Economic development
Consumer and Retail trends in the Italian Market

THE ECONOMICAL SCENARIO

THE ECONOMICAL SCENARIO AND CONSUMPTION DEVELOPMENT

2011 GDP IN THE WORLD

LIST BY THE WORLD BANK 2012

24		Norway	485.803

Gross domestic product 2011

sorce *THE WORLD BANK 2012*

	Ranking	Economy	(millions of US dollars)
USA	1	United States	15.094.000
CHN	2	China	7.298.097
JPN	3	Japan	5.867.154
DEU	4	Germany	3.570.556
FRA	5	France	2.773.032
BRA	6	Brazil	2.476.652
GBR	7	United Kingdom	2.431.589
ITA	8	Italy	2.194.750
RUS	9	Russian Federation	1.857.770
IND	10	India	1.847.982
CAN	11	Canada	1.736.051
ESP	12	Spain	1.490.810

Source: The World Bank 2012

2011 PPP RANKING

Rank	Country	GDP - per capita (PPP) (US$)
1	Qatar	179,000
2	Liechtenstein	141,100
3	Luxembourg	82,600
4	Bermuda	69,900
5	Singapore	62,100
6	Jersey	57,000
7	Norway	54,600
8	Brunei	51,600
9	United Arab Emirates	49,600
10	Kuwait	48,900

11	United States	47,200
17	Switzerland	42,600
19	Austria	40,400
21	Netherlands	40,300
23	Sweden	39,100
26	Belgium	37,800
27	Ireland	37,300
29	Denmark	36,600
33	Germany	35,700
34	Finland	35,400
37	United Kingdom	34,800
38	Japan	34,000
39	France	33,100
42	Italy	30,500
46	Greece	29,600
47	Spain	29,400
69	Russia	15,900
124	China	7,600

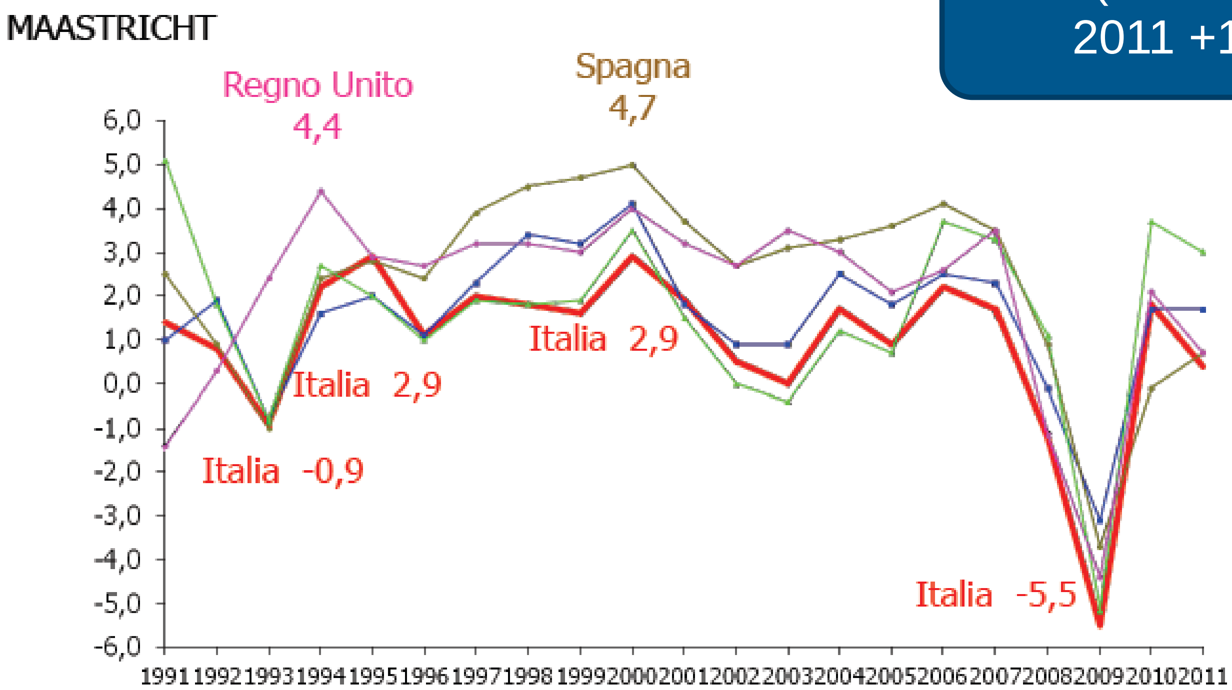
Definition: This entry shows GDP on a purchasing power parity basis divided by population as of 1 July for the same year.

