

USDA Foreign Agricultural Service

# GAIN Report

Global Agricultural Information Network

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## Greece

**Post:** Rome

### Retail Foods

**Report Categories:**

Retail Foods

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**Report Highlights:**

In 2016, value sales of grocery retailers in Greece declined by two percent to \$21.5 billion. The effects of the recession were still evident with low disposable incomes, low consumer confidence and high unemployment; yet the economy seemed to march towards stability. This was mirrored in retailing, as consumption began to pick up gradually. This report overviews the characteristics of Greek retail outlets and how best to place U.S. products in the Greek market.

## **General Information:**

### **SECTION I. MARKET SUMMARY**

#### **Overview**

Greece is the fourteenth largest economy in EU-28, accounting for 1.2 percent of the EU's GDP for 2016, the same as Portugal and Czech Republic. After a prolonged depression, the economy stabilized in 2016, and Greek GDP is forecast to grow approximately 1.1 percent in 2017, and 2.5 percent in 2018. Greece has a capitalist economy with a public sector accounting for about 40 percent of GDP, with tourism providing 18 percent of GDP. Greece is a major beneficiary of EU aid, equal to about 3.3 percent of annual GDP. With a population of 11 million and a gross domestic product (GDP) of approximately \$289 billion, Greece is a relatively small country.

Greece imports significantly more food and beverages than it exports and is reliant on imports to meet the demands of consumers for food products. Greek agricultural product exports decreased 1.9 percent during the first half of 2017, compared to the same period last year. The value of exports reached \$2.7 billion. Cheese and olive oil exports totaled \$470 million, accounting for 17 percent of total Greek product exports in terms of value. Imports of agricultural goods during the first half of 2017 reached \$3.2 billion, an increase of 4.8 percent compared to the same period last year; cheese and meat products received the lion's share, totaling \$550 million. Products with good sales potential to the Greek market include dairy products, meat, sugar, cereals, alcoholic beverages, exotic/counter seasonal fruits, planting seeds, feed, tree nuts, and non-GMO food ingredients for the domestic food processing and confectionary/ice cream sectors.

The Greek crisis has created a completely new retail grocery environment, with conditions in which many retailers and suppliers have never operated. The effects of the recession were still evident in 2016, with low disposable incomes, low consumer confidence and high unemployment; yet the economy seemed to march towards stability. This was mirrored in retailing, as consumption began to pick up gradually. Major supermarket chains are entering into strategic agreements among themselves, and the number of mergers and acquisitions is increasing in an attempt to maximize profits in a negative environment.

#### **The Retail Food Sector**

In 2016, value sales of grocery retailers declined by 2 percent to \$21.5 billion. The Hellenic Statistical Authority (ELSTAT) reported that Greek retail sales by volume fell one percent in March compared to the same month in 2016 after an upwardly revised 9.9 percent increase in February. Retail sales were led lower by food, beverage, department stores and supermarkets, the data showed. In addition, consumers have cut their supermarket spending by up to 38 percent from 2015. The reduction in monthly expenditure not only concerns consumers who could not afford to spend much, but also those who up until a few years ago viewed shopping as a pleasure and enjoyed discovering new products. The crisis and the ensuing fiscal adjustment measures have had a strong impact on demand, resulting in

the vital restructuring of the sector, with many small sales points and even supermarket chains shutting down.

Greece is also witnessing a remarkable shift in how and where the consumer chooses to buy their food.

According to Euromonitor, Greeks remained highly interested in price levels and general value offers, yet also opted for proximity, as a secondary way to save money. Small, easy-in, easy-out local stores helped consumers to save time and money by limiting their purchases to only what they needed to buy.

Another money-saving trend was the increased demand for options to replace consumer foodservice.

According to IELKA, the Greek Institute of Retail Consumer Goods, the economic crisis has brought a change in the dietary patterns of the Greeks, who are ordering out less and eating at home more. These shifts in consumer behavior translated to changes in grocery store layouts, as packaged snacks and cold drinks became more easily available, while stores also increased their ready-to-eat food options. New regulations also benefited these trends, for instance, stores such as butchers or tobacco shops were allowed to sell ready-to-eat meals.

