

Required Report: Required - Public Distribution

Date: April 02, 2024

Report Number: IT2024-0001

Report Name: Food Processing Ingredients Annual

Country: Italy

Post: Rome

Report Category: Food Processing Ingredients

Prepared By: Dimosthenis Faniadis

Approved By: Charles Rush

Report Highlights:

The Italian food-processing industry continues to be highly fragmented, characterized by growing consolidation of smaller companies. In 2023, U.S. agricultural exports to Italy were \$1.8 billion, while U.S. imports from Italy were \$7.4 billion. Italy depends almost entirely on raw material imports, most of which come from other EU countries.

Market Fact Sheet: Italy

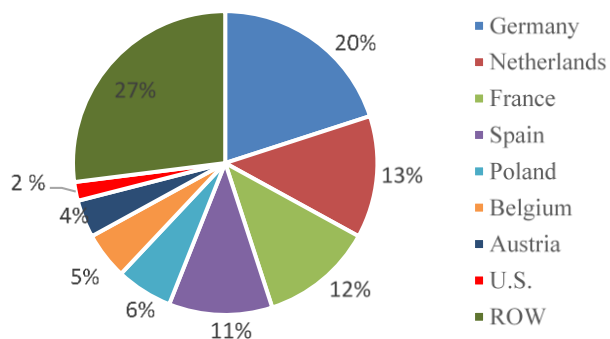
Executive Summary

Italy's economy is the eighth largest in the world and the third largest in the euro-zone, with a GDP estimated at \$2 trillion and a per capita GDP of \$34,083 in 2022. Being a net agricultural importer, most raw materials and ingredients are imported, as Italy's economic strength is in the processing and the manufacturing of goods. Italy exports mainly consumer-oriented products to the United States, while the United States exports mostly bulk commodities to Italy. In 2023, U.S. agricultural exports to Italy were \$1.8 billion, while U.S. imports from Italy were \$7.4 billion.

Imports of Consumer-Oriented Products

In 2023, Italy's imports of consumer-oriented products were \$35.7 billion, of which 85 percent originating from other EU-27 member states. Imports from the EU-27 were primarily dairy products, meat, and fruits and vegetables.

Imports of Consumer-Oriented Products, 2023



Food Processing Industry

The Italian food-processing industry is highly fragmented, characterized by a growing consolidation of smaller companies. Progress in food technology, marketing innovations, "Made in Italy" products, and exports of finished food products have all contributed to Italy's increasing demand for food ingredients. Italian consumers continue to favor baked goods, processed meat and seafood, and dairy products.

Food Retail Industry

The Italian food retail industry is highly diversified. Hypermarkets, supermarkets, convenience stores, major discount stores, and specialized stores coexist with traditional corner grocery stores and open-air markets. Italy's food retail sales reached \$172.3 billion in 2023. Increased sales were registered in discounters (+3 percent), supermarkets (+1 percent), and grocery retailers (+1 percent), and only decreased in hypermarkets (-1 percent).

Quick Facts CY 2023

Imports of Consumer-Oriented Products: \$35.7 billion

List of Top 10 Growth Products in Italy

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

Food Industry by Channels (\$ billion)

Food Industry Output	\$156.8
Food Exports	\$64.1
Food Imports	\$35.7
Retail	\$172.3
Food Service	\$88.6

Top 10 Italian Retailers

- | | |
|-------------------|---------------------------------|
| 1) Conad | 2) Esselunga SpA |
| 3) Coop Italia | 4) Selex Gruppo Commerciale SpA |
| 5) Crai Secom SpA | 6) Gruppo V&Gé |
| 7) Consorzio C3 | 8) DIT |
| 9) Carrefour SA | 10) Despar Italia |

GDP/Population

Population: 59 million
 GDP: 2 trillion (2022 data)
 GDP per capita: \$34,083 (2022 data)

Strengths/Weaknesses/Opportunities/Threats	
Strengths	Weaknesses
Italy's food consumption levels are among the highest in the world.	Competition from EU countries that export to Italy tariff-free.
Opportunities	Threats
Italy is dependent on raw imports for its processed food industry. Italian food products have a reputation for being of high quality.	Non-tariff barriers, including traceability requirements, can hinder U.S. exports.

