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Global Agricultural Information Network

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Report Highlights:

This report contains information about Romania's retail food and beverage market.

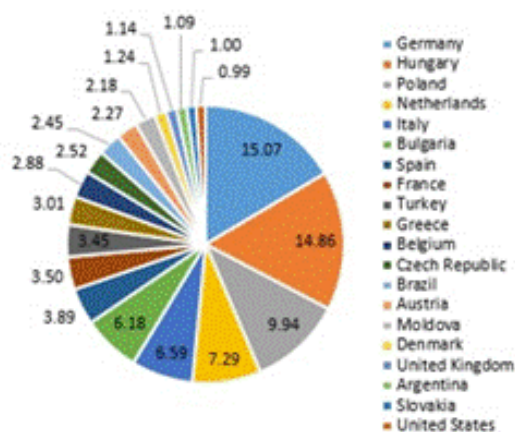
Market Fact Sheet: Romania

Over the last three years, Romanian economic growth has been strong it has become an attractive market in southeastern Europe. In 2017, the Romanian retail sector grew by 19 percent, reaching 2,391 stores operated by various domestic and international retailers. As modern retail grows, exports of U.S. processed and high-value foods to Romania will continue to expand. In 2017 U.S. food export reached nearly \$82.5 million, a 28.6 percent increase over 2016.

<i>SWOT Analysis</i>	
Strengths	Weaknesses
One of the fastest growing markets	Higher costs on U.S. imports vs. EU imports
Opportunities	Threats
HRI sector growth	EU legislation and regulatory complexities

Imports of Consumer-Oriented Products

Total agricultural imports in Romania reached \$8.3 billion in 2017, U.S. imports representing about 1 percent of Romania's total agricultural imports in 2017. Although the U.S. share remains small, U.S. imports increased by 28 percent in 2017, reaching \$82 million, up from \$64 million in 2016.



Food Processing Industry:

Number of companies in the food-manufacturing (2016): 8,077 with about over 160,000 employees.
Number of companies in the beverage-manufacturing (2016): 677 with about over 19,000 employees.
Turnover in the food-manufacturing industry (2016): 42,926 (million lei)
Turnover in the beverage-manufacturing industry (2016): 11,432 (million lei)
The total is about 16 percent of the total processing industry

Food Retail Industry:

Following more moderate growth in 2015, the Romanian retail market renewed its expansion by opening 423 new stores, reaching 2,391 (excluding local key accounts) in 2016. Most of this growth was due international retailers opening stores. The current Romanian retail market is valued at about \$46.5 billion. Four major players control 60 percent of market share including Kaufland, Carrefour, Metro Cash & Carry, and Auchan. Romania is a top-five European growth market for retail commercial space, growing from 50 to 100 square meters per 1,000 inhabitants during the last four years.



Data and Information Sources: Euromonitor, GTA, Local sources

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I. Market summary

Romania has been a member of the European Union (EU) since 2007 and a member of the North Atlantic Treaty Organization since 2004. Within the EU-28, Romania has the tenth-largest population, with 19.7 million inhabitants. Economic growth in Romania ranks among the highest in the EU and is forecast to maintain its strong pace in 2018. In 2017 Romania growth domestic product (GDP) rate reached seven percent, making it one of the fastest growing in Europe.

Total agricultural imports in Romania reached \$8.3 billion in 2017 (see Table 1), with the U.S. share of Romania's total agricultural imports in 2017 at about one percent. Although small, U.S. market share increased by 28 percent in 2017 to \$82 million, a significant increase over \$64 million in 2016 (see Table 2).

Table 1: Romania Import Statistics (2012-2017)