The most important development in the competitive landscape in 2016 was the bankruptcy of Marinopoulos Group and its merger with Sklavenitis Group. The new subsidiary of Sklavenitis Group will operate a combined network of 560 stores in Greece and Cyprus, employing approximately 30,000 people. It will be the largest supermarket network in Greece. Discounters increased by 1.2 percent in current value terms in 2016, as consumers continued to look for cheaper options for their groceries and other items. In this unstable economic environment, convenience came as a second priority; however, it was still an important aspect of consumer behavior. As a result, online sales and convenience stores were favored by consumers, with many online shops offering free delivery with a relatively low value of products sold.

## Private label

Consumer loyalty to well-known brands has weakened, owing mostly to the economic downturn and partly to the increased availability of private label products. The introduction of own label products has been a relatively recent development in Greece, although it has become a key element of the retail market. Customers used to see them as low cost imitations of branded goods, however this is not the case nowadays that private labels have overcome this reputation and have achieved significant growth. However, as of 2016, private label products in many categories were reaching maturity, and in other categories were affected by aggressive discounting by retailers for branded products, which resulted in slowing the growth of private labels.

**Table 1. Grocery Retailers Company Shares (% Value)**

	2012	2013	2014	2015	2016
Ahold Delhaize	7.6	8.2	8.6	9.5	10.2
Sklavenitis J&S SA	6.7	6.8	7.2	7.5	7.7
Schwarz Beteiligungs GmbH (Lidl)	6.5	6.8	6.7	7.0	7.4
Diamantis Masoutis SA	3.7	4.0	4.2	4.5	4.7

Marinopoulos SA	-	4.8	5.8	6.1	4.4
Metro SA	1.5	1.6	1.5	1.6	4.0
Carrefour SA	8.8	4.0	4.3	4.3	3.3
Pente SA	1.3	1.4	1.6	1.7	1.7
Market In SA	0.8	0.9	0.9	1.0	1.0
INKA Coop	0.6	0.8	0.8	0.8	0.8
Bazaar SA	0.6	0.6	0.7	0.7	0.7
Egnatia Super Market SA	0.1	0.2	0.2	0.3	0.3
Royal Dutch Shell Group	0.2	0.2	0.2	0.2	0.2
EKO SA	0.2	0.2	0.2	0.2	0.2
Venetis AVEET	0.2	0.2	0.1	0.1	0.1
Estia Bakery SA	0.4	0.1	0.1	0.1	0.1
Aegean Oil SA	0.0	0.0	0.1	0.0	0.0
Others	60.8	59.2	56.8	54.4	53.2
Total	100.0	100.0	100.0	100.0	100.0

Source: Euromonitor

According to Euromonitor, sales via hypermarkets fall in 2016, whereas supermarkets and discounters picked up pace. Hypermarkets were increasingly avoided due to the distances involved, and these outlets were also regarded as being too inconvenient and too time-intensive and money-consuming.

Supermarkets on the other hand were fast in following the trends towards small, convenient, near-by formats and thus managed to continue to gain ground at the expense of others, such as the larger formats or traditional neighborhood-based independent small grocers and food/drink/tobacco specialists.

On the downside however, consumer confidence in retail trade and construction deteriorated, the Foundation for Economic and Industrial Research (IOBE) reported. The ongoing evaluation process ahead of funding has created uncertainty, adding however that tourist traffic to Greece partially offset losses in retail trade.

## Consumer trends

At the same time grocery shopping continued to gain against non-grocery spending in hypermarkets and supermarkets, reaching 74 percent of value sales for the former channel and 95 percent for the latter in 2015. Greek consumers increasingly chose to shop in retailing specialists, such as grocery shopping in grocery retailers and apparel shopping in apparel specialists, as a way to save money. Furthermore, with internet retailing in the equation, non-grocery shopping was also increasingly done via this channel.

