example, sausages, cereals, and scrambled eggs. This type of menu is usually only offered in expensive hotels because of their international clientele.

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Cafés/bars continue to be the largest segment of the consumer foodservice sector, and coffee is the leading product consumed outside of the home, followed by soft drinks and alcoholic beverages. Fast food is becoming one of the most dynamic sectors in consumer foodservice along with street stalls/kiosks. Home delivery/takeaway is still a relatively underdeveloped segment in Italy compared with other European countries and is mostly composed of pizza outlets. Self-service cafeterias remain stable, most of them belonging to chain outlets strategically located in shopping malls, airports, highway convenience stores, and city centers.

Due to the economic recession, families with young children tend to favor fast food establishments rather than pizzerias or traditional full-service restaurants. This shift is due to the offer of less expensive meals and entertainment for children. In 2016, fast food outlets registered an increase in value sales while traditional full-service restaurants suffered considerably. However, there seems to be a growing trend for restaurants offering North American type food driven by the outlet expansion of brands such as America Graffiti and Old Wild West owned by Cigierre Spa, and Roadhouse Grill owned by Cremonini SpA. These brands have focused on outlets in railway stations and shopping malls, offering competitive prices and a casual environment.

In light of the increasing interest among Italian consumers for natural, healthy and organic food, several operators have refocused their menus in order to meet this new demand. For example, vegetarian and vegan options have been introduced, as well as recipes made with local ingredients that are perceived as being healthier and more environmentally sustainable. In the case of pizza and other baked products, many outlets are now offering gluten-free alternatives. Burgers, ice cream and pizza are the most popular types of fast food in Italy. Sushi bars have exploded, and Chinese and Indian food is also becoming highly favored. In 2016, online ordering systems such as Deliveroo, Just Eat and Foodora continued to register an increase in users, combining a large list of restaurants and offering users the possibility to order directly online.

Italy is one of the top tourist destinations in Europe with the number of tourists increasing every year, boosting demand for meals in the HRI sector. Restaurant chains, including ethnic and fast food, are gaining market share and are expected to continue growing. Here are some of the key factors relating to changing Italian demographics and consumer habits that are affecting the HRI sector:

- Smaller households – The number of households without children is increasing. The average family has one or no children per household. Also, single person households are increasing.

- Increasing number of women in the workforce. The percentage of women in the workforce is bolstering the demand for more ready-to-eat foods, as well as eating-out frequency.

- Change in eating patterns. The increased presence and success of ethnic foods from all over the world can be seen particularly among the younger population.

- Aging population. An increasing percentage of the Italian population is over 65 years old and this increases the demand for senior citizens centers and/or facilities.

Every year more than 48 million tourists visit Italy, making it the world's fifth most attractive tourist destination. The Italian hotel and food service industry is a lucrative and growing sector; however, it is also diverse and fragmented. Tourism is one of Italy's fastest growing and most profitable industrial sectors. Many small establishments dominate Italy, including: bed and breakfasts, youth hostels, camping facilities, resorts and rural tourism. The Italian HRI sector serves more than 5.5 million meals a day. On average, hotel customers in Italy are 75 percent of international origin. In terms of product offering, success seems to be almost guaranteed for hotels which offer quality ingredients and local cooking with an emphasis on a gourmet format. This is also of interest to Italian customers if the restaurant has street access, not just access from inside the hotel, and provides menus with reasonable prices.

Overall levels of taxation within the hospitality sector in Italy are increasing, with the introduction of a range of tourist taxes in 2011 alongside with an increase to 22 percent in the Value Added Tax (VAT) in 2013. Italy applies a zero rate on wine, reflecting its position as a major wine producer. In Italy, the HRI sector accounts for about one third of all food consumed. The financial crisis has impacted Italian consumer choices and eating habits. With an unemployment rate of almost 12 percent, many families have drastically reduced their spending and altered their consumption habits.