Source: CIA World Factbook

LAST 20 YEARS GDP EVOLUTION IN EUROPE

% variation

UE (27 countries)
2011 +1,5%



Source: Federdistribuzione, OCDE, EUROSTAT, FMI, ISTAT

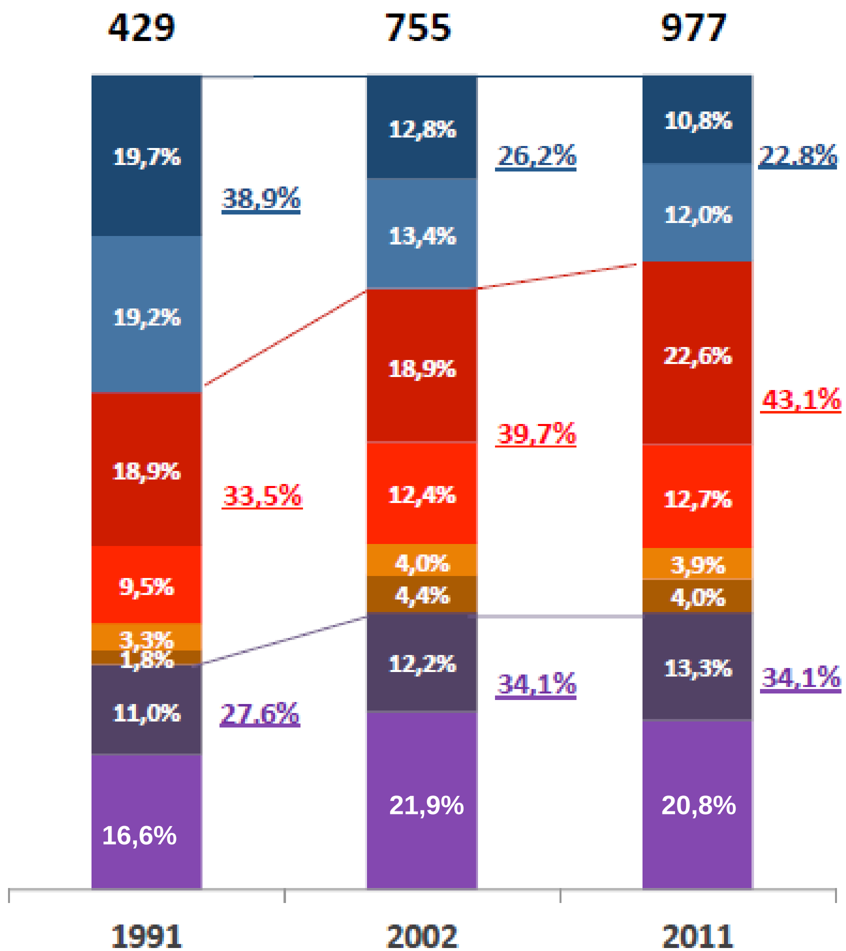
Norwegian Seafood Council
Seafood.no

GDP EVOLUTION IN ITALY

		Figures in %			
		2012	2013	2014	2015
Real GDP (Gross Domestic Product)		-2,6	0,5	1	1,2
Unemployment rate		10,5	9,2	8,9	8,6
Families' consumption		-3,5	0,2	0,5	0,7