A survey conducted by the Institute of Retail Consumer Goods (IELKA) showed that Greeks have reduced their spending on grocery goods since the beginning of the financial crisis, changing purchasing as well as dietary habits under the pressure of tax hikes and shrinking incomes. According to the estimates of IELKA the amount spent by the average Greek household on grocery goods fell by 21.7 percent from 2009 to 2016. The study found that the average Greek household spent €5,578 on grocery goods in 2009, while by 2016 this figure had fallen to €4,367. In the case of protein sources IELKA noted that consumers preferred cheaper alternatives to fish, beef, and lamb, and bought poultry, pork,

eggs, and even legumes instead.

**Table 2. Sales in Grocery Retailers by Channel – Value**

	2012	2013	2014	2015	2016
<i>Modern Grocery Retailers</i>	12,388	11,912	12,155	12,426	12,336
- Convenience Stores	532	571	656	715	666
- Discounters	1,661	1,674	1,694	1,704	1,725
- Forecourt Retailers	170	158	158	154	147
- Hypermarkets	661	614	596	575	495
- Supermarkets	9,364	8,895	9,050	9,279	9,302
<i>Traditional Grocery Retailers</i>	10,059	9,479	8,970	8,182	7,806
- Food/Drink/Tobacco Specialists	3,456	3,407	3,240	2,956	2,842
- Independent Small Grocers	1,640	1,478	1,416	1,308	1,228
- Other Grocery Retailers	4,963	4,593	4,314	3,920	3,736
<b>Total Grocery Retailers</b>	<b>22,447</b>	<b>21,392</b>	<b>21,125</b>	<b>20,609</b>	<b>20,141</b>

Source: Euromonitor

Unit: Million USD

**Table 3. Sales in Grocery Retailers by Channel – (% Value Growth)**

	2015/16	2011-16 CAGR	2011-16 Total
<i>Modern Grocery Retailers</i>	-0.7	-0.8	-4.1
- Convenience Stores	-6.8	5.4	30.2
- Discounters	1.2	1.2	6.2
- Forecourt Retailers	-4.0	-6.0	-26.4
- Hypermarkets	-14.0	-7.0	-30.6
- Supermarkets	0.3	-1.1	-5.2
<i>Traditional Grocery Retailers</i>	-4.6	-7.7	-33.1
- Food/Drink/Tobacco Specialists	-3.9	-6.5	-28.5
- Independent Small Grocers	-6.1	-8.2	-34.9
- Other Grocery Retailers	-4.7	-8.5	-35.8
<b>Grocery Retailers</b>	<b>-2.3</b>	<b>-3.9</b>	<b>-17.9</b>

Source: Euromonitor

Unit: % current value growth, retail value

### Advantages and Challenges for U.S. Exporters in Greece

Advantages	Challenges
Greek importers favor U.S. products because of good quality and wider variety.	Greece's financial situation is sinking domestic demand, while lack of credit creates difficulties to importing companies.
Tourism is a seasonal boost to retail, food	Greek financial crisis and social disturbances have

and drink sales.	damaged Greece's reputation as a tourist destination.
Good image and reputation of U.S. products.	Competition from neighboring EU countries, where tastes and traditional products may be well known.
Convenience stores and discounters are increasing their market share, which means that customers have access to a wider product range.	Geographical challenges, including a large rural and island-based population, will continue to hamper the development of larger retail formats that can stock wider varieties of food products.
Consumers are increasingly health conscious, demanding innovative food products.	Greek consumers' limited purchasing ability forced them to cut down food spending.
Food products in the market are becoming more diversified. Consumers are becoming more open, creating opportunities for new and foreign products.	High marketing costs (advertising, discounts, etc.)