Data and Information Sources:

Trade Data Monitor (TDM), LLC; Euromonitor.

Contact: OAA Rome, Italy
 E-mail: agrome@usda.gov
 Tel: (011)-(39)-06-4674-2396

Section I. Market Overview

Overall Business Climate

The Italian food-processing industry continues to be highly fragmented, characterized by a growing consolidation of smaller companies. The leading players tend to employ multichannel strategies, which have helped them to offset food service losses with higher sales in the retail channel during the COVID-19 pandemic. Consumer foodservice in Italy continued on the path to recovery in 2023 with transaction value exceeding pre-pandemic levels while the volume of transactions also continued to grow. However, elevated inflation hit the market hard in 2022 and 2023 with the cost of living rising sharply as consumer prices rocketed. This situation forced many consumers to reduce their discretionary spending in order to focus on their primary needs.

On the other hand, with the pandemic no longer deemed a threat consumers were keen to socialize again with friends and family over a meal or a drink, boosting sales. The ongoing recovery in tourism was also a boon to the economy, with 58 million inbound arrivals seen in 2023.

Artisanal products are at the forefront of the packaged food market. Local consumers continue to prefer fresh products rather than canned products. However, the most popular canned food products are seafood (tuna in particular), meat and meat products, tomatoes, and beans. Additionally, Covid-19 accelerated Italy's healthy eating trend, with vegan, vegetarian, and flexitarian alternatives, "free-from" products (e.g. gluten, lactose, or sugar-free), and superfoods attracting more and more local consumers. The pandemic also strengthened the locally sourced food trend as a gesture of solidarity to local producers.

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. Italy depends almost entirely on raw material imports, most of which come from other EU countries. In 2023, U.S. agricultural exports to Italy were \$1.9 billion, while U.S. imports from Italy were \$7.8 billion.

U.S. - Italy Agricultural Trade 2023

U.S. leading exports to Italy	Italian leading exports to the United States
Soybeans: \$992.6 million*	Wine: \$2.3 billion
Tree Nuts: \$315.1 million	Baked Goods, Cereals, and Pasta: \$1.1 billion*
Wheat: \$111.2 million	Olive Oil: \$706.7 million
Pulses: \$64.8 million*	Condiments and Sauces: \$596.7 million*
Distilled Spirits: \$48.2 million*	Dairy Products: \$515 million*
Total: \$1.8 billion*	Total: \$7.4 billion*

Source: BICO

*Highest export/import levels since 1970

Advantages	Challenges
Italy's 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	U.S. exporters have significantly higher

for food and drink in terms of value, and there is a reliable affluent consumer base for such products.	transportation costs and time lags than most other European countries, given the distance between Italy and the United States.
Italy is highly dependent on raw imports for its processed food industry.	Non-tariff barriers, including traceability requirements, can hinder U.S. exports. Moreover, U.S. exporters new to the Italian market may find the Italian bureaucracy difficult to maneuver.
Italians are becoming more aware of foreign ingredients and cuisines.	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**