Romania Import Statistics						
Commodity: Agricultural Trade SST, HS 1 through 24						
Annual Series: 2012 - 2017						
Partner Country	Thousands United States Dollars					
	2012	2013	2014	2015	2016	2017
World	6,160,538.00	6,578,707.00	6,797,924.00	6,710,156.00	7,511,474.00	8,359,230.00
Germany	788,575.00	935,173.00	996,645.00	934,667.00	1,066,189.00	1,259,698.00
Hungary	1,163,170.00	1,072,770.00	975,940.00	1,090,222.00	1,216,711.00	1,242,586.00
Poland	420,283.00	526,023.00	580,542.00	576,570.00	697,725.00	831,262.00
Netherlands	414,044.00	461,881.00	506,680.00	465,428.00	516,953.00	609,802.00
Italy	375,336.00	389,063.00	407,775.00	406,621.00	486,809.00	550,858.00
Bulgaria	555,604.00	540,484.00	590,884.00	507,099.00	578,050.00	516,620.00
Spain	129,079.00	155,370.00	191,996.00	200,978.00	262,283.00	325,223.00
France	230,557.00	272,311.00	294,866.00	258,877.00	290,890.00	292,170.00
Turkey	141,206.00	160,418.00	209,356.00	200,609.00	237,610.00	287,993.00
Greece	137,687.00	186,167.00	180,698.00	187,554.00	244,890.00	251,369.00
Belgium	121,326.00	144,077.00	164,904.00	183,082.00	197,919.00	241,005.00
Czech Republic	140,457.00	149,516.00	161,669.00	161,153.00	175,082.00	210,557.00
Brazil	344,704.00	280,814.00	208,999.00	235,007.00	190,453.00	205,211.00
Austria	149,562.00	178,901.00	170,272.00	155,133.00	177,265.00	189,819.00
Moldova	87,537.00	78,501.00	84,447.00	115,119.00	148,666.00	182,248.00
Denmark	66,372.00	77,132.00	75,791.00	69,360.00	78,507.00	103,566.00
United Kingdom	69,007.00	68,139.00	66,689.00	70,907.00	71,167.00	95,441.00
Argentina	41,187.00	116,496.00	117,472.00	58,568.00	58,814.00	91,124.00
Slovakia	68,438.00	80,349.00	76,246.00	61,269.00	95,931.00	83,469.00
United States	89,103.00	87,183.00	60,118.00	93,367.00	64,082.00	82,455.00
Ukraine	26,577.00	29,780.00	42,824.00	69,699.00	73,530.00	76,265.00
Serbia	29,279.00	17,989.00	51,993.00	41,888.00	45,842.00	53,602.00
China	55,933.00	49,145.00	54,834.00	53,720.00	48,236.00	52,737.00
Egypt	9,025.00	14,035.00	19,786.00	23,055.00	21,674.00	34,141.00

Source of Data: Eurostat

Table 2: Romania Import Statistics from the United States

Romania Import Statistics From United States							
Commodity: AGR, all agric products 1-24							
Annual Series: 2012 - 2017							
Description	United States Dollars						2017 vs 2016%
	2012	2013	2014	2015	2016	2017	
all agric products 1-24	89,102,826.00	87,182,608.00	60,117,841.00	93,367,338.00	64,081,931.00	82,454,985.00	28.67
Tobacco	9,716,195.00	11,901,476.00	16,001,412.00	27,010,080.00	17,643,300.00	20,366,256.00	15.43
Miscellaneous Food	15,033,988.00	10,422,288.00	13,683,244.00	10,902,909.00	14,045,053.00	16,927,333.00	20.52
Misc. Grain, Seed	18,711,770.00	25,052,532.00	13,895,026.00	40,326,720.00	14,150,103.00	16,517,742.00	16.73
Beverages	8,643,237.00	9,447,317.00	9,580,178.00	8,734,510.00	10,781,846.00	13,058,811.00	21.12
Food Waste	29,263,151.00	23,135,986.00	778,440.00	725,362.00	1,133,386.00	9,777,798.00	762.71
Edible Fruit and Nuts	661,647.00	1,480,871.00	2,830,370.00	2,985,165.00	3,210,736.00	3,055,832.00	(4.82)
Fish and Seafood	668,491.00	506,346.00	1,497,948.00	1,174,314.00	1,606,825.00	1,469,431.00	(8.55)
Other Of Animal Origin	85,277.00	292,737.00	137,277.00	228,344.00	293,388.00	348,045.00	18.63
Cereals	5,371,296.00	3,732,982.00	775,701.00	554,141.00	473,304.00	305,055.00	(35.55)
Fats and Oils	107,174.00	216,396.00	137,056.00	77,362.00	203,016.00	236,906.00	16.69
Preserved Food	393,744.00	535,925.00	348,461.00	240,156.00	192,453.00	156,293.00	(18.79)
Baking Related	59,824.00	52,943.00	168,749.00	69,891.00	92,268.00	87,790.00	(4.85)
Vegetables	56,464.00	55,008.00	211,850.00	32,091.00	182,616.00	38,320.00	(79.02)
Lac; Vegetable Saps	65,579.00	272,955.00	12,556.00	260,255.00	48,765.00	31,336.00	(35.74)
Prepared Meat,Fish	-	-	22,222.00	4.00	-	28,543.00	#DIV/0!
Spices, Coffee, Tea	2,015.00	3,753.00	6,610.00	17,782.00	1,500.00	24,476.00	1,531.73
Dairy, Eggs, Honey	144,860.00	7,068.00	8,482.00	12,064.00	317.00	14,625.00	4,513.56
Sugars	43,783.00	30,697.00	6.00	6.00	6,468.00	4,800.00	(25.79)
Other Vegetable Products	350.00	6,172.00	-	-	-	3,158.00	#DIV/0!
Live Animals	1,430.00	26,411.00	9,250.00	3,729.00	15,296.00	2,303.00	(84.94)
Cocoa	9,260.00	53.00	282.00	-	7.00	118.00	1,585.71
Milling; Malt; Starch	63,291.00	757.00	12,721.00	7,244.00	1,282.00	13.00	(98.99)
Live Trees and Plants	-	1,934.00	-	5,209.00	-	-	#DIV/0!