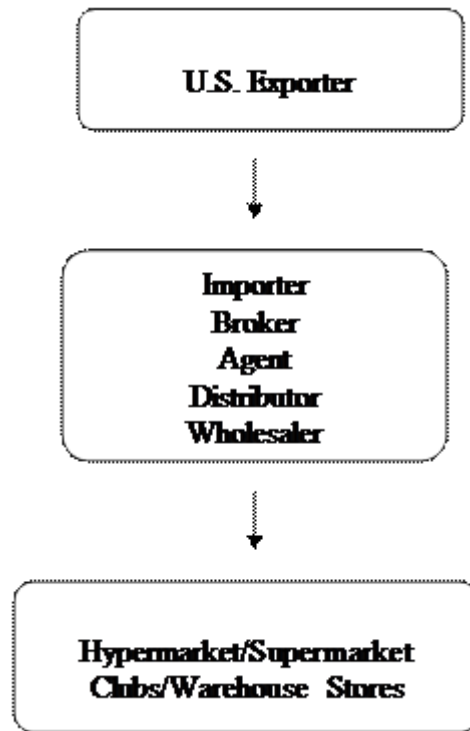
## SECTION II. ROAD MAP FOR MARKET ENTRY

### A. Superstores, Supermarkets, Hypermarkets or Supercenters, Club and Warehouse Outlets

#### Entry strategy

Greek business partners and terms-local representation and personal contacts are required to successfully introduce a product into the Greek market. Greece follows EU policies regarding labeling and ingredient requirements. Similarly, Greece employs the same tariffs and border measures as the other EU member states. Product imported into Greece must meet all Greek and EU food safety and quality standards, as well as labeling and packaging regulations. It is important to work with experienced importers, and/or have an agent to work with Greek regulatory authorities to ensure the acceptability of specific products. Personal relationships and language ability are of value when conducting business transactions. It is also advisable for the agent to contact the health authorities at the port of entry as interpretation of health directives may vary from port to port. An overview of EU food laws currently in force can be found on the FAS USEU website <http://www.usda-eu.org/>. For more information on Product Trade Restrictions, Food Standards and Regulations, please refer to Post's [FAIRS GAIN Report](#).

#### Market Structure



- Food products are usually imported in Greece by an importer or agent, who may also be a wholesaler and/or distributor. The importer is responsible for the delivery of products to their distribution center.
- Supermarkets act as importers too.
- The agents usually undertake promotional campaigns for the products they import.
- Most of the distributors have nationwide distribution channels.

**Table 4. Supermarkets – Company Profiles**

<b>Retailers and Outlet Types</b>	<b>Ownership (Local or Foreign)</b>	<b>Sales 2016* \$ Million</b>	<b>Location</b>	<b>Type of Purchasing Agent</b>
<b>AB Vassilopoulos</b> Supermarkets	Belgian	2,000	Nationwide	Importer, Wholesaler
<b>Sklavenitis</b> Supermarkets, Hypermarkets	Greek	1,600	Nationwide	Importer, Wholesaler

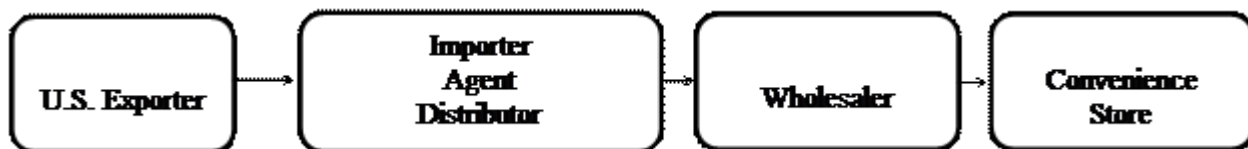
<b>Lidl</b> Supermarkets	German	1,500	Nationwide	Importer, Wholesaler
<b>Masoutis</b> Supermarkets	Greek	900	North Greece	Importer, Wholesaler
<b>Marinopoulos</b> Supermarkets, Hypermarkets	Greek	800	Nationwide	Importer, Wholesaler
<b>Metro</b> Supermarkets	Greek	750	Attica, Nationwide	Importer, Wholesaler
<b>Carrefour</b> Supermarkets	French	650	Nationwide	Importer, Wholesaler
<b>Galaxias</b> Supermarkets	Greek	350	Nationwide	Importer, Wholesaler
<b>Market In</b> Supermarkets	Greek	200	Attica, West Greece, South Greece	Importer, Wholesaler
<b>INKA Coop</b> Supermarkets	Greek	150	Crete	Importer, Wholesaler

Source: Euromonitor

\* Estimate

## B. Convenience stores, Gas marts, Kiosks

### Market Structure



- Convenience stores usually sell dairy products, sodas, beverages, dry grocery products, and a



limited range of non-food products.