Source: ISTAT Report; June 2012

CONSUMPTION EVOLUTION IN ITALY



Billions €

EXPENDABLE GOOD	**223**
Non Food	106
Food	**117**

NOT EXPENDABLE GOOD **421**

House Rents, Energy, House Management Costs 220

Transport and Communication Costs 124

Health and Instruction 38

Insurances and Finance Service Costs 39

OTHER **333**

Hotels and Restaurants 130

Wellness, Sports, Entertainment. Lotteries. Consultancies and Repair Costs 203

Source: Federdistribuzione; February 2012

Dati 2011 - Scenario economico e dinamica dei consumi

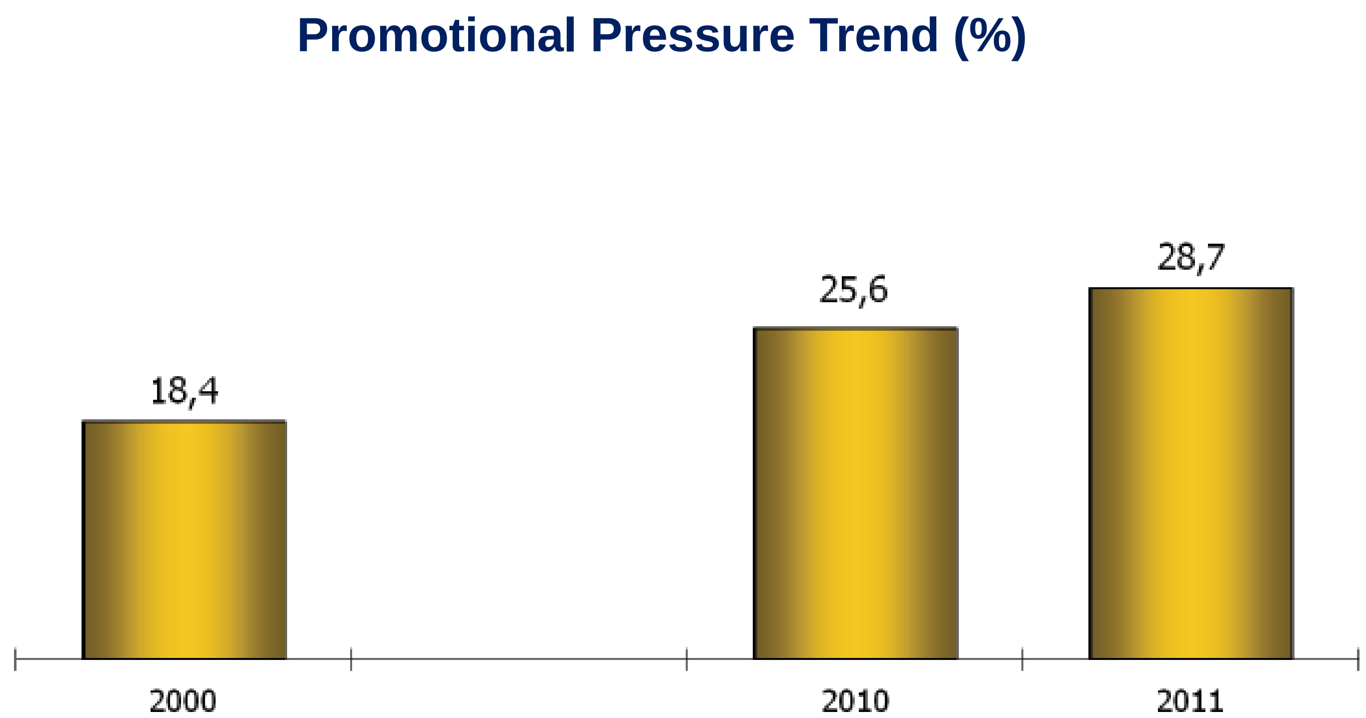
CONSUMPTION EVOLUTION IN ITALY

EXPENDABLE GOODS, Food and Beverage

	2010 (mni €)	2011 (mni €)	Variazioni %		
			Current	Real	Prices
FOOD AND BEVERAGE	115.243	117.541	2,0	-0,5	2,5
•Fresh	39.102	39.649	1,4	-1,7	3,1
•Grocery	76.141	77.892	2,3	0,1	2,2
OTHER PRODUCTS	107.994	105.456	-2,4	-4,3	1,9
TOTALE	223.237	222.997	-0,1	-2,3	2,2

Source: Federdistribuzione, Ac Nielsen, Indicod ECR Tradelab

PROMOTIONS – GROCERY TOTAL



Source: Federdistribuzione, Ac Nielsen Trade Mis - Iper + Super

THE NEW CONSUMER

- Consumers have become more unfaithful and selective.
- The changes in their behaviours are structural.
- Low cost is considered as clever purchase, as in the choice of channels of sale (factory outlet, discount, …) as well as in products’ choice (private label).

- **More rational**
- **Demanding**
- **Discriminating**
- **Nomadic**
- **More Conscious**

THE NEW CONSUMER - AUTOMOTIVE MARKET

In order to understand in a clear way current trends and their consequences, let's look at the Automotive sector.

Between January and August 2012: **981.030 cars have been sold**
-19,86% vs. the same period of 2011 (1.224.096).

Source: Italian Government, Minstry of Transport

A NEW CONSUMER - AUTOMOTIVE MARKET

HONDA	**- 41,36 %**
FORD	**- 33, 71 %**
FIAT	**- 19,90 %**
VOLVO	**- 17,92%**
VOLKSWAGEN	**- 17,45 %**
MERCEDES	**- 14,54%**

KIA	47,73%
LAND ROVER	44,11 %
HYUNDAY	4,74 %
CHEVROLET	5,82 %

Source: Italian Government, Minstry of Transport

A NEW CONSUMER - AUTOMOTIVE MARKET

- Different consumers' behaviours:

1) Consumer tend to cut the consumption of secondary goods
2) Consumer search Best Prices
3) High spending consumers continue to buy high level and expensive goods, trusting in their quality and value for money

- For these reasons is important to give to product value for money and to stress its qualities and brand values.

THE ECONOMICAL SCENARIO

Food and Beverage, Year expenditure per Family (in euros)

	Italia	Nord-ovest	Nord-est	Centro	Sud	Isole
2007	6.208,59	6.150,67	5.733,52	6.460,51	6.646,25	5.905,01
2008	6.002,93	6.053,59	5.575,95	6.214,53	6.299,30	5.677,64
2009	5.676,84	5.793,44	5.327,53	5.815,35	5.963,23	5.188,77
2010	5.733,46	5.788,51	5.495,81	5.800,80	6.050,00	5.273,52
2011	5.638,27	5.692,41	5.404,57	5.704,49	5.949,56	5.185,97
Var. % 2011/2007	**-9,2**	**-7,5**	**-5,7**	**-11,7**	**-10,5**	**-12,2**

Fonte: elaboraz. C.S. Fipe su dati Istat

Source: FIPE February 2012

THE ECONOMICAL SCENARIO

Out of Home Meals, Year expenditure per Family (in euros)

	Italia	Nord-ovest	Nord-est	Centro	Sud	Isole
2007	1.066,78	1.298,08	1.362,66	1.053,95	680,40	701,97
2008	1.019,00	1.238,68	1.318,10	973,91	652,90	693,64
2009	1.016,50	1.184,54	1.262,42	1.115,67	663,64	630,58
2010	971,43	1.116,02	1.241,48	1.002,09	659,93	647,05
2011	945,77	1.086,54	1.208,69	975,62	642,49	629,95
Var. % 2011/2007	**-11,3**	**-16,3**	**-11,3**	**-7,4**	**-5,6**	**-10,3**

Fonte: elaboraz. C.S. Fipe su dati Istat

Source: FIPE February 2012

THE ECONOMICAL SCENARIO

Food and Beverage, Year expenditure per Family (in euros)

	Bread and Cereals	Meat	Seafood	Dairy Products	Vegetables	Coffe/Sugar	Beverages
2007	1.055,87	1.404,05	555,4	838,0	1.112,32	440,9	567,7
2008	1.037,65	1.354,73	512,1	812,9	1.087,80	429,8	545,5
2009	985,74	1.291,71	493,4	775,0	1.025,27	400,8	505,6
2010	967,80	1.347,01	501,1	789,0	1.024,57	394,0	515,5
2011	951,74	1.324,65	492,8	775,9	1.007,56	387,4	506,9
Var. % 2011/2007	-9,9	-5,7	-11,3	-7,4	-9,4	-12,1	-10,7

Fonte: elaboraz. C.S. Fipe su dati Istat

Source: FIPE February 2012

THE ECONOMICAL SCENARIO

The drop in spending, seems to be shared by the most important food categories.