Source of Data: Eurostat

Retail Market:

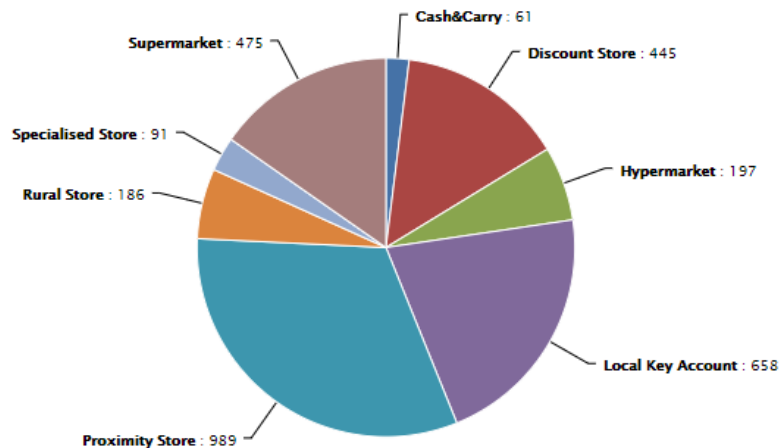
The Romanian retail market has grown considerably in recent years. The expansion of modern retail has positively influenced the industry and contributed to its development. Romania scores relatively high on most of the areas analyzed by the European Commission (EC).

Over the last three years, Romania has become an attractive trade and investment market in southeastern Europe. Romania has actively taken steps to reduce its trade deficit and strengthen its national currency to instill confidence among local and international investors. Growing wages, low inflation, falling interest rates, and improving labor-market conditions are currently benefitting the retail sector.

Modern Retail Evolution (2012-2017):

After a low rate of expansion in 2015, the Romanian retail sector surged in 2016, with 423 new store openings, reaching 2,391 stores. Most new stores were opened by international (mostly German) retailers.

Total current number of shops per channel type



In 2016, large retailers opened 250 new stores covering all market segments. Convenience store and supermarket openings reached record levels, at 135 and 65 respectively. Discount stores grew steadily in 2016, with 36 new-store openings. Conversely, the lowest number of openings was recorded by the hypermarket and the cash & carry segments. Still, the hypermarket segment continues to attract investment, with eight new store openings in 2016, a 15-percent increase over the previous year. Regarding the cash & carry segment, after a four years with no openings, Selgros expanded its store network with two new stores, under a new format named ‘Compact Store’. Although considered the most expensive, Profi accounted for the highest number of store openings in 2016, with almost half of total stores opened that year (134). Mega Image followed, with 53 units, and Penny Market with 25 new stores. In 2016, Mega Image reached a mile stone of 500 stores in Romania. Auchan, Cora, and Metro Cash & Carry did not open any new stores in 2016.

Currently, Romania’s retail market is valued at about \$46.5 billion. Four major players account for about 60 percent of total market share, including Kaufland, Carrefour, Metro Cash & Carry, and Auchan. Romania is a top-five European country in terms of retail-space growth, following Turkey, Russia, France, and Italy. Romania’s retail sector grew from 50 to 100 square meters per 1,000 inhabitants in just the last four years. In 2017, over 43,000 square meters of new commercial space was developed. Some retailers (Profi, Penny, and Lidl) are opening stores in second-tier cities where rents are less expensive. These outlets will face competition from larger retailers, which are also developing bigger stores on the peripheries of these cities.