Changing Italian lifestyles, with more workers now forced to spend their lunch hours outside of the home due to either longer commuting times or shorter lunch breaks, have given a boost to the food service industry. Italy is slowly moving towards trends and lifestyles seen in other European countries, and it is forecast that an increasing number of consumers will eat out during their lunch breaks and possibly also for their evening meals because of their jobs, long working hours, and business meetings. Although lunch breaks are likely to become shorter, it remains unlikely that most Italians will eat lunch at their desks. Italians still prefer to leave the office for a quick bite. Most hotels in Italy operate on the continental plan, which includes breakfast in the room rate. Lunch and dinner are seldom served due to the lack of demand from the small number of guestrooms. The breakfast room is closed for the rest of the day. There is, however, usually a stand-up bar off the lobby, which serves espresso, cappuccino, and alcoholic beverages throughout the day.

Advantages and Challenges Facing U.S. Products in Italy

Advantages	Challenges
Food consumption levels in Italy are among the highest in the world. Italians value quality food.	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 and transshipping.	U.S. exporters must conform to often-difficult Italian/European standards and regulations.
Consumers are receptive to modern and innovative products, although arguably less so than elsewhere in Europe.	High unemployment has kept consumer's price sensitive.
Growing demand for fast food mainly at lunch time; suppliers may find a niche (soups, fruit juices, sodas, organic, healthy, gluten free etc.)	Due to the economic situation, future growth in fast food sector will necessitate outlets development specific strategies.
Consumers demand quality, innovative, healthy and reasonably priced products.	U.S. suppliers must adapt products and prices to consumer tastes and expectations.

Section II. Road Map for Market Entry

A. Entry Strategy

The best initial step that a U.S. company interested in exporting to Italy and the EU can take is to find a reputable food importer, agent or wholesaler who already operates in the Italian market, knows how to facilitate product entry and has an established distribution to the HRI sector. Italian importers are usually small to medium-sized companies, rather than the large, market-dominating entities found in northern Europe. Consequently, these companies import on a smaller scale but usually with a broad product range.

A directory of European importers (many of them HRI suppliers) is available online at the American Foods in Europe Directory. http://www.american-foods.org/index.php European importers of U.S. products are listed by product category and company/country index.

Italians tend to be conservative and traditional in their eating. Food service companies usually select their products directly from the importers and distributors. Therefore, U.S. exporters need to work closely with the industry, focusing on the importers and distributors who can best promote U.S. products to the Italian HRI sector. These groups often have up-to-date knowledge of the most recent laws and regulations, and know how to communicate and work closely with the Italian

Customs Officials. American exporters who can assist in consolidating shipments from other U.S. sources or who have a wide range of products for export have the greatest possibility of success in the Italian market. Single item exporters have a more limited chance for success in the Italian market at this time. Purchasing by hotels, restaurants, and institutions (HRI) remains fragmented and competitive. Few of them import products directly from other countries, except for items that they purchase in large quantities. Most HRI's would rather buy from central buyers/distributors importing food and beverages. In general, these wholesalers have specialized in products or product groups and some are even experts in food products from a specific country of origin. Thus, specialized importers have an in-depth knowledge of importing requirements, such as product certification, labeling and packaging. They also typically handle shipping, customs clearance, warehousing and distribution of products within the country

Most imported food products enter the Italian market through brokers or specialized traders. Imported products from North America often enter Italy indirectly via the Netherlands' Port of Rotterdam or directly by air. Wholesalers are the main customers for fish and seafood products, as they purchase and distribute to numerous small restaurants and hotels. Most of the processed food and raw material sourcing decisions are made directly by the restaurant chef and/or hotel Food Purchasing Director. Restaurants, hotels, and catering companies tend to rely on importers, wholesalers, and food manufacturers, while trattorias and pizzerias purchase directly from large retail food outlets. While there are Category Associations for the Hotel and Food Service sectors, each establishment operates independently when it comes to sourcing decisions.

Studies have shown that sourcing behavior and purchasing decisions made by food service establishments are mainly based on the perceived "quality of the food," followed by "price." Italians tend to purchase the same products "to be on the safe side" and most decisions are made by the establishment owner or the chef. Restaurants, hotels and catering companies tend to rely on importers, wholesalers and food manufacturers, while trattorias and pizzerias purchase directly from large retail food outlets. The health and wellness trend has grown rapidly in Italy, which as a consequence has led to an increased popularity in gluten-free products and interest remains in local quality products made following regional recipes. Whilst in the past, demand for gluten-free products was mainly from consumers suffering from coeliac disease, a larger percentage of customers now are buying gluten-free products within foodservice outlets, as they perceive these as healthier and as a way of avoiding food intolerances. Another section of consumers increasingly are seeking food prepared according to local recipes and using local ingredients, also based on a perception of being more wholesome because of local provenance and familiarity with the food. Nutritious meals with lower fat content and more vegetables and fruits are expected to be given increasing prominence in menu displays.