Two different and opposite trends:

✓ **growing consumption's sophistication** → that brings to a very wide product's range (**ethnic** foods, **traditional/regional foods, prepared products and "ready to use" foods**)

Source: Rapporto Coop 2011

THE ECONOMICAL SCENARIO

✓orientation to lower prices→
lower food's variety and quality.

These two trends contribute to widen differences between families with different purchasing power.

Source: Rapporto Coop 2011

THE ECONOMICAL SCENARIO

Packed fresh products sales in GDO (% variations)

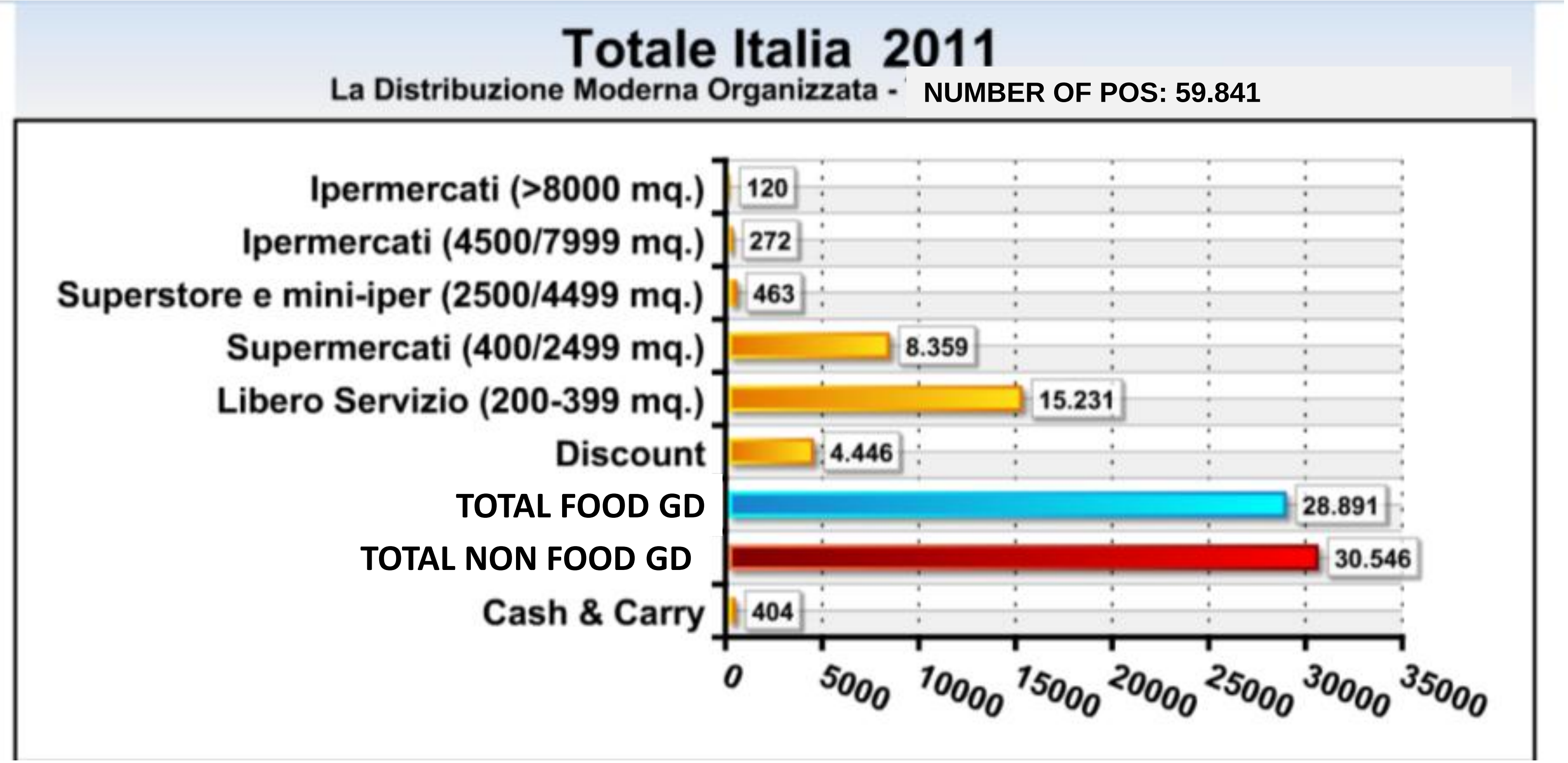
	Valore	Quantità	Prezzi
Bevande fresche	9,2	14,3	-5,1
Carne	23,8	25,9	-2,1
Formaggi	7,5	4,0	3,5
Frutta e verdura	8,5	2,7	5,8
Latticini e altri	3,4	1,7	1,7
Panetteria e pasticceria	3,9	4,9	-1,1
Pasta fresca	1,8	2,3	-0,5
Pesce	7,7	3,1	4,7
Piatti pronti e condimenti	10,8	13,0	-2,1
Salumi	8,1	9,4	-1,3
Uova	5,0	0,6	4,4
Totale	6,4	4,1	2,3