- Gas station mini markets sell newspapers and magazines, tobacco, snacks, dairy products, ice cream, and some dry grocery items.
- Kiosks sell tobacco, newspapers, snacks, and ice cream.

Convenience stores were the fastest growing channel in sales terms in grocery retailers in Greece in 2015, with 4 percent value growth and are forecasted to continue growing. Convenience stores outlets were often the best option for finding good prices while being conveniently located, whilst their limited space and product variety were increasingly perceived as advantages to consumers not wishing to be allured into spending more than they planned to. Furthermore, the development of convenience stores is also expected to continue, aided by changes in laws and regulations, such as those liberalizing sales of baked goods or allowing milk and other foods to be sold with tobacco, or with regard to opening hours for larger stores.

The largest players in Greek gas station market are EKO (793 stores), Shell (649 stores) and Aegean Oil (320 stores). In total, there are 7,500 gas stations operating in Greece.

### SECTION III. COMPETITION

<b>Product Category (MT; USD)</b>	<b>Major Supply Sources in 2016 (in volume)</b>	<b>Strengths of Key Supply Countries</b>	<b>Advantages and Disadvantages of Local Suppliers</b>
<b>Dairy</b>  <i>Net Imports:428,000 MT</i> <i>Value:\$788 million</i>	1. Germany - 42% 2. Netherlands - 18% 3. Romania - 6%  USA is an insignificant supplier (0.01%)	More than 99 percent of these products are supplied by EU countries having the advantage of proximity and availability.	Local dairy companies are very strong. Concentrated milk cream, sweetened or not, is the major imported commodity. Cheese consumption is growing.
<b>Snack Foods</b>  <i>Net Imports:58,000 MT</i> <i>Value:\$211 million</i>	1. Germany - 25% 2. Italy - 18% 3. Spain - 9%  USA is an insignificant supplier (0.08%)	Prices from non-EU suppliers are low, making Turkey the only third country holding a significant market share, 3% of the market.	Cocoa preparations are the leading commodity imported. Companies like Mondelez Hellas, Papadopoulos, ELBISCO, and Chipita are very competitive.

<b>Almonds</b>  <i>Net Imports: 6,500 MT</i> <i>Value: \$48 million</i>	1. USA - 61% 2. Spain - 21% 3. Germany - 6% 4. Australia - 4%	Competition from Spain is high, but Greek demand for almonds is also robust and production in other EU countries is not sufficient to meet demand.	Locally produced almonds are mostly used as a roasted snack. U.S. almonds are further processed domestically, both for sale to Greek industry and re-exported.
<b>Walnuts</b>  <i>Net Imports: 3,000 MT</i> <i>Value: \$20 million</i>	1. Ukraine - 56% 2. Moldova - 15% 3. USA - 8% 4. Romania - 7%	Ukraine and Moldova are traditional suppliers of walnuts. Balkan countries have lower transportation costs.	Greek production is insignificant at the quality level needed. Greece is an attractive market for U.S. walnuts but the competition is tough.
<b>Alcohol Beverages</b>  <i>Net Imports: 27,500 MT</i> <i>Imports Value: \$166 million</i>	1. UK - 44% 2. Italy - 10% 3. Germany - 9%  USA is a minor supplier (5%)	EU countries are the major distilled spirits suppliers to the Greek market. Scotch whisky remains very popular and UK dominates the market.	Greek distilled spirits have gained popularity in recent years, affected by tradition but also the economic crisis.
<b>Fish and Seafood</b>  <i>Imports: 102,000 MT</i> <i>Value: \$473 million</i>	1. Spain - 16% 2. China - 10% 3. Netherlands - 10%  USA is a minor supplier (1%)	The major suppliers offer good quality fish products at competitive prices.	Large competition from local suppliers and producers. Greek domestic consumption and exports surpass local supply.
<b>Pulses</b>  <i>Imports: 29,000 MT</i> <i>Value: \$34 million</i>	1. Canada - 50% 2. China - 11% 3. Mexico - 8% 4. USA - 7%	Strong competition from Canada, who increased its presence in recent years, China and Mexico.	Greece is a traditional consumer of pulses and its local production is not sufficient to fulfill internal demand.

