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Italy

Food Processing Ingredients

2016 Italian Food Processing Ingredients Sector

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Report Highlights:

The Italian food-processing industry continues to be highly fragmented, however, in recent years the sector has been characterized by the growing consolidation of smaller companies and by an increasing number of joint ventures. 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. Key market drivers include an increasing interest in healthy and functional foods, an aging population, and health conscious consumers. Italy depends almost entirely on raw material imports, most of which come from other EU countries.

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Executive Summary:

Section I. Market Summary

Like the Italian retail sector, the food-processing industry is highly fragmented, however, in recent years has been characterized by a growing consolidation of the smaller companies and an increase in the number of joint ventures. 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. Key market drivers include an increasing interest in healthy and functional foods, an aging population, and health conscious consumers. Italy depends almost entirely on raw material imports, most of which come from other EU countries and the United States. Growth in recent years has been strongest in the production of frozen foods, pasta, and roasted coffee. Italian consumers continue to prefer fresh products rather than canned ones. However, the most popular canned food products are fish and seafood (tuna in particular), meat and meat products, tomatoes and beans.

U.S.-Italian Agricultural Trade

In 2015, U.S. agricultural, fish, and forestry exports to Italy were \$1.3 billion. U.S. imports from Italy reached \$4.2 billion. The United States exports bulk and intermediary products to Italy, such as wheat, soybeans, hides and skins, hardwood lumber and planting seeds. Quantities exported in a given year can fluctuate widely depending on the internal European feed grain and wheat supply and demand situation as well as external competitive factors with third country suppliers. Products are processed into high value items such as cured meats and cheeses, pasta, shoes, and furniture, which are then re-exported to the United States.

Bilateral Ag Trade 2015 (Food, Fish and Forestry)

Total U.S. Exports to Italy: \$1.3 billion **Total U.S Imports from Italy:** \$4.2 billion

U.S. leading exports to Italy

Tree nuts: \$289.3 million
Wheat: \$250.7 million
Forest products: \$152.2 million
Fish products: \$88.4 million
Beef and beef products: \$72.9 million
Planting seeds: 59.3 million
Hides & Skins: \$51.3 million

Italian leading exports to the U.S.

Wine and Beer: \$1.763 billion
Olive oil: \$549.0 million
Cheese: \$303.8 million
Processed Red meats: \$120.0 million
Snack foods: \$154.7 million
Forest products: \$98.7 million
Coffee: \$97.7 million

- Italy is a major food processor and a net agricultural importer
- U.S. exports mostly bulk commodities to Italy
- Italy exports mainly consumer products to the United States

Artisanal products are at the forefront of the packaged food market. Although artisanal is associated with higher prices, Italian consumers continue to favor this category, such as bakery, ice cream and confectionery. Italy is the birthplace of the Slow food movement where artisanal food continues to reign supreme. These products are perceived as traditional - made with fresh ingredients preferably by local operators.

As Italian lifestyles have become busier, prepared ready meals are on the rise. Continuous improvements in recipes and packaging as well as new product launches have helped with the positive growth in ready meals. In spite of the strong culinary tradition in Italy, ready meals continue to increase in popularity in particular among younger consumers. Chilled ready meals have proven to be more successful than dried or frozen products, as they are perceived to be fresher and more natural.

The main cuisine represented in frozen ready meals remains Mediterranean (Italian and to a lesser extent Spanish) followed distantly by Chinese food. Being still a relatively new type of product in Italy ready meals is enjoying the largest increase in sales amongst consumers with little time or skills to cook elaborate dishes. Traditionally, Italian consumers are a bit suspicious of non-Italian food, which is why the major retailers continue to play it safe by giving more shelf space to Mediterranean ready meals. Ready meal options are increasingly becoming available through a wide range of channels. Their distribution differs slightly from packaged food in general. For example, apart from the ubiquitous supermarkets, hypermarkets and discounter channels, ready meals are also frequently found at convenience stores and independent small grocers, with the latter often serving as a convenience store. Dried and shelf stable ready meal options and sometimes frozen pizza are often bought on impulse in channels with longer opening hours, such as convenience stores or independent small grocers. For more information on the Italian Food Retail and Distribution Sector, please see Post's latest report at <https://it.usembassy.gov/embassy-consulates/embassy/sections-offices/fas/>