Fonte: elaborazioni ref. su dati Nielsen

Source: Rapporto Coop 2011

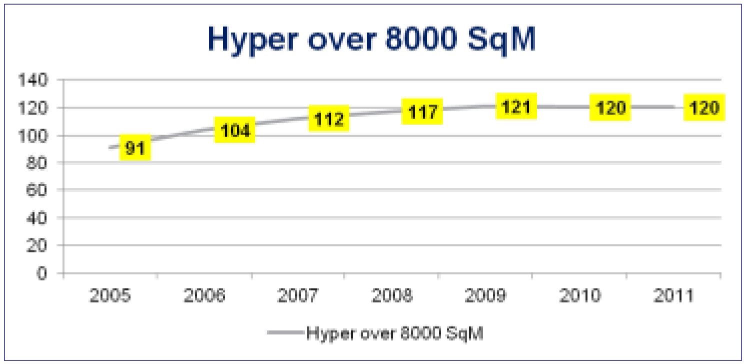
THE RETAIL SCENARIO

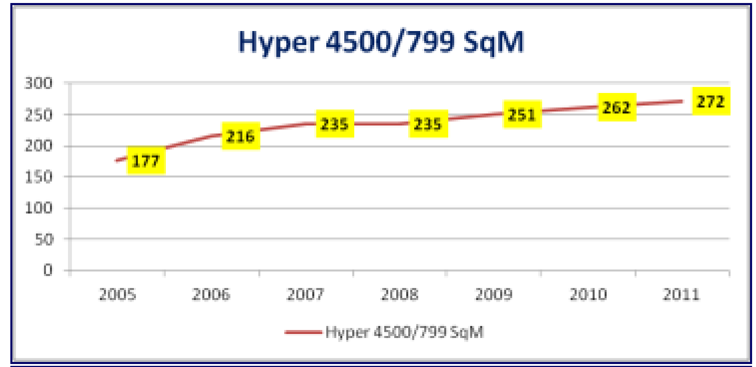
RETAIL IN ITALY GENERAL OVERVIEW ON POS

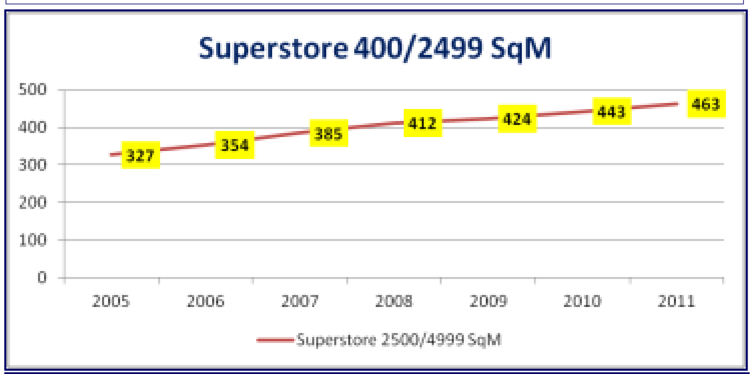


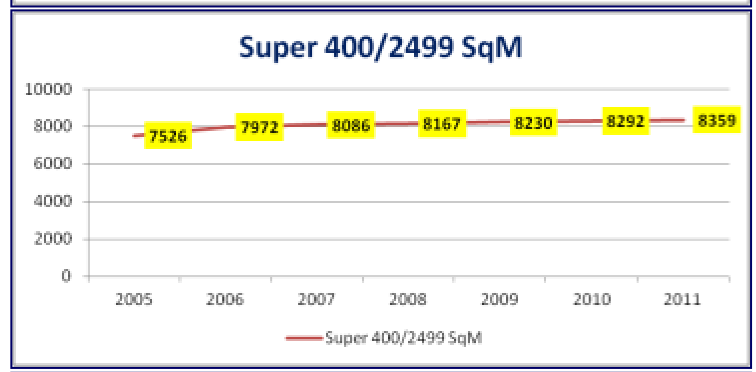
Source: Federdistribuzione

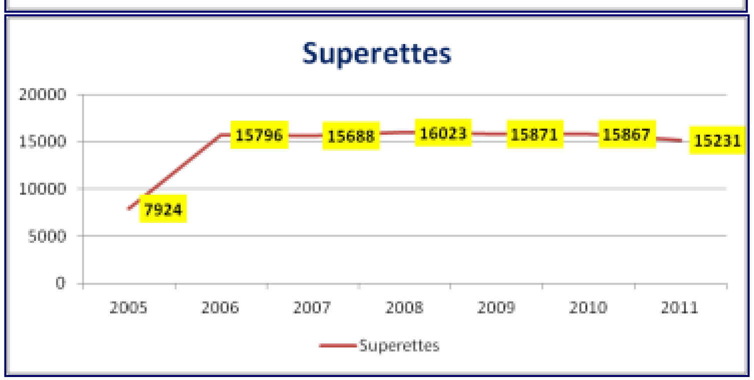
POS TREND *(SOURCE: FEDERDISTRIBUZIONE)*