Clear positioning is key to the success of franchise operators in Italy. A clear identity and focus on a few products, or even a mono-product offer, which clearly defined the positioning of the brand, were critical success factors among chained operators. A good example was the Italian Old Wilde West full-service restaurant chain, which combined a western style with foodservice. New formats also include chain full-service restaurants offering hamburgers made with fresh ingredients and cooked within sight of the consumer. Other chain full-service restaurants with a limited offer of specific products, such as buffalo mozzarella, rice, soups, pasta, or fish, are expected to become more popular in Italy. This trend is also set to affect fast food restaurants, focusing on specific menus, such as beef and chicken burgers, pasta, pizza or fish dishes. Specialist coffee shops, consisting of coffee-themed outlets with a focus primarily on serving coffee, will also likely benefit from this trend. Piadinerie, paninerie and porchetta street stalls/kiosks are other channels set to focus on this trend.

Success in introducing food products depends mainly on knowledge of the market and personal contact. The U.S. supplier should analyze Italian/EU food law, packaging and labeling requirements, business practices and trade-related laws and tariffs, potential importers and the distribution system. The Office of Agricultural Affairs (OAA) offers guidelines on business practices and import regulations which can be found on the Post's webpage:
https://it.usembassy.gov/embassy-consulates/embassy/sections-offices/fas/

B. Market Structure

With more women in the workforce, and changing working conditions, Italians seem to be eating out more, taking shorter lunch breaks, snacking more and spending much less time in the kitchen preparing a meal. Dine out preferences are shifting from traditional restaurants in favor of less expensive foodservice options like pizzerias, bars, street stalls/kiosks, self-service cafeterias and fast food. This shift towards convenient dining has led Italian importers to seek food products adapted to self-service eateries. Many bars, restaurants and food service companies also are seeking foods that microwave easily. While home use of microwaves is still low, microwave sales are increasing. Families with two working parents rely more and more on microwaves to reheat food and prepare frozen foods. Microwaves are present in most small food shops to reheat baked goods such as pizza or roasted chicken.

The Italian youth market is especially interested in lifestyle foods such as American beer, Tex Mex, sushi, ethnic and salted snacks. American type packaging is perceived as being trendy and consumer friendly. U.S. exports of bulk and packaged dried fruits and nuts have consistently sold well in Italy and do very well in the HRI sector. Health food and gluten free items are doing very well too. U.S. exporters should be attentive of the new EC labeling and traceability regulations and be careful about claims. Also, the HRI sector has shown a historic reluctant to purchase any items that must be labeled as genetically engineered per EU GMO requirements.

C. Sub-Sector Profiles

Commercial Catering:

The commercial catering includes traditional restaurants, hotels and resorts, leisure parks, cafeterias, cafes, brasseries, fast food outlets, and street vendors. A large number of restaurants in and around Rome and in other major Italian cities, are medium/high end restaurants serving a wide range of traditional food, although an increasing number specialize in cuisine from Asia, Africa, India, and the United States. Consumers concerned with their decreased purchasing power favored fast food, home delivery/take away sectors over traditional restaurants.

Institutional Catering:

The institutional catering includes education, healthcare, business catering, schools, hospitals, factory restaurants, and air and sea catering. Economic woes encouraged workers to frequent company-provided cafeterias for low-cost meals. The requirements of feeding an aging population, either in institutions or through home-delivered meals, kept institutional catering demand strong. This sector is expected to continue growing; however, education (at schools, universities) and business catering sectors are growing more slowly than the healthcare and hospital sectors, mainly due to an aging population.