Manufacturers of ready meals in Italy face strong competition from the foodservice channel in Italy. There are numerous bars and cafés within the country, usually offering quick lunches within their premises. Many cafés and bars in Italy offer pasta and other freshly made food for their clients at extremely affordable prices. This makes the lives of ready meal manufacturers more difficult, as many consumers prefer to have a quick and affordable meal out rather than a ready meal product. Furthermore, this puts pressure on the unit prices for ready meals. For more information on the Italian Hotel and Restaurant Industry, please see Post's latest report at <https://it.usembassy.gov/embassy-consulates/embassy/sections-offices/fas/>

In recent year's fish processing, conserved and fish-based product production have declined partly because the Italian processing industry only utilizes a few species (anchovies, sardine, and mackerel). The seafood-processing sector in Italy is now mainly in preserves, specifically tuna based preserves. Due to the recession, Italian consumers have become more focused on avoiding product waste and sustainability has increased as an ethical consideration for more Italian consumers. Manufacturers of processed fruit and vegetables have responded to this trend by downsizing their pack size to offer consumers other options, including smaller, separate portions within bigger bag sizes of frozen processed vegetables, for example. At the same time, retailing smaller packs has helped manufacturers to maintain higher unit prices.

Italian consumers recognize that the Mediterranean diet is one of the world's healthiest due to its balanced combination of fruits and vegetables, fish, extra virgin olive oil and pasta. Besides being perceived as having good nutritional value, these products are also popular because they tend to be produced locally, which according to the Italian consumer confers added value. After having performed quite poorly due to the economic recession, processed fruits and vegetables slightly recovered in 2016. This was partly due to a healthy eating trend, but also reflected the success of new frozen products offering greater convenience with improved recipes. Frozen processed fruits and vegetables also performed reasonably well, mainly due to the positive development of frozen processed potatoes and frozen processed vegetables. Frozen processed potatoes also benefited from the fact that many consumers who shop in discount stores tend not to be overly concerned about dieting, with price being a more influential factor in purchasing decisions.

Italian consumers are purchasing more organic fruits and vegetables (whether fresh or processed), provided they are available at similar prices to non-organic products. This is particularly true of people living in northern and central Italy, less so in the South. When buying frozen processed fruits and vegetables, Italian consumers appreciate being able to choose from a wide assortment of brands and product types. Hypermarkets can afford to maintain more refrigerated display and storage space, which is one of the highest operating costs for retailers regardless of their size. Convenience stores and independent small grocers have limited refrigerated display and storage space, and thus tend to offer narrower assortments comprising just a few brands or basic product types.

The competitive landscape for processed fruits and vegetables in Italy is characterized by a high degree of fragmentation. Cia Surgelati Italiana (CSI) led processed fruits and vegetables in 2016 with a retail value share of 15%, followed by Coop Italia with 8% and Nestlé with 6%. CSI offers Findus, one of the most recognized frozen food brands in Italy. Packaging is one of the most important factors in the presentation of processed fruits and vegetables products. Conveying the idea of product freshness and environmental sustainability without increasing production and logistics expenses is a key hurdle for manufacturers in this regard. Italian consumers appreciate the transparency of glass containers, but this pack type is not always favored by manufacturers due to its heavy but fragile nature. Nevertheless, glass packaging can extend product shelf lives and has no impact on the taste of products.

There is a mix of local and international global brand owners active in processed fruits and vegetables in Italy. Nomad Foods Ltd (British Virgin Islands based company) is the owner of CSI, while Nestlé SA (Swiss company) operates in the category through its local subsidiary Nestlé Italiana SpA. The company offers two main brands, Buitoni and La Valle Degli Orti, which compete in frozen processed potatoes and frozen processed vegetables. During 2016, Flli Saclà SpA teamed up with Pedon SpA to introduce a new range called CerealBox. D&D Italia SpA introduced a line of limited- edition shelf-stable vegetable products in glass jars under the D'Amico brand. In 2016, Pedon introduced new packaging made of scrap material from lentils.