The EU is the main competitor for U.S. consumer-orientated food. EU food exporters have relatively low transportation costs and fast delivery times. Their products do not face import duties, nor do they face major ingredient or labeling changes. Products are sourced mainly from Germany, the Netherlands, Italy, Bulgaria, Romania, and Spain.

The United States ranks 6<sup>th</sup> largest non-EU supplier to Greece, with around 1.2 percent of all Greek food and drink imports. Argentina, Ukraine, Russia, Turkey and Brazil are some of the other top non-EU suppliers.

## SECTION IV. BEST PRODUCT PROSPECTS

- **U.S. products in the Greek market that have good sales potential:**
  - Nuts (almonds, walnuts, pistachios) for snacks, pastries, confectionary, breakfast
  - Frozen and salted fish (cuttlefish and squid, mollusks, salmon)
  - Alcohol beverages and distilled spirits
  - Pulses

Product Category	2016 Greek Imports (\$)	5 Year Average Import Growth (%)	Key Constraints Over Market Development	Market Attractiveness for USA
Almonds	\$48 million (imports from USA \$28M)	6%	Transition from VASP to PEC certificates for aflatoxins. High competition from Spain.	U.S. products are considered as high quality and safe products. Average consumption of almonds in Greece is among the highest in the world. Confectionary industry use has increased, as almonds are an ingredient in many traditional food products.
Walnuts	\$20 million (imports from USA \$1.6M)	78%	Ukraine and Moldova offer competitive prices.	U.S. walnuts, both shelled and in-shell, are known in Greece for their excellent quality. The known health benefits of tree nuts have boosted walnut consumption.
Pistachios	\$18 million (imports from USA \$0.6M)	-17%	Competition from Iran, who dominates the Greek pistachio market. Greek exports to EU enhance market growth.	U.S. pistachios have a higher quality image than Iran, the major competitor.

Frozen and salted fish	\$473 million (imports from USA: \$4.1M)	-4%	Heavy competition from EU countries, China, India and domestic suppliers.	Good reputation and reliability of U.S. squid and mollusks. Seasonal consumption increased due to record tourism in 2016, and religious traditions.
Alcohol beverages and distilled spirits	\$166 million (\$72 million in whiskies; imports from USA: \$8.6M)	18%	Competition from EU countries, with the UK being the major supplier in the case of whisky.	Increasing interest in U.S. distilled drinks. Despite a negative growth rate for the sector, whisky imports from the United States grew 12 percent in the past five years.
Pulses	\$34 million; imports from USA \$1.8M	-2%	Strong competition from Canada, China, and Mexico.	Greece is a traditional consumer of pulses and its local production is not sufficient to fulfill internal demand.

\*tariff rates can be found at European Commission's [Online Services](#)

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

- Processed fruit (cranberries and dried prunes)
- Dairy products (cheese)
- Chocolate and cocoa products
- Condiments and sauces
- Prepared food

- **Products not present because they face significant trade barriers:**

- Turkey and other poultry products
- Beef meat and products
- Food products containing biotech ingredients
- Corn oil

## SECTION V. POST CONTACT AND FURTHER INFORMATION

### Section V. Post Contact and Further Information

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