The economic downturn has heavily impacted the development of consumer foodservice in Italy, resulting in declines in value, outlets and transactions in 2015. This factor, along with the increase in the unemployment rate, the closure of many companies, a lack of confidence in future economic prospects, high taxation and labor costs, have impacted the development of the HRI sector in Italy. Independent foodservice operators have declined, while chain outlets have increased. Independent smaller players were the most affected by difficulties in acquiring bank loans during the crisis and a slower ability to react to market threats or opportunities due to the lower liquidity compared to operators that are part of a chain. Conversely, franchise chains benefited greatly from brand awareness, marketing and promotional activities and the technical and management support.

Franchise chains have increased their presence in motorways and railway stations, shopping centers, historical city centers, airports and multiplex cinemas as many independent small operators generally cannot afford the high rents charged in these locations. Tourism has also helped the chains with foreign visitors accounting for a significant percentage of sales for these operators. The HRI sector's supply channels are diverse and serve small and large customers with different needs. Beverage suppliers are very specialized since most beverage consumption takes place in bars, cafeterias and restaurants.

The most important HRI sector suppliers are:

Importers, Wholesalers, Specialists
More specialized by product segment, importers and wholesalers also supply directly the HRI sector, particularly the restaurant and hotel chains.

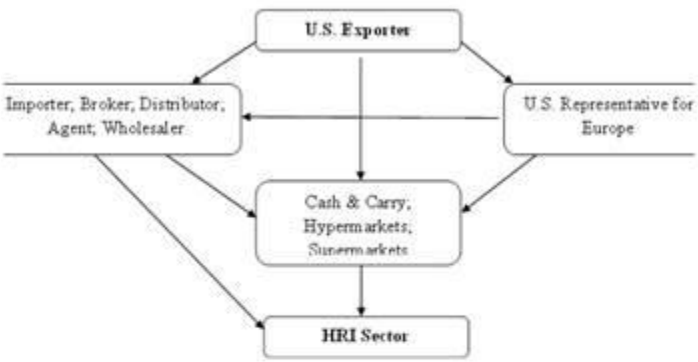
Commercial distributors
They play an important role in the supply of the food and beverages needs of many small and diverse food service providers.

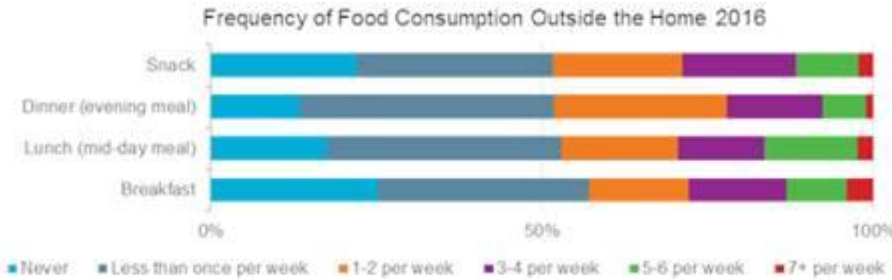
Wholesale Markets
Most perishable products are purchased at the wholesale market. The HRI sector is, by tradition, a net consumer of fresh produce.

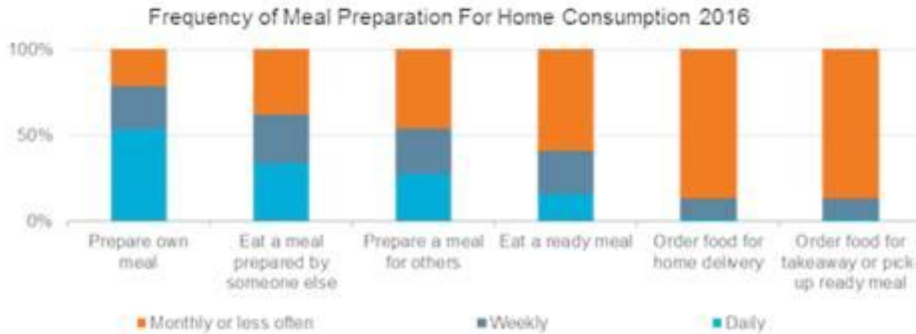
Cash & Carry
Open only to businesses and offering very competitive prices, they supply a wide variety of food products, from perishable to non-perishable, domestic and imported. Some cash-and-carry chains have developed outlets that only service the HRI sector.

Super and Hypermarkets
Very important to the HRI sector when considering "last minute" purchases. Also important due to their convenient locations.