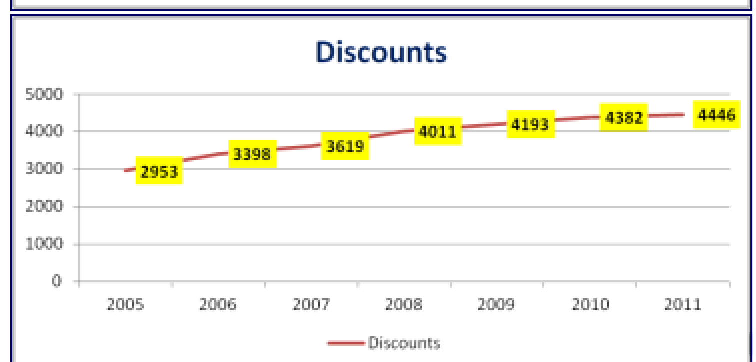




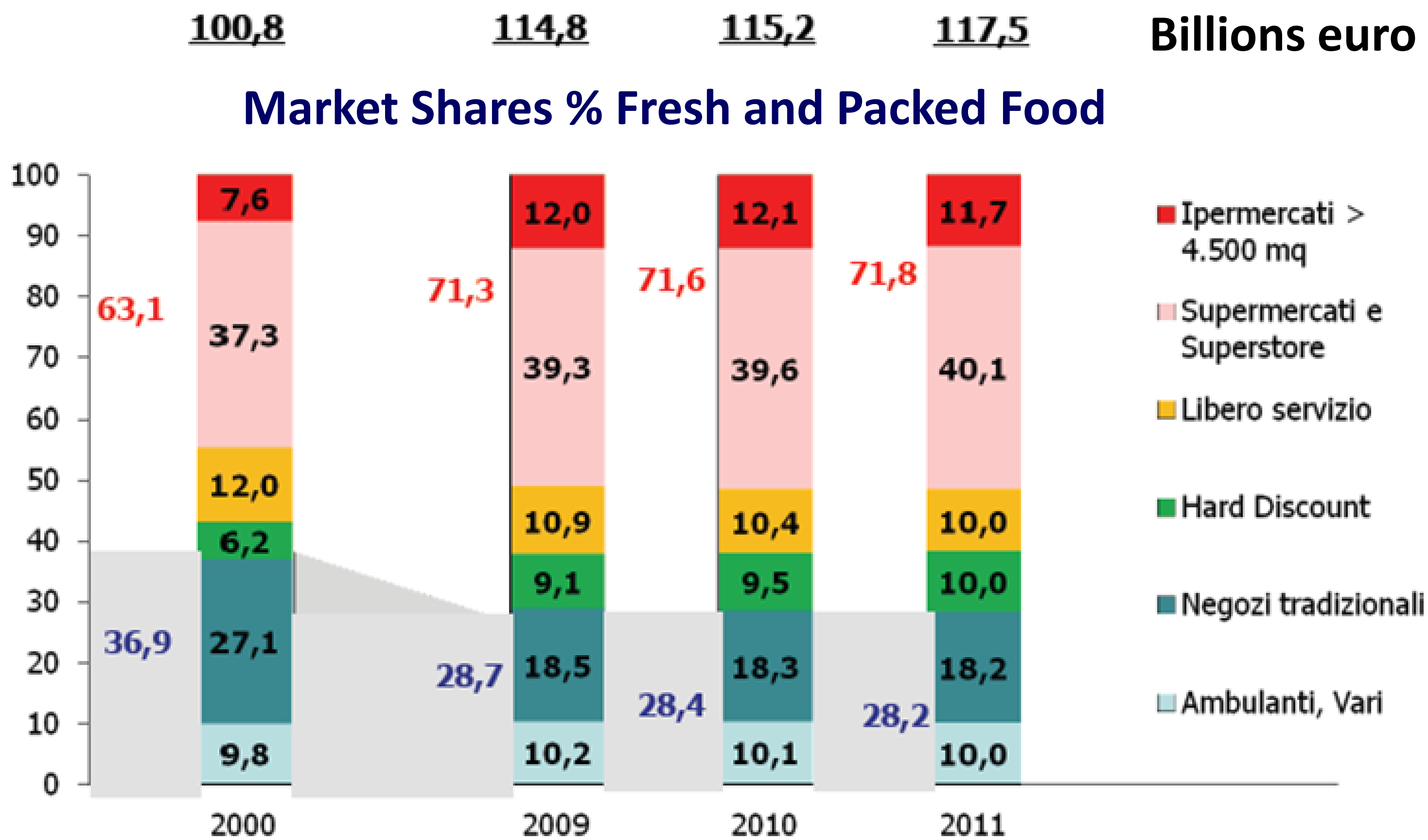








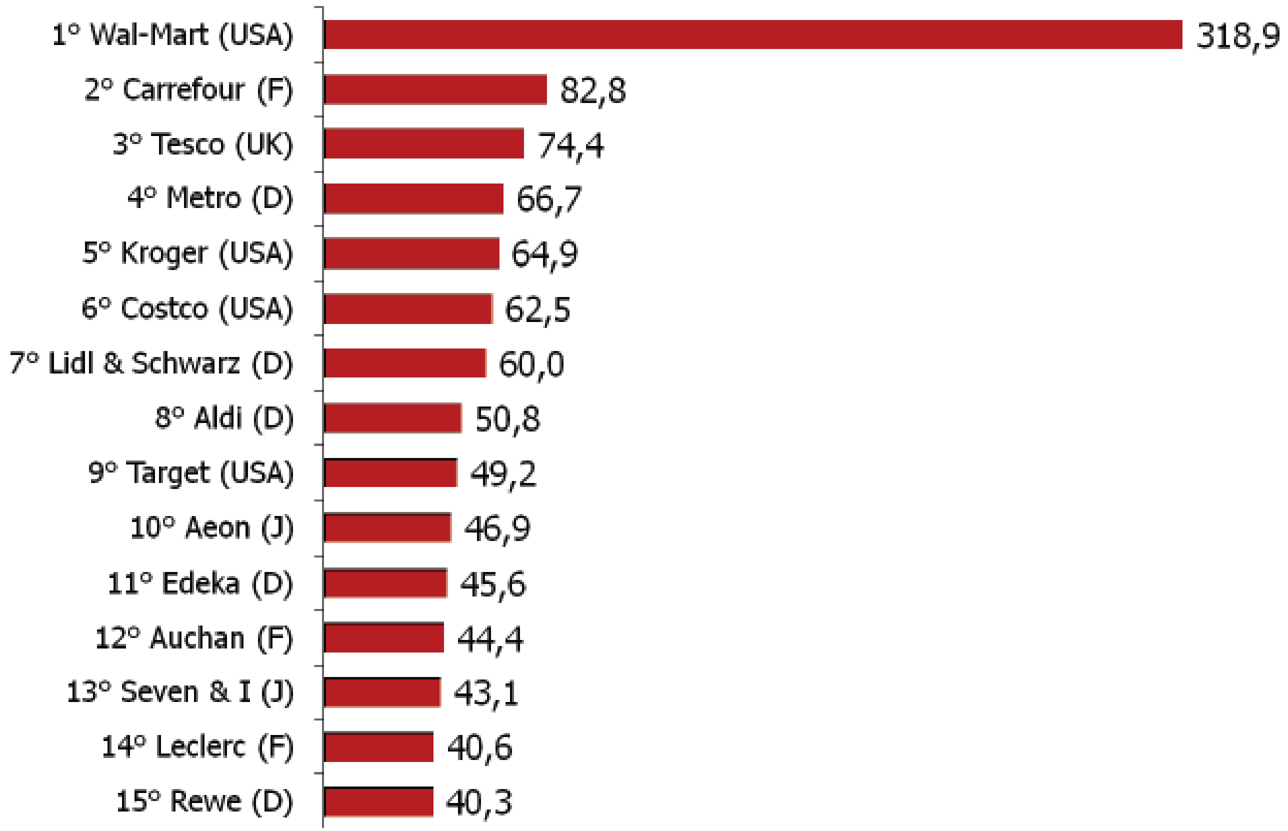
RETAIL CHANNELS TREND



Source: Federdistribuzione, AC Nielsen, Istat

BIG INTERNATIONAL DISTRIBUTORS

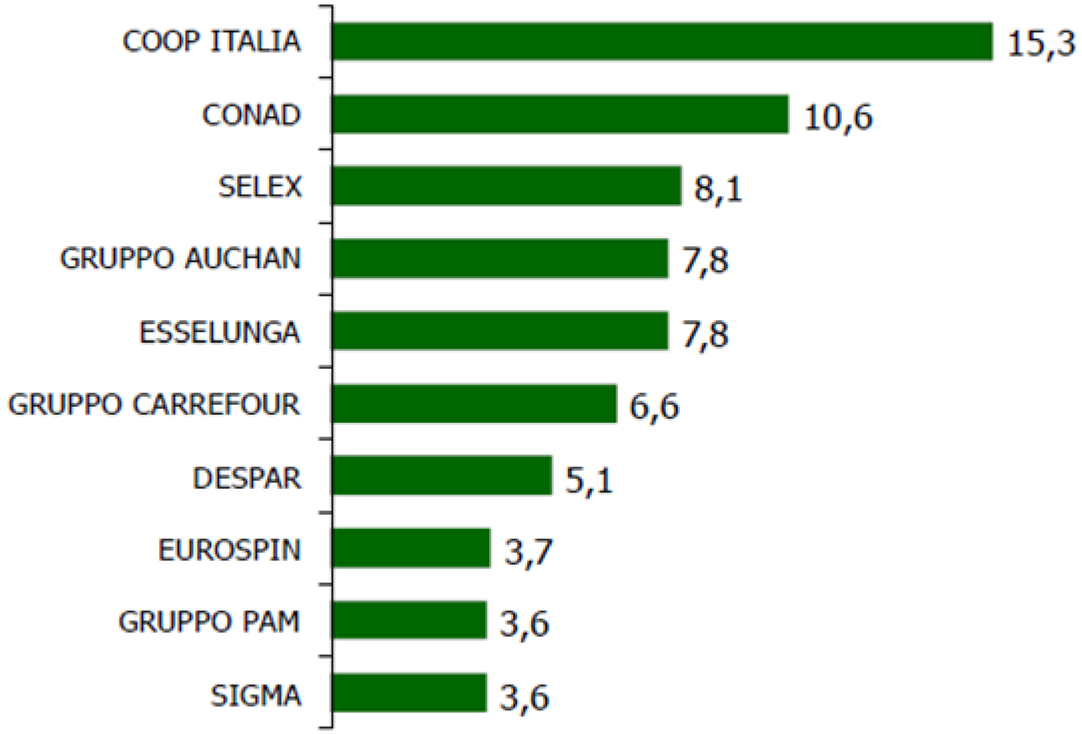
Billions Euro 2011 Turnover



Source: Federdistribuzione, SymphonyIRI Group – January 2012

ITALIAN FOOD RETAIL GROUPS

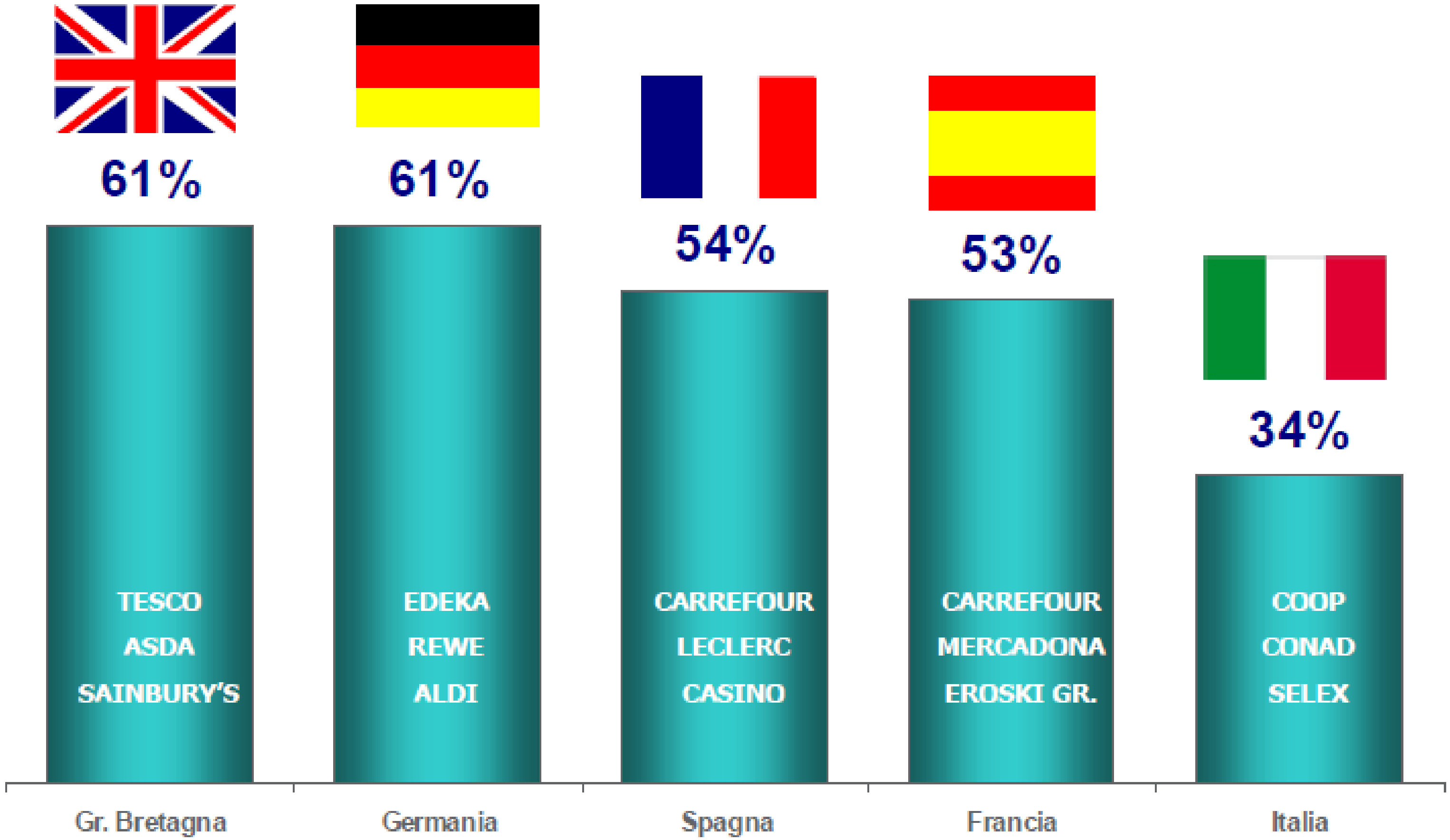
2011 Turnover Market Shares %. First 10 GD Groups



Source: Federdistribuzione, AC Nielsen – January 2012

RETAIL IN ITALY GENERAL OVERVIEW ON POS