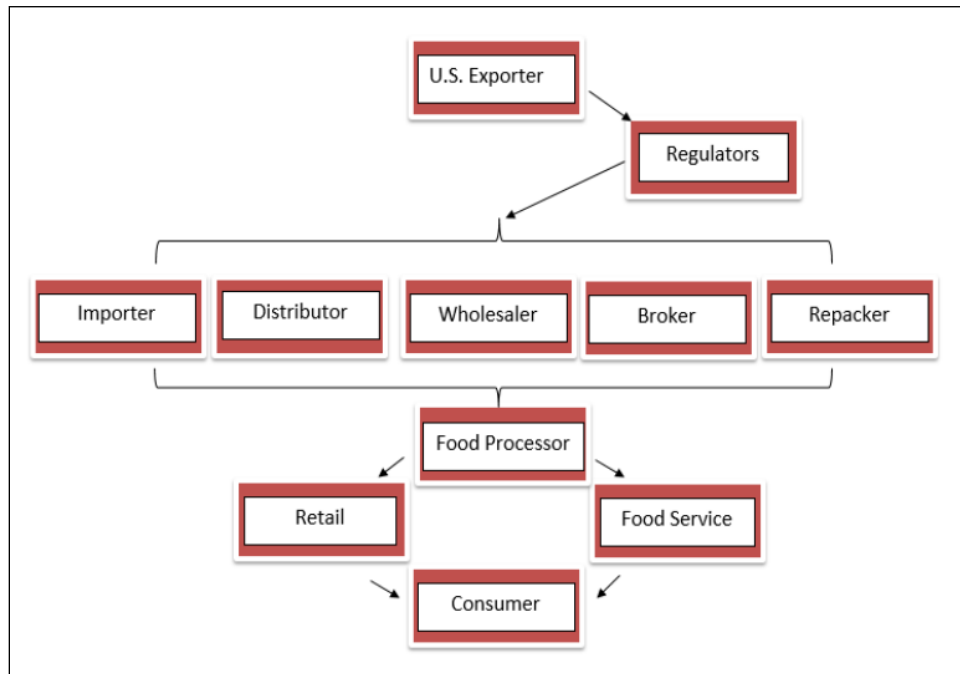
- Survey existing and potential opportunities by reviewing [FAS GAIN](#) reports and consider engaging a market research firm to assist in analyzing market opportunities and challenges.
- Identify a key importer, broker, distributor, agent, or wholesaler, as they know how to best navigate the import and distribution process. They are key to doing business in Italy. Italian importers are mostly small to medium-sized companies and normally carry a whole range of products. The terms and length of association between the U.S. company and the Italian company are normally established by contract.
- Price is always important, although quality and novelty alone do move some imported products.
- Be prepared to start small by shipping a few pallets or cases of a product and recognize that it could take several months or years before an importer is ready to order full containers. Italians place a lot of importance on first building the trust to consolidate the business relationship.
- Be willing to meet special EU labeling requirements and consider working through a consolidator or participating in mixed container shipments.
- Participation in some of the larger European international food trade shows (ANUGA, SIAL, and TUTTOFOOD) offers a good opportunity to get a sense of the Italian market and meet with potential Italian importers or distributors.

- **Import Procedure**

- All imports are covered under EU regulations.
- Work with experienced distributor or independent reliable agent to counsel on import duties, sanitary regulations, and labeling requirements. Personal relationships and language ability are of value when conducting business transactions.
- Imports from a third country must clearly identify country of origin.

- Custom duties are applied to all products and rates depend on product being processed or unprocessed.
- Imported products from North America often enter Italy indirectly from the Port of Rotterdam or directly by air.