Local Producers
Some players in the HRI sector buy directly from local producers, particularly if they are located close to major markets. The food service sector has a tradition of using fresh produce in their daily menus. Many restaurants and hotels, particularly along the coasts, buy directly from local producers and fishermen.







Source: Euromonitor International from national statistics/Eurostat/UN/OECD and Euromonitor International Global Consumer Trends survey, 2015-2016

Sales in Consumer Foodservice Value 2011-2016

EUR million	2011	2012	2013	2014	2015	2016
100% Home Delivery	6,844.8	6,850.8	6,870.9	6,906.2	6,945.2	6,983.2
Cafés/Bars	15,524.9	14,957.7	14,583.2	14,255.8	14,012.8	13,805.0
Fast Food	2,659.5	2,693.7	2,651.6	2,629.5	2,681.4	2,736.9
Full-Service Restaurants	33,294.7	32,644.0	32,060.1	31,438.3	30,898.9	30,454.9
Self-Service Cafeterias	943.9	927.9	902.5	871.5	834.2	800.6
Street Stalls/Kiosks	330.8	341.6	349.5	357.0	362.7	367.8
Consumer Foodservice	59,598.6	58,415.7	57,417.8	56,458.3	55,735.2	55,148.3

Source: Euromonitor International from official statistics, trade associations, trade press, company research, trade interviews, trade sources

Leading Company Profiles, Consumer Foodservice, Italy

Source: Euromonitor

Autogrill SpA

Website:	www.autogrill.com
Activities:	Operator of cafés/bars, fast food, self-service cafeterias
Autogrill SpA: Operational Indicators	2016
Net sales	€1,235 million

Cremonini SpA

Website:	http://www.cremonini.it/

Activities:	Operator in full-service restaurants, fast food and self-service cafeterias
Cremonini: Operational Indicators	2016
Net sales	€3.4 billion

McDonald's Srl

Website:	http://www.mcdonalds.it
Activities:	Operator in the fast food and café/bar channels
McDonalds: Operational Indicators	2016
Net sales	€1.0 billion

Sebeto Spa

Website:	http://www.sebeto.com
Activities:	Operator of full-service restaurants and fast food
Sebeto: Operational Indicators	2016
Net sales	€211 million

Airest Srl

Website:	http://www.airest.com
Activities:	Operator of self-service cafeterias
Airest Srl: Operational Indicators	2016
Net sales	€95 million

Camst Srl

Website:	http://www.camst.it
Activities:	Operator of self-service cafeterias, cafés/bars and full-service restaurants
Airest Srl: Operational Indicators	2016
Net sales	€112 million

Section III. Competition

Product Category **Total imports 2016 (quantity and value)**	**Major supply sources (% value)**	**Strengths of Key Supply Countries**	**Advantages and Disadvantages of Local Suppliers**
Fresh Fruit Imports: 2 million tons Value: $1.8 billion	Spain – 31% Costa Rica – 13% Colombia – 7%	Spain is geographically close and has developed a long-standing reputation in the market. Costa Rica and Colombia are price competitive.	Increased domestic consumption. Local suppliers are affected by rising production costs.

Snack Foods Imports: 277,818 tons Value: $1 billion	Germany – 33% France – 14% Belgium – 10%	Germany, France, and Belgium are geographically close and have developed a long-standing reputation in the market.	Good demand for salty, sweet, and chocolate products. Growing demand for new exotic flavors (olive oil, chili…), combined with a healthier content.
Beer Imports: 717 million liters Value: $600 million	Germany – 43% Denmark – 10% Belgium – 9%	Germany, Denmark, and Belgium are geographically close, have developed a long-standing reputation in the market, and are price competitive.	Although the Italian drinking culture has always been focused on wine, things have been changing recently. The beer market is growing with increased imports, new breweries and pubs where high quality beer is served at reasonable prices.
Wine Imports: 272 million liters Value: $351 million	France – 50% Spain – 21%	France and Spain have developed a long-standing reputation in the market and are price competitive.	The United States is the fourth largest wine producing country in the world after Italy, France, and Spain. American wines offer great value, with prize-winning vintages at reasonable prices, and are increasingly available in Italy and Europe.
Chocolate Imports: 73,190 tons Value: $311 million	Germany – 44% Belgium – 17% France – 14%	Germany and Belgium are geographically close and have developed a long-standing reputation.	Growing demand from manufacturers, confectionary and snack industry.