In their continuous quest for the least expensive food products, consumers in Italy are shopping at discounters, where they can find a wide range of both fresh and packaged goods. Over the years,

discounters' outlets have invested in steadily improving the shopping experience, offering a wider product range, as well as improved quality and neater environments, making them more similar to supermarkets in terms of customers' perception. In order to make customers return to their previous spending capabilities, major grocery retailers are now investing in revamping convenience stores in neighborhoods, where basic food items can be purchased. In terms of distribution, supermarkets are the leading channel for sales of processed fruit and vegetables, followed by hypermarkets. Representing a healthy and convenient type of food, consumption of processed fruit and vegetables is predicted to increase slightly.

Sales of Processed Fruit and Vegetables by Category: Value 2011-2016

EUR million	2011	2012	2013	2014	2015	2016
Shelf Stable Fruit and Vegetables	797.11	803.16	804.68	805.03	803.89	805.97
- Shelf Stable Beans	146.35	148.37	148.77	161.85	170.14	178.30
- Shelf Stable Fruit	48.03	50.26	52.10	50.59	49.27	48.28
- Shelf Stable Tomatoes	169.19	163.24	158.99	156.13	154.57	153.77
- Shelf Stable Vegetables	433.53	441.29	444.82	436.46	429.91	425.61
Frozen Processed Fruit and Vegetables	955.01	984.13	1,005.50	1,005.04	1,006.06	1,011.03
- Frozen Fruit	-	-	-	-	-	-
- Frozen Processed Potatoes	143.54	144.09	145.22	147.60	150.33	153.34
- Frozen Processed Vegetables	811.47	840.04	860.28	857.44	855.73	857.69
Processed Fruit and Vegetables	1,752.12	1,787.29	1,810.18	1,810.07	1,809.95	1,817.00

Source: Euromonitor, official statistics, trade associations, and trade press

Processed meat and seafood

Processed meat and seafood enjoyed a favorable performance in 2016, thanks to the growing focus on convenience and health. Many consumers continue to switch to processed products which are much easier to prepare than fresh unprocessed meat and seafood. Also, the fact that they are processed helps with the perception of being safer products. Poultry and seafood continued to see strong growth rates as many Italians consider them to be part of a balanced diet. Processed and unprocessed fresh seafood are an integral part of the Italian diet, along with frozen processed seafood, which is perceived as being both convenient and price competitive.

Due to last year's negative messaging on the consumption of red meat by the World Health Organization (WHO), 2016 saw increased consumption in Italy of tuna, salmon, caviar and poultry, as well as vegetarian and vegan meat substitutes. Shelf-stable, chilled and frozen processed poultry all recorded robust growth in retail volume and current value sales as more consumers came to favor

these products over whole chickens or fresh chicken pieces. Modern grocery retailers clearly dominate the distribution of processed meat and seafood in Italy, accounting for a 91% value share. Chilled processed meat and seafood products benefit especially from their position inside supermarkets and hypermarkets as they are often positioned near the entrance of these stores.

Coop Italia and Bolton Alimentari led processed meat and seafood in 2016, with AIA - Agricola Italiana Alimentari finishing third, followed by Azienda Agricola Flli Amadori and Consorzio del Prosciutto di Parma. The category remained highly fragmented overall, with a large number of players holding similar value shares. The leading position of Coop, one of Italy's largest grocery retailers, was due to the success of its private label products. Thanks to the expansion of discounter chains and growing consumer acceptance of private labels, large grocery retailers such as Eurospin Italia SpA, Lidl Italia SpA and Penny Market Italia Srl saw positive sales. Inalca, one of the largest meat players in Italy, is part of the Cremonini Group. Cremonini mainly operates in foodservice with restaurant chains such as Chef Express and Roadhouse Grill. It also owns Marr, one of the largest meat distributors in Italian foodservice. In 2016, Cremonini introduced a new retail format called Chef Store. Chef Store outlets, which are found along major motorways and in other travel locations, aim to showcase the best of Italian food products.

