Required Report - public distribution

Date: 12/14/2012

GAIN Report Number: IT1244

Italy

Food Service - Hotel Restaurant Institutional

Italy HRI Report 2012

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Report Highlights:
This report gives an overview of the Italian foodservice industry and its various sectors. It also outlines current market trends, and identifies best product prospects.

Post:
Rome

Executive Summary:

Macro Economic Situation & Key Demographic Trends

Italy has a diversified industrial economy, divided into a developed industrial north, dominated by private companies, and a less-developed agricultural south, afflicted with high unemployment. The Italian economy is driven in large part by the manufacture of high-quality consumer goods produced by small and medium-sized enterprises, many of them family owned. Italy is the third-largest economy in the euro-zone, but high public debt burdens and structural impediments to growth have rendered it vulnerable to scrutiny by financial markets.

The euro-zone crisis along with Italian austerity measures have adversely affected exports and domestic demand, slowing Italy's recovery. Italy's GDP is still 5% below its 2007 pre-crisis level. Italy has few natural resources. With much land unsuited for farming, Italy is a net food importer. In 2011, Italy's unemployment rate reached 8.4 percent, while GDP was $2.246 trillion. Italy's closest trade ties are with the other countries of the European Union, with whom it conducts more than 60% of its total trade. Italy's largest EU trade partners, in order of market share, are: Germany, France, and the United Kingdom. Italy has a population of roughly 60 million, and Italian is the official language.

The Italian Hotel and Food Service Industry

Every year more than 94 million tourists visit Italy, making it the world's fourth most attractive tourist destination. The Italian Hotel and Food Service Industry is a lucrative and growing sector (it is the second largest in the world after the United States); however, it is also diverse and fragmented. Many small establishments dominate Italy, including: bed and breakfasts, youth hostels, camping facilities, resorts and rural tourism. According to the Italian Hotel Association, Federalberghi, more than 250 million people stayed in an Italian hotel in 2011.

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

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

Restaurants, Bars and Take-Away

The majority of Italian eating establishments are located in the North (49%), followed by the South (30%) and then the Center (21%). Cafés/bars continue to be the largest segment of the consumer foodservice sector, and coffee is the leading product consumed outside of the home, followed by soft drinks and alcoholic beverages. Fast food is becoming one of the most dynamic sectors in consumer foodservice along with street stalls/kiosks. Home delivery/takeaway is still a relatively underdeveloped segment in Italy compared with other European countries and is mostly composed of pizza outlets. Self-service cafeterias remain stable, most of them belonging to chain outlets strategically located in shopping malls, airports, highway convenience stores, and city centers. Ethnic eateries are booming in Italy and foreigners have carved out a big chunk of new Italian restaurants. Restaurants serving foreign ethnic food are estimated to be more than 4,500, of which 40% owned by non-Italians. The Italian Institutional sector in Italy is valued at about €8 billion and serves more than 5.5 million meals a day. Presently, the main Institutional Catering companies operating in Italy are Ristochef, Gama, Gemeaz, Onama, La Cascina and Sodexho.

Helpful Advice

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

Italians tend to be conservative and traditional in their eating. Food service companies usually select their products directly from the importers and distributors. Therefore, U.S. exporters need to work closely with the industry, focusing on the importers and distributors who can best promote U.S. products to the Italian HRI sector. These groups often have up-to-date knowledge of the most recent laws and regulations, and know how to communicate and work closely with the Italian Customs Officials. American exporters who can assist in consolidating shipments from other U.S. sources or who have a wide range of products for export have the greatest possibility of success in the Italian market. Single item exporters have a more limited chance for success in the Italian market at this time.

Most imported food products enter the Italian market through brokers or specialized traders. Imported products from North America often enter Italy indirectly via the Netherlands Port of

Rotterdam or directly by air. Wholesalers are the main customers for fish and seafood products, as they purchase and distribute to numerous small restaurants and hotels. In Italy, there are over 1000 fish wholesalers--100 of which are considered importers. Most of the processed food and raw material sourcing decisions are made directly by the restaurant chef and/or hotel Food Purchasing Director. While there are Category Associations for the HRI sector, every establishment operates independently when it comes to sourcing decisions. (See listing of Italian HRI sector Associations).