Section IV. Best Product Prospects

Local, organic and premium products continue to gain favor among Italian consumers both in retail and foodservice channels, to the point that they are becoming the new normal in everyday meals. Foodservice operators today in Italy feature vegetarian and vegan menus, fresh produce from local farmers, gluten-free for those with coeliac disease, as well as lactose-free frozen yoghurt or ice cream. As the economy continues on its recovery path and consumers have more disposable income, this trend is expected to continue, and more foodservice operators are expected to embrace upgraded ingredients in their recipes. This will have a positive effect on the local economy and communities, at a time when unemployment rates are still very high compared to international standards.

American-style fast food chains, buffets, and salad bars are gaining popularity in the Italian market. This move towards more convenient dining has led Italian importers to seek out U.S. food products adapted to self-service eateries. Many bars, restaurants and food service companies also are seeking foods that microwave easily. Italians are consuming increasing quantities of breakfast cereals, organic and snack foods. The Italian youth market is especially interested in lifestyle foods such as American microbrew beers and salted snacks.

Best High Value Product Prospects

The consumer food/edible fishery and forestry products that offer the best U.S. export opportunities are as follows:

Commodity	Imports 2016 $	Imports from U.S. $	2012-2016 Average annual import % growth	Key constraints over market development	Market attractiveness for the U.S.
Pork meat	2.2 billion	893,912	+44.8	Competition from other EU countries.	Increasing domestic consumption.
Beer	611 million	2.5 million	+64.3	Competition from EU countries. Transport costs and time.	Although the Italian drinking culture has always been focused on wine, things have been changing recently. The beer market is growing with increased imports, new breweries and pubs where high quality beer is served at reasonable prices.
Soybeans	595 million	131 million	+111.2	Competition from Brazil.	Growing demand from the Italian feed industry.
Wine	335 million	42.3 million	+0.1	Competition from Italy and other EU countries.	The United States is the fourth largest wine producing country in the world after Italy, France, and Spain. American wines offer great value, with prize-winning vintages at reasonable prices, and are increasingly available in Italy and Europe.
Chocolate	313 million	196,973	+60.3	Competition from other EU countries.	Growing demand from manufacturers, confectionary and snack industry.

Products not present in significant quantities but which have good sales potential:

Functional and health food
Free-from products (lactose-free, gluten-free)
Specialty foods, snack foods and sauces
Organic Products

Products not present because they face significant trade barriers:

Beef, other than that sold thru the High Quality Beef Quota
Poultry (sanitary procedures – chlorine wash)
Processed food products containing biotech ingredients

Section V. Post Contact and Further Information

Local Time

The time zone for Italy is 6 hours ahead of U.S. Eastern Standard Time.

Holidays

Italian holidays must be taken into account when planning to do business in Italy. July and August are not good months for conducting business in Italy, since most business firms are closed for vacation during this period. The same is true during the Christmas and New Year period.

Key Contacts

USDA FAS Contacts in Rome, Italy

Office of Agricultural Affairs,
Foreign Agricultural Service,
American Embassy, Via Veneto 119a
Rome, 00187, Italy
Webpage: https://it.usembassy.gov/embassy-consulates/embassy/sections-offices/fas/
E-mail: agrome@fas.usda.gov
Tel: (011) (39) 06 4674 2396
Fax: (011) (39) 06 4788 7008

Major Italian HRI sector Associations and Government contacts:

Federalberghi
Italian Hotel Association
www.federalberghi.it

Confcommercio
General Confederation of Trade, Tourism, and Services
www.confcommercio.it

AICA – Associazione Italiana Catene Alberghiere
Italian Hotel Chain Association
www.aica-italia.it

FIPE – Federazione Italiana Pubblici Esercizi
Italian Federation of Bars and Catering
www.fipe.it

ANGEM - Associazione Nazionale delle Aziende di Ristorazione Collettiva e Servizi
Italian National Association of the Institutional Food Service
www.angem.it

Ministry of Agriculture
www.politicheagricole.it

Ministry of Health
www.ministerosalute.it

Italian Customs Service
www.agenziadogane.it/wps/wcm/connect/ee/