Processed meat and seafood in Italy is in the hands of domestic players and the presence of international manufacturers and brands is minimal. The reason for this lies mainly in the fact that logistics and shorter shelf lives often represent a limit for long distance distribution, but more specifically in the fact that there is strong national meat and seafood processors and Italian consumers are predisposed toward "local" products. In light of the increasing promotional pressures that retailers implement in order to drive traffic and sales into their stores, together with the increasing costs of raw materials, manufacturers of processed meat and seafood are increasingly upgrading their product ranges and focusing their marketing on natural product ingredients and the sustainability of their supply chains. In terms of packaging there is a trend towards smaller packs or portion sizes. This meets consumer demand to avoid product wastage and overstocking, as well as monitor calories and food intake. Moreover, this keeps the consumer's immediate outlay modest while maintaining margins for the manufacturer.

Italian consumers are expected to further increase their consumption of processed meat and seafood as the economic conditions turnaround. The ongoing shift from fresh meat and seafood to processed products due to their convenience factor likely will help sustain the growth in retail volumes, albeit potentially at a more modest rate.

Sales of Processed Meat and Seafood by Category: Value 2011-2016

EUR million	2011	2012	2013	2014	2015	2016
Processed Meat	8,974.21	9,304.51	9,490.09	9,561.79	9,539.07	9,507.17
- Shelf Stable Meat	210.46	213.94	212.11	200.24	187.75	178.09
- Chilled Processed Meat	8,655.72	8,979.73	9,164.53	9,244.24	9,229.52	9,203.55
- Frozen Processed	108.03	110.85	113.45	117.31	121.79	125.53

Meat						
Processed Seafood	2,551.73	2,667.31	2,741.87	2,804.99	2,826.69	2,855.44
- Shelf Stable Seafood	1,356.39	1,441.97	1,495.33	1,534.95	1,545.70	1,561.16
- Chilled Processed Seafood	373.98	386.15	391.75	397.04	401.01	405.50
- Frozen Processed Seafood	821.36	839.18	854.79	873.00	879.98	888.78
Meat Substitutes	5.38	5.78	7.06	8.76	10.62	12.66
- Chilled Meat Substitutes	0.63	0.70	0.85	1.04	1.31	1.67
- Frozen Meat Substitutes	4.55	4.86	5.98	7.47	9.04	10.67
- Shelf Stable Meat Substitutes	0.20	0.22	0.23	0.25	0.28	0.32
Processed Meat and Seafood	11,531.32	11,977.60	12,239.01	12,375.54	12,376.38	12,375.26

Source: Euromonitor, official statistics, trade associations, and trade press

Ready Meals in Italy

With Italian lifestyles becoming busier, convenience-food solutions continue to grow. Chilled ready meals have been more successful than dried or frozen products, as they are perceived to be fresher and more natural. With a growing focus on nutrition in Italy, consumers are increasingly seeking healthier options in ready meals, with producers responding by increasing their use of vegetables and grains. Interest in gluten-free products is notably growing, after efforts on behalf of producers to highlight the gluten-free nature of dishes based on grains such as rice. Vegetarian and vegan options are also performing well as a growing number of consumers are reducing their intake of meat. Consumers are also attracted by the convenience offered by chilled ready meals, which can be heated quickly or even increasingly, consumed at room temperature.

There remains a strong preference for Italian cuisine within ready meals, which is reflected by the strong presence of Italian dishes in chilled and frozen ready meals. Italian options dominate this segment, accounting for 81percent value share in chilled ready meals and 72 percent share in frozen ready meals. Many Italians take considerable pride in their own cuisine and mainly turn to ready meals for convenience rather than for exotic flavor experiences.

Bonduelle is the leading player in ready meals, benefitting from its strength in prepared salads. In 2016, the company introduced healthy lunch time options that are convenient, healthy and an economical solution to consumer foodservice at lunch time. Not all new product development focused on health, however, with Italpizza launching GranPizzeria in frozen pizza. There is a growing focus on offering single-portion packs in ready meals. This is partly in order to cater to lunch consumption by workers but also reflects a shift towards smaller households in Italy. Valbona notably launched single

portion flans in mushroom, chicory, broccoli and courgette variants in 2016. Sipa launched Martino Linea Happy Couscous, offering a spicy-flavored, ready-to-eat product at an ambient temperature.