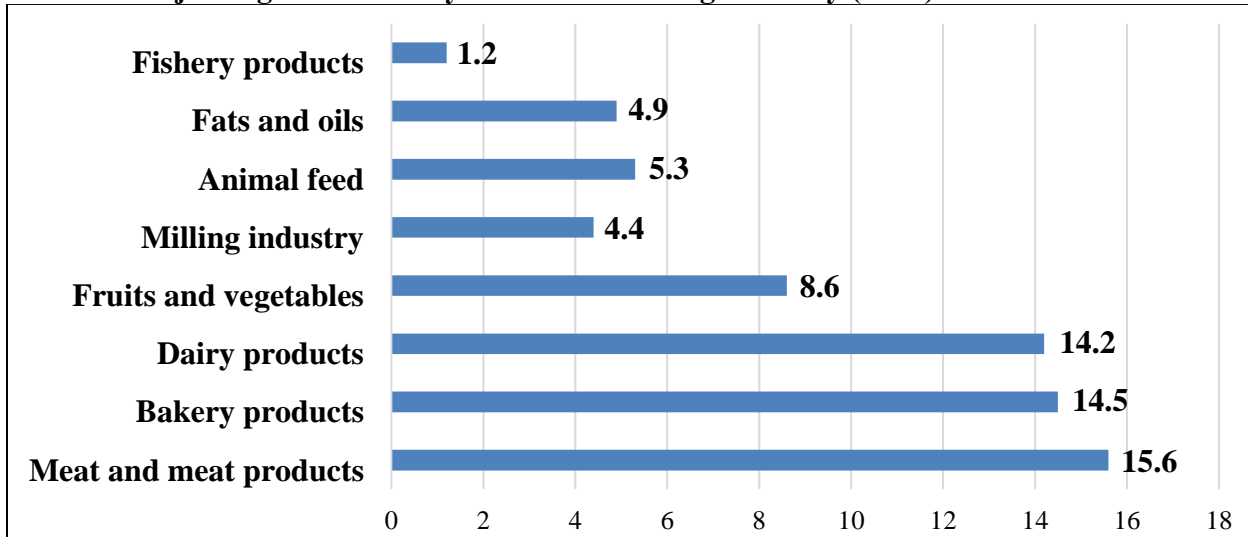
- **Distribution Channels**



- **Market Structure**

- Italy's food processing industry is well developed and has access to a wide range of food ingredients and suppliers.
- Italian producers source their ingredients from brokers, agents, local importers, and wholesalers. Only large processors import ingredients directly from foreign suppliers.
- Processed food is primarily distributed through retail grocers, convenience, and discount stores.
- 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.

- **Share of Major Segments in Italy’s Food Processing Industry (2022)**



Source: Italy’s Institute of Statistics (ISTAT)

- **Leading Food Processing Companies**

Baked Goods

Barilla - <https://www.barilla.com/it-it>

Bauli - <https://www.bauli.it/>

Ferrero - <https://www.ferrero.com>

Dr Schär - <https://www.schaer.com/it-it>

Processed Meat and Meat products

Gruppo Veronesi - <http://www.gruppoveronesi.it/bpweb/SitoVeronesi.nsf/home>

Fratelli Beretta - <http://www.fratelliberetta.com/>

Amadori - <https://www.amadori.it/amadori/storia>

Ferrarini - <https://en.ferrarini.com/>

Dairy products

Granarolo - <https://www.granarologroup.com/>

Galbani - <http://www.gruppolactalisitalia.com/hubpage/>

Parmalat - <https://www.parmalat.it/>

Zanetti - <https://www.zanetti-spa.it/en>

Ice Cream and Frozen Desserts

Unilever Italia - <https://www.unilever.it/our-company/>

Sammontana - <https://www.sammontana.com/>

Froneri Italy - <https://gelatimotta.it/>

Esselunga - <https://www.esselunga.it/cms/azienda.html>

Pasta and Rice

Barilla - <https://www.barilla.com/it-it>

De Cecco - https://www.dececco.com/it_it/

Pastificio Rana - <https://www.gioannirana.it/>

Conad - Consorzio Nazionale Dettaglianti - <https://chiamo.conad.it/>

Chocolate Confectionary

Ferrero - <https://www.ferrero.it/>

Nestlè Italia - <https://www.nestle.it/>

Elah Dufour Alimentari Riunite - <https://www.elah-dufour.it/en>

Mars Italia - https://ita.mars.com/it/prodotti-mars?language_content_entity=it

Savory Snacks

San Carlo Gruppo Alimentare - <https://www.sancarlo.it/it/default.asp>

Mondelez Italia Services - <https://www.mondelezinternational.com/Europe/Western-Europe>

Noberasco - <https://www.noberasco.it/it-IT-it/Default.aspx>

Amica Chips - <https://www.amicachips.it/>

Sauces, Dressings, and Condiments

Star - Stabilimento Alimentare - <https://www.star.it/storia/>

Unilever Italia - <https://www.unilever.it/our-company/>

Conserve Italia - <https://www.conserveitalia.it/en/>

Barilla - <https://www.barilla.com/it-it>

Sweet Biscuits, Snack bars, and Fruit snacks

Mondelez Italia Services - <https://www.mondelezinternational.com/Europe/Western-Europe>