Studies have shown that sourcing behavior and purchasing decisions made by food service establishments are mainly based on the perceived "quality of the food," followed by "price." Italians tend to purchase "the same products to be on the safe side" and most decisions are made by the establishment owner or the chef. Restaurants, hotels and catering companies tend to rely on importers, wholesalers and food manufacturers, while trattorias and pizzerias purchase directly from large retail food outlets. Health & wellness will continue to be one of the main drivers of trends when it comes to creating new menus and offerings. Nutritious meals with lower fat content and higher in vegetables and fruit are likely to increasingly appear on the displays of most restaurants, highlighting the flavors that these bring.

According to ISTAT, in 2011 Italian consumers spent €220 million on food and drink, of which €145 million on groceries and €75 million in the food service industry (restaurants, bars, take away).

The Italian HRI Food Service Sector Figures **Type of activity**	**Number of Establishments in Italy**
Bars	141,764
Restaurants	159,938
Institutional/Catering	2,861
Total	304,563
Source: *FIPE, Federazione Italiana Pubblici Esercizi, 2011*	

Advantages and Challenges Facing U.S. Products in Italy

Advantages	**Challenges**
Food consumption levels in Italy are among the highest in the world. Italians value quality food.	Competition in the Italian food market is fierce and many consumers still prefer traditional Italian products.

Italy is a member of the Euro zone, which eases market entry and transshipping.	U.S. exporters must conform to often-difficult Italian/European standards and regulations.
Consumers are receptive to modern and innovative products.	Food scares have made some Italian consumers wary of the unfamiliar or non-home grown.

Road Map for Market Entry

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

The Italian youth market is especially interested in lifestyle foods such as American beer, Tex Mex, sushi, ethnic and salted snacks. American type packaging is perceived as being trendy and consumer friendly. U.S. exports of bulk and packaged dried fruits and nuts have consistently sold well in Italy and do very well in the HRI sector.

Bollino Blu

Bollino Blu (Blue Decal) is a quality certification system created by FIPE (Italian federation of bars and catering) and the Italian Ministry of Health. The project aims to control hygiene and quality of Italian restaurants by granting a Bollino Blu to those establishments that can provide trace-ability of food origin and suppliers.

Best Product Prospects

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

American food does well in the Italian market, including in the increasingly popular sushi bars. Italy is the world’s fifth largest importer of seafood products, with an estimated annual consumption of almost 26 kilograms of fish and seafood. Last year Italy imported $85,518 million from the United States in seafood products. Opportunities exist in the supply of fish, especially tuna, salmon, crab, surimi, roe, frozen fish fillets such as hake, cod and plaice to meet the demand for convenient, ready-to-prepare products, peeled and processed shrimp, squid, cuttlefish, octopus and lobster. Opportunities also exist for fruit berries, condiments, fruit juices, and tree nuts, all sectors that have seen growth in recent years.

U.S. Ag Exports to Italy $1.1B	**U.S Ag Imports from Italy $3.5B**
Tree Nuts: $177 million	Wine: $1,494 million
Wheat: $159 million	Olive Oil: $526 million
Hardwood Lumber: $76 million	Cheese: $312 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 U.S.

Exchange Rate: EURO per U.S. Dollar
$1 = 0.7194 (2011)
Source: European Central Bank

Best Products Prospects

A. ***U.S. products in the Italian market that have good sales potential:***

Wild salmon from Alaska
Lobster
Dried plums
Tree nuts
Wheat
Tex Mex and other ethnic foods
Dried beans and lentils
Processed fruit juice