Sales of Ready Meals by Category: Value 2011-2016

EUR million	2011	2012	2013	2014	2015	2016
Shelf Stable Ready Meals	50.35	54.12	56.82	55.93	56.68	57.76
Chilled Lunch Kits	2.24	2.11	2.18	2.19	2.22	2.23
Chilled Pizza	43.47	43.25	43.14	43.40	26.61	18.79
Chilled Ready Meals	227.26	240.33	253.69	261.68	274.53	289.49
Dinner Mixes	0.25	0.27	0.27	0.28	0.28	0.28
Dried Ready Meals	73.61	74.75	76.38	77.31	78.61	80.24
Frozen Pizza	330.43	345.03	360.01	370.37	369.11	372.36
Frozen Ready Meals	326.51	322.17	318.95	318.12	314.37	312.07
Prepared Salads	822.40	859.90	864.20	843.89	870.22	901.64
Ready Meals	1,876.51	1,941.93	1,975.62	1,973.17	1,992.63	2,034.87

Source: Euromonitor, official statistics, trade associations, and trade press

Advantages	Challenges
Food consumption levels are among the highest in the world.	Competition from EU countries that export to Italy tariff free.
Italy is the third largest market in Europe for food and drink in terms of value, and there is a reliable affluent consumer base for such products.	U.S. exporters have significantly higher transportation costs and time lags than most other European countries, given the distance between Italy and the United States.
Lifestyle changes have increased demand for processed, convenient foods.	Non-tariff barriers, including traceability requirements, can hinder U.S. exports.
Italy is highly dependent on raw imports for its processed food industry, particularly wheat and other cereals. Italy is the world's fifth largest exporter of agri-food products, and Italian food products have a reputation for being of high quality.	U.S. exporters new to the Italian market may find the Italian bureaucracy difficult to maneuver.
EU expansion creates new market opportunities for Italian food and drink exports, for which the Italian food processing industry will need additional ingredient inputs.	U.S. products and ingredients, while innovative, may be perceived as overly processed and less wholesome than their Italian/European counterparts which are marketed as traditional and seen as having more “natural” ingredients

Section II. Road Map for Market Entry

Entry Strategy

Italian importers are usually small to medium-sized companies, rather than the large, market-dominating types found in northern Europe. Consequently, these companies import smaller volumes and a broad range of products. Most imported food products enter the Italian market through brokers or specialized traders. Price is always important, although quality and novelty alone do move some imported products. Imported products from North America often enter Italy indirectly from the Netherlands' Port of Rotterdam, or directly by air. Processed food is primarily distributed through retail grocers, convenience stores and discount grocers. Italian retail chain outlets have started to make their own purchasing decisions.

U.S. companies seeking to export their goods to Italy are advised to research the market for a better understanding. The USDA Foreign Agricultural Service offers USA suppliers a number of valuable services to support them with market entry. Once U.S. companies have acquired this background information, they have several choices on how to enter the market. They may consider attending or visiting one of Europe's many USDA endorsed trade shows and/or trade shows in Europe like the health ingredients show and the food ingredients show. They serve as a springboard into the market, helping companies to establish new trade contacts and gauge product interests.

Market Structure

Italy's food processing industry is well developed and has access to a wide range of food ingredients and suppliers. Generally, Italian producers source their ingredients from brokers, local importers and wholesalers. Only large processors import ingredients directly from foreign suppliers. Retailers usually purchase directly from the processor or the buying organization. The Hotel Restaurant and Institution (HRI) sector may purchase directly from a wholesaler whereas smaller HRI outlets generally purchase products from cash and carry operations. U.S. exporters of food processing ingredients usually enter the Italian market through a specialized ingredients importer. A good importer will be your partner in promoting your product to his or her customers. The most common entry strategy for small- and medium-sized U.S. companies is dealing either directly with a local wholesaler or broker or indirectly through an export agent or consolidator. The following illustration is a basic flowchart showing how U.S. products would enter and move through the Italian distribution system.