In 2017, retailers worked hard to identify sustainable, long-term suppliers, seeking competitive prices and new products. 85 percent of products sold in Romanian modern retail outlets are of mixed origin and 15 percent are exclusively local products.

Kaufland's corporate leadership announced that in 2018, they will allocate \$233 million to expand and modernize its current network (doubling last year’s budget). Profi plans to open another 200 new stores, reaching almost 900 stores, and will become the nation's largest retailer.

The Romanian retail market has started to adapt and redirect investments, not only with expansions, but also renovating older, current units with updated formats more suited for urban consumer preferences. Retailers

started focusing on tailoring store layouts, new concepts, category management projects, premium private labels, improving product assortments, as well as interesting digital and communication initiatives, and “every day low price” concept to specific demographics.

Another expansion opportunity for some retailers is online shopping. Romania’s e-commerce segment continues to expand, although it penetrated only about 5-6 percent of Romanian households in 2017. Nonetheless, this marks an increase from four percent in 2016. Although Romanian e-commerce sales remains small, particularly when compared to many Western European countries, Post expects that this segment will grow over the next few years. According estimates by the main Romanian e-commerce stakeholders, the value of online shopping (food and nonfood) reached \$3.2 billion in 2017 compared to \$ 2.2 billion in 2016. This only include consumer products and not services, utility bills, air tickets, holidays, hotel bookings, or entertainment.

Table 3: Top 10 international retailers in Romania

International retailers in Romania	Turnover (mil. LEI)			No. of stores	
	2016	2017	2017 vs. 2016	2016	2017
Kaufland	9,691.40	10,086.60	4%	112	116
Carrefour	8,388.00	9,605.40	15%	244	362
Lidl	5,577.90	6,510.00	17%	203	220
Auchan	4,895.60	5,223.30	7%	33	33
Mega Image	4,325.10	4,910.50	14%	522	589
Metro	4,357.00	N/A	N/A	30	30
Profi	3,549.80	4,730.00	33%	501	696
Selgros	3,296.80	3,645.10	11%	21	22
Rewe (Penny Market)	2,865.20	2,996.70	5%	206	221
Cora	1,744.30	1,773.00	2%	11	11

Source: Ministry of Finance, www.universulderetail.ro (for no. of stores)

Table 4: Advantages and Challenges

Advantages	Challenges
Increasing demand for high-value/high-quality products creates opportunities for more imports.	U.S. products are disadvantaged because of duties versus products from EU Member States and countries with EU free trade agreements (FTA). Direct imports from U.S. are also disadvantaged due to the higher logistic cost vs. indirect imports of U.S products from European hubs.
HRI sector has known a continuous growth and will continue to grow for the next couple of years.	Lack of professional force labor in HRI sector, which leads to poor communication to the end user of the “why premium products”.
Consumption habits are changing towards high-quality food and drinks. Consumers become more receptive to new and imported products.	Very small segment. Communication should be adapted to two target: over medium and high. Educate the consumer and change the perception of U.S. products equals fast food

II. Road Map for Market Entry

Entry Strategy:

As noted above, 85 percent of products in modern retail are imported or of mixed origin. Around 80 percent of imported foods originating from within the EU, with Hungary, Germany, Poland, and Bulgaria being the dominant suppliers. Major imported food categories include processed foods, meat, grains, protein meal, dairy, edible fruits, and sugar.

2017 marked a record year for Romanian imports of U.S. products, reaching \$150 million, a 22-percent increase over 2016. U.S. exports (mainly bulk and intermediate) are shipped directly to Romania or transshipped through other western EU points of entry, such as Rotterdam. Indirect U.S. food imports increased by 15 percent. Direct exports from the United States also expanded by 29 percent over last year.

The best method to reach Romanian retail buyers and prospective importers is to contact them directly via e-mail or to reach out to the [FAS Bucharest](#) for additional assistance and guidance. Product catalogues and price lists are essential, and samples are helpful. The biggest retailers in Romania include [Kaufland](#), [Carrefour](#), [Lidl](#), [Auchan](#), [Mega Image](#), [Metro](#), [Profi](#), [Selgros](#), [Rewe \(Penny Market\)](#) and [Cora](#).