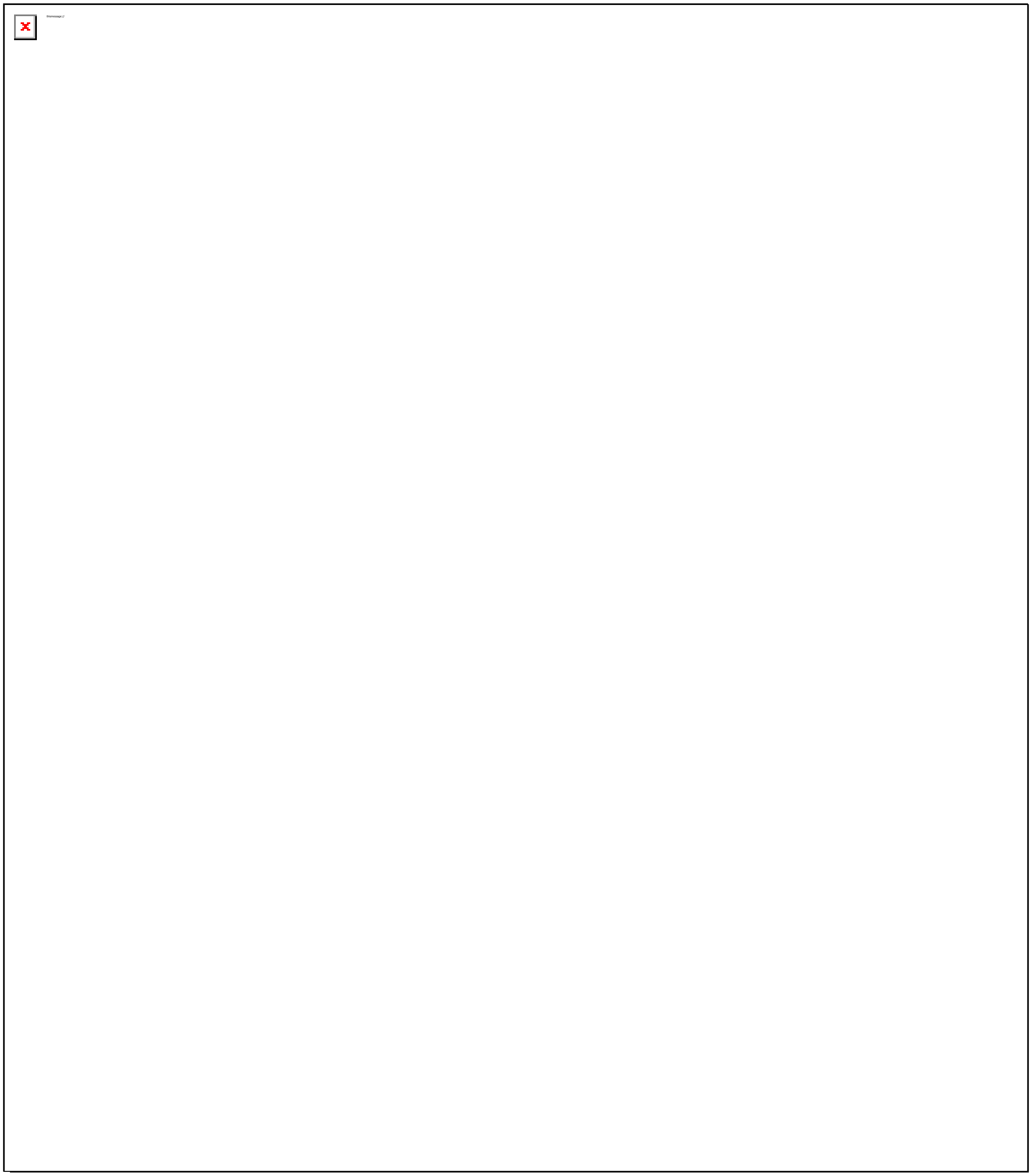
A. ***Products not present in significant quantities but which have good sales potential:***

Dressings and sauces/condiments
Beer
Snacks
Scallops
Chocolate
Specialty/Microbrew Beer

A. ***Products not present because they face significant trade barriers:***

Beef
Cheese
Poultry

Processed food products containing biotech ingredients



USDA FAS Italy Contacts in Rome:
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Tel: (011) (39) 06 4674 2396
Fax: (011) (39) 06 4788 7008
Webpage: http://italy.usembassy.gov/agtrade.html
E-mail: agrome@fas.usda.gov

Listing of Italian HRI sector Associations:
Federalberghi
Italian Hotel Association
Via Toscana 1,
00187, Rome, Italy
Tel: + (39) 06 42741151
Fax: + (39) 06 42871197
Website: www.federalberghi.it

Confcommercio
General Confederation of Trade, Tourism, and Services
Piazza G. G. Belli, 2
00153, Rome, Italy
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Fax: + (39) 06 58 09 425
Website: www.confcommercio.it

AICA – Associazione Italiana Catene Alberghiere
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FIPE – Federazione Italiana Pubblici Esercizi
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