Company Profiles

Leading Company Shares of Processed Fruit and Vegetables: % Value 2012-2016

% retail value	2012	2013	2014	2015	2016
CSI, Cia Surgelati Italiana	14.89	15.19	15.11	15.00	14.81
Coop Italia	7.75	7.81	7.91	8.01	8.08
Nestlé Italiana	6.08	6.19	6.11	6.06	6.00

CONAD - Consorzio Nazionale Dettaglianti	5.70	5.76	5.83	5.91	5.98
Orogel Surgelati	4.50	4.60	4.68	4.78	4.86
Esselunga	4.38	4.42	4.55	4.67	4.75
Conserve Italia - Consorzio Cooperative Conserve Italia	4.37	4.28	4.37	3.68	3.95
Carrefour Italia Commerciale	3.27	3.31	3.26	3.22	3.17
Bonduelle Italia	2.92	2.90	2.99	3.01	3.00
Società Italiana Distribuzione Moderna	2.76	2.80	2.73	2.66	2.58
Pizzoli	2.27	2.30	2.39	2.50	2.54
Lidl Italia	1.84	1.86	1.94	2.01	2.09
Bofrost Italia	1.62	1.65	1.78	1.90	2.01
Penny Market Italia	1.90	1.93	1.94	1.96	1.96
Mutti	1.88	1.87	1.88	1.92	1.95
Despar Italia	1.84	1.86	1.87	1.87	1.88
La Doria	1.42	1.41	1.51	1.59	1.66
Eurospin Italia	1.44	1.47	1.51	1.56	1.59
Flli Saclà	1.51	1.51	1.50	1.50	1.50
Ponti	1.25	1.23	1.24	1.24	1.24
Flli Polli	1.14	1.13	1.12	1.12	1.12
Del Monte Foods Italia	1.19	1.18	1.16	1.14	1.11
Eismann	1.13	1.15	1.13	1.08	1.08
Sigma Società Cooperativa	0.92	0.92	0.92	0.92	0.92
Pucci	0.86	0.86	0.87	0.89	0.90
Conserve Mediterraneo di Caivano	1.10	1.05	1.02	0.99	0.80
SISA - Società Italiana Supermercati Associati	0.87	0.88	0.84	0.82	0.79
Selex Gruppo Commerciale	0.75	0.76	0.77	0.78	0.78
D&D Italia	0.69	0.68	0.70	0.71	0.71
McCain Alimentari Italia	0.69	0.70	0.72	0.74	0.64
Others	17.03	16.34	15.65	15.76	15.54
Total	100.00	100.00	100.00	100.00	100.00

Source: Euromonitor, official statistics, trade associations, and trade press

Leading Company Shares of Processed Meat and Seafood: % Value 2012-2016

% retail value	2012	2013	2014	2015	2016
Coop Italia	5.45	5.56	5.73	5.87	5.99
Bolton Alimentari	5.94	5.78	5.69	5.66	5.67
AIA - Agricola Italiana Alimentari	4.88	4.97	5.11	5.20	5.26
Azienda Agricola Flli Amadori	4.29	4.40	4.76	4.94	5.08
Consorzio del Prosciutto di Parma	4.53	4.61	4.67	4.71	4.75