A visit to Romania is strongly recommended to establish meaningful relationships with Romanian buyers. When visiting Romania, it is advisable to bring product samples to show potential buyers, as many importers and retailers often rely on subjective factors when deciding on new products. Importers and distributors are direct suppliers for retailers and are familiar with existing legislation, trading practices, and customers. Most importers/distributors have distribution channels with national coverage. Reaching out and working directly with these stakeholders is a good strategy for entering the market. Post strongly recommends that the companies contact [FAS Bucharest](#) for guidance when arranging a trade visit to Romania.

Sales and Marketing:

Marketing and advertising in Romania has become much more sophisticated. Romanians are known to appreciate innovative communication and respond to marketing that demonstrates add value to their lives. During the last 1-2 years, food and beverage sales and marketing has become more personal and directed to end users and consumers through chef blogs, cooking blogs, and television. Product placement and endorsing is becoming more important. A new trend for mid and premium-level products is to highlight how they are healthful and contribute to a healthful-living lifestyle.

Market Structure:

- **Hypermarkets:** Stores over 2,500 sq. m (25,000 sq. ft.) selling a wide variety of food and non-food items. [Kaufland](#) has announced for 2018 to allocate a \$233 million budget for expanding and modernizing its current network (doubling its budget from the previous year). French retailer [Carrefour](#) reported 10.6 percent growth during the first quarter of 2018 to \$566 million, according to the company's financial report (see Table 3).
- **Supermarkets:** Stores with between 400-2,500 sq. m (4,000 to 25,000 sq. ft.) selling a wide variety of foods and non-food household goods. [Mega Image](#) has expanded aggressively in this segment and has become Romania's largest supermarket chain.
- **Wholesalers/Cash & Carry:** Membership style retail/wholesale stores with a varied selection of products sold under a warehouse style format. These stores have a broad product range in the food

and non-food area. [Metro Cash & Carry](#) is the largest in this segment after entering Romania in 1996. The [Selgros](#) network consists of 20 outlets with a product range of 41,000 items each, both food and non-food.

- **Discount Shops:** Small supermarkets with a limited range of low-cost products, often private label. German owned network [LIDL](#) entered the market in 2011 by acquiring the discounter Plus, which had 107 units and a turnover of about \$456 million. LIDL's goal of reaching 200 stores in Romania was achieved in 2016. Based on the turnover, Lidl Romania ranks third among Romania's retail sector, after Kaufland and Carrefour. They earned \$1.13 billion in 2015, a 21-percent increase over 2014. [Penny Market](#) reported a 17 percent increase in turnover in 2017 compared to 2016. In 2018, the company expects another 13-percent increase in sales growth.

Agricultural Standards:

The EU's harmonized rules and standards for food and feed is established under its January 2002 general food law. This regulation introduced mandatory traceability throughout the feed and food chain as of January 2005. For specific information on agricultural standards, please refer to the Foreign Agricultural Service's website at: [U.S. Mission to the European Union](#)

III. Competition

Romania's total agricultural imports reached \$8.3 billion in 2017 (see Table 1), with U.S. market share at about one percent. According to Eurostat data, the top-ten exporters of agricultural products to Romania are: Germany (15 percent), Hungary (14.8 percent), Poland (9.94 percent), the Netherlands (7.2 percent), Italy (6.5 percent), Bulgaria (6.1 percent), Spain (3.8 percent), France (3.5 percent), Turkey (3.4 percent), and Greece (3.0 percent).

The EU's free trade agreements (FTA) with third countries threatens U.S. market expansion, as some like-products enter Romania with lower tariffs or duty-free. See the February 2018 [EU-28 Livestock and Products](#) Semi-annual Report for more details. The EU restricts U.S. poultry, pork, and beef through a variety of tariff and nontariff measures.

IV. Best Product Prospects

Products in the market with best sales potential:

- **Distilled spirits:** Total Romanian distilled spirit imports expanded by 24 percent in value and 17 percent in volume in 2017. U.S. spirit exports followed the general trend, increasing 36 percent by volume and 21 percent by value.
- **Wine:** There is steady growth, as niche wine bars are opening and more consumers are interested in wine and premium products
- **Tree nuts and dried fruit:** In 2017, total Romanian tree nut imports reached nearly \$40 million. a 42-percent increase by value over the previous year. Within the tree nut category, almonds imports expanded by three percent in value and 22 percent in volume. The United States remains a major supplier of almonds and sees commensurate levels of growth.
- **Beef:** U.S. prime beef for direct consumption enjoys an increasing popularity at high-end restaurants and is expanding its presence due to growth of the food-service sector.

V. Key Contacts and Further Information

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