2011 market shares of the top 3 retailers chains in Europe



Gen 2012

Nielsen European Universe - Dati consuntivo anno 2010

Source: Federdistribuzione, AC Nielsen

- The first retailer in Italy
- Network of **more than 100 consumer cooperatives**,
- **101 Hyper, 576 Super, 143 Superettes**
- **Stronger in Northern Central Italy**

ESSELUNGA

- Points of Sale are **concentrated in the north-west** (Lombardy, Piedmont, Tuscany and Emilia)
- **143 POS** (Superstore and Supermarkets)

Carrefour





1319	451	868
POINTS OF SALE	CRF OWN POS	FRANCHISING

Carrefour planet	1
Carrefour	60
Carrefour market	433
Carrefour express	812
GROSS docks market	13

Auchan

SIMPLY MARKET

58 Hypermarkets
18 in North West ; 4 in North East
9 in the Centre ,17 in the South
10 on the Islands

1600 POS
Mainly in Central and Northern Italy.
Supermarkets and Superettes

Norwegian Seafood Council
Seafood.no

26 Hypermarkets in
Northern Italy
and on the **central Adriatic coast**

GROUP

In 11 Italian Regions.

•**23 Panorama Hypermarkets**

•**110 Supermarkets and Superstores**

•**178 affiliated** POS

•**304** *"IN'S MERCATO"* discount

PANORAMA