CONAD - Consorzio Nazionale Dettaglianti	4.03	4.11	4.24	4.37	4.49
Esselunga	3.76	3.84	3.96	4.07	4.17
Salumificio Flli Beretta	3.27	3.34	3.44	3.49	3.53
Ferrarini	2.90	2.96	3.00	3.04	2.71
Giuseppe Citterio Salumificio	2.37	2.40	2.44	2.46	2.49
Rovagnati	2.15	2.20	2.26	2.29	2.31
Grandi Salumifici Italiani	2.15	2.10	2.09	2.09	2.11
Eurospin Italia	1.77	1.81	1.92	2.01	2.09
Carrefour Italia Commerciale	2.04	2.09	2.05	2.05	2.05
Società Italiana Distribuzione Moderna	1.83	1.88	1.86	1.86	1.87
CSI, Cia Surgelati Italiana	1.77	1.76	1.78	1.80	1.81
Cesare Fiorucci	1.47	1.44	1.51	1.52	1.54
Lidl Italia	1.17	1.20	1.26	1.34	1.41
Penny Market Italia	1.24	1.27	1.27	1.30	1.33
Inalca	1.26	1.24	1.13	1.01	1.24
Despar Italia	1.11	1.14	1.18	1.21	1.23
Generale Conserve	0.99	1.35	1.39	1.43	1.17
Nostromo	0.92	0.95	0.95	1.09	1.09
Sigma Società Cooperativa	0.85	0.87	0.86	0.88	0.89
Eismann	0.58	0.58	0.58	0.59	0.59
Mare Aperto Foods	-	-	-	0.54	0.54
Bofrost Italia	0.41	0.41	0.44	0.48	0.52
Parmacotto	0.49	0.49	0.52	0.54	0.51
Igino Mazzola	0.35	0.36	0.40	0.41	0.42
Fjord	0.26	0.27	0.29	0.32	0.36
Others	35.78	34.62	33.23	31.44	30.78
Total	100.00	100.00	100.00	100.00	100.00

Source: Euromonitor, official statistics, trade associations, and trade press

Leading Company Shares of Ready Meals: % Value 2012-2016

% retail value	2012	2013	2014	2015	2016
Bonduelle Italia	12.46	12.39	12.57	12.49	13.01
La Linea Verde Società Agricola	6.68	6.81	7.15	7.39	7.72
Coop Italia	5.40	5.49	5.55	5.59	5.66
Cameo	4.96	5.03	5.16	5.19	5.07
CONAD - Consorzio Nazionale Dettaglianti	4.43	4.48	4.59	4.57	4.57
CSI, Cia Surgelati Italiana	5.84	5.40	5.12	4.80	4.53
Nestlé Italiana	5.11	4.89	4.78	4.60	4.48
Piatti Freschi Italia	3.53	3.66	3.76	4.14	4.44

Esselunga	3.49	3.54	3.66	3.84	3.81
Bofrost Italia	2.49	2.50	2.63	2.72	2.79
Unilever Italia Mkt Operations	2.05	2.08	2.14	2.14	2.12
Rovagnati	2.37	2.30	2.20	2.00	1.96
Salumificio Flli Beretta	1.21	1.26	1.29	1.36	1.40
Eurospin Italia	1.34	1.35	1.38	1.31	1.36
Bolton Alimentari	2.10	2.01	1.72	1.36	1.30
Almaverde Bio	0.68	0.71	0.75	1.00	1.13
Parmacotto	1.01	1.05	1.08	1.07	1.09
Carrefour Italia Commerciale	1.20	1.20	1.19	1.07	1.03
LAG	0.91	0.93	0.95	0.99	0.99
Pastificio Rana	0.79	0.83	0.87	0.89	0.90
Parmalat	1.02	1.05	1.06	0.93	0.80
Mantua Surgelati	0.91	0.94	0.92	0.84	0.79
Rewe Italia	0.83	0.83	0.83	0.71	0.69
Lidl Italia	0.54	0.55	0.57	0.58	0.67
Star - Stabilimento Alimentare	0.66	0.66	0.66	0.65	0.66
Despar Italia	0.75	0.75	0.75	0.67	0.65
Eismann	0.66	0.64	0.64	0.63	0.62
Società Italiana Distribuzione Moderna	0.78	0.78	0.77	0.58	0.56
Cesare Regnoli & Figlio	0.35	0.36	0.39	0.38	0.38
Riso Gallo	0.36	0.36	0.36	0.35	0.33
Others	25.11	25.16	24.52	25.17	24.48
Total	100.00	100.00	100.00	100.00	100.00

Source: Euromonitor, official statistics, trade associations, and trade press

Sector Trends

Current market developments affecting the food processing sector include:

- Domestic food expenditure is slowly recovering, both at home and abroad. The food industry continues to compensate the accumulated loss by increasing exports, one of the sectors that have significantly improved in recent years.
- During the deepest years of recession, Italian consumers learned how to ensure they purchase only the food that was necessary, avoiding overstocking and consequent product spoilage and waste.
- Changes in demographics and working patterns are shifting demand to more convenient and ready-to-eat foods. Busier lifestyles increase the demand for fast food, convenience products and ready-made meals, but it is worth noting that consumers are looking for healthier and

higher quality options within these segments.