Colussi Group - <https://www.colussigroup.it/en/>

Galbusera - <https://www.galbusera.it/international-range/>

Balocco - <https://www.balocco.it/en>

Ready Meals

Bonduelle Italia - <https://www.bonduelle.it/>

La Linea Verde Società Agricola - <https://www.lalineaverde.it/?lang=en>

Piatti Freschi Italia - <http://www.piattifreschiitalia.com/>

Cameo - <https://www.cameo.it/it-it/index>

• **Sector Trends**

- Ageing population and increased health consciousness of consumers is fueling Italy's demand for health and wellness products, and functional food products such as fermented food and probiotics.
- Locally grown, but also ethnic, vegan, vegetarian, and flexitarian alternatives, and “free from” products (e.g. gluten, lactose, or sugar free) attract more and more Italian consumers.
- Demographic evolution is driving changes in consumer buying habits, as single and two person households are growing, while households of four or more persons declining.
- Consumers increasingly require traceability and information about production methods.
- The switch to hybrid work models has resulted in a reduction in spending on breakfast and lunch in consumer foodservice outlets, with this trend continuing to be seen in 2023. During

the weekends, there was an increase in meals being consumed outside the home, while takeaway and home delivery also thrived.

Section III. Competition

Italy's main trading partner is the EU-27, supplying approximately 72 percent of the total agricultural products, and 85 percent of consumer-oriented products. Proximity and price make the EU-27 more attractive and competitive.

Italy's Leading Suppliers of Consumer-Oriented Products

Partner Country	January - December (Value: USD)			Market Share (%)			%Change 2023/22
	2021	2022	2023	2021	2022	2023	
World	28,806,947,942	30,688,077,393	35,669,012,883	100	100	100	16.2
EU-27	23,800,180,719	25,517,097,827	30,304,196,028	82.62	83.15	84.96	18.8
Germany	5,461,054,314	5,668,535,407	7,011,833,642	18.96	18.47	19.66	23.7
Netherlands	3,490,385,701	3,821,964,178	4,694,365,736	12.12	12.45	13.16	22.8
France	3,621,640,444	3,747,783,347	4,395,592,357	12.57	12.21	12.32	17.3
Spain	3,103,916,785	3,335,711,486	4,123,540,315	10.78	10.87	11.56	23.6
Poland	1,604,578,965	1,814,726,195	2,098,502,577	5.57	5.91	5.88	15.6
Belgium	1,334,309,867	1,581,167,498	1,827,369,508	4.63	5.15	5.12	15.6
Austria	1,099,088,757	1,185,870,481	1,339,295,119	3.82	3.86	3.76	12.9
United States	626,827,942	659,829,805	730,026,040	2.18	2.15	2.05	10.6

Source: TDM, LLC

Competitive Situation for Selected Consumer-Oriented Products

Commodity	Italy's imports from the world 2023	Italy's imports from the United States 2023	Key constraints over market development	Market attractiveness for the United States
Pork Meat and products	\$3.5 billion	\$0	Competition from other EU countries, mainly Germany, Spain, and the Netherlands.	Growing consumers' demand.
Bakery Goods	\$2.2 billion	\$11.5 million	Competition from other EU countries, mainly Germany, France, Austria, and Spain.	Growing consumers' demand.
Tree Nuts	\$1.5 billion	\$339.9 million	Competition from Turkey, Spain, Germany, and Chile.	USA is the main supplier of almonds. Growing demand from manufacturers,

				confectionary, and snack industry.
Chocolate and Cocoa Products	\$1.4 billion	\$427,892	Competition from other EU countries, mainly Germany, France, the Netherlands, and Belgium.	Growing consumers' demand.
Food Preparations	\$1.1 billion	\$9.5 million	Competition from other EU countries, mainly Germany, the Netherlands, France, and Belgium.	Growing consumers' demand.

Source: TDM, LLC

Section IV. Best Product Prospects

- **Products present in the market which have good sales potential**
 - Tree Nuts
 - Distilled Spirits
 - Food Preparations
 - Processed Fruit
 - Sauces, Dressings, and Condiments
- **Products not present in significant quantities, but which have good sales potential**
 - Functional and Health food
 - Free-from products (lactose-free, gluten-free, sugar-free)
 - Specialty foods
 - Beer
- **Products not present in the market because they face significant barriers**
 - Beef, other than that sold through the High Quality Beef Quota
 - Poultry (sanitary procedures – chlorine wash)
 - Processed food products containing genetically engineered (GE) ingredients

Section V. Key Contacts and Further Information

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

FAS Italy publishes numerous market and commodity reports available through the Global Agricultural Information Network (GAIN) at: <https://gain.fas.usda.gov/#/search>

Attachments:

No Attachments