- New labeling and traceability requirements in addition to environmental and animal welfare requirements are forcing consolidation at all levels of the food chain, from farm to fork.
- Consumers have become more health conscious while problems concerning food safety are widely publicized and usually receive immediate attention from government agencies. Italian consumers are seeking healthier food choices.
- Italian consumers increasingly look for organic and natural products, especially those sourced locally, feeling as though they are supporting their communities and their economic recovery.

Major consumption trends:

- Demographic evolution is driving changes in consumer buying habits, due to smaller households. Single and two person households are growing and households of 4 or more persons declining. Not only does this trend demand smaller portions, industry contacts also claim that consumers tend to buy more expensive, value-added products or meal components when cooking for only one or two persons. Also, the increasing percentage of elderly people is another growing trend.
- The change in spending habits, due to years of economic downturn, has increased the importance of private labels to the detriment of branded products.
- In the last few years, the promotion of healthier lifestyles and habits has been a hot topic in the general and social media. Within the trend towards staying young, fit and healthy, consumers are increasingly buying healthy and functional foods.
- In line with healthy food, the organic food market is now moving into the mainstream of the food industry. Apart from specialty shops that focus on these types of products, many supermarkets and hypermarkets now have offerings as well. .
- Most large food processors rely on the export or re-export market to remain competitive and operate at a higher capacity utilization rate.

III. Competition

Generally, most exporters within the EU conduct market promotion activities in Italy. Products, such as fresh or preserved fruits and vegetables, wine, beer, fish and seafood, snack foods, and meat, are commonly promoted through trade shows, advertisements, television and supermarkets. Third countries promoting food and processed food products in Italy include Canada, Norway, Israel, Morocco, South Africa, Argentina, Brazil, and the United States.

United Kingdom and China are major competitors for U.S. fish and seafood products. Processed food products, such as confectionery, sauces and dressings, and soft drinks, are developing at a fast rate, and the U.S. presence for these products is well developed. Familiarity with Italian consumer tastes and texture preferences, as well as proximity to the market, give Spain, France, Belgium, the United Kingdom, and Germany competitive advantage for these products. Italy is a major wine producer, as are France, Germany and Spain.

Product Category Total imports 2015 (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 in the market.	Growing demand from manufacturers, confectionary and snack industry.

IV. Best Product Prospects

Products present in the market that have good sales potential

Commodity	Imports 2015 \$	Imports from U.S. \$	2011-2015 Average annual import % growth	Key constraints over market development	Market attractiveness for the U.S.
Fresh Fruit	1.8 billion	765,797	+48	Competition from Italy and other EU countries.	Increased domestic consumption and availability of off season produce.
Snack Foods and Chocolate	1 billion	3.2 million	+1.5	Competition from Italy and other EU countries.	Good demand for salty, sweet, and chocolate products.
Beer	600 million	2.9 million	+96	Competition from EU countries. Transportation 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.
Wine	351 million	43.7 million	+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	311 million	388,009	+10.5	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

V. Post Contact and Further Information

USDA FAS Contacts in Rome, Italy

Office of Agricultural Affairs, Foreign Agricultural Service, U.S. Embassy, Via Veneto 119a
Rome, 00187, Italy

E-mail: agrome@fas.usda.gov

Tel: (011) (39) 06 4674 2396

Fax: (011) (39) 06 4788 7008

FAS Attaché reports that may help new-to-market U.S. exporters to Italy are:

- The Exporter Guide
 - The Food and Agricultural Import Regulations and Standards (FAIRS) Narrative and Certificate reports
 - The Retail Foods
 - The Hotel, Restaurant and Institutional Sector report

These reports can be found on FAS Rome's webpage at <https://it.usembassy.gov/embassy-consulates/embassy/sections-offices/fas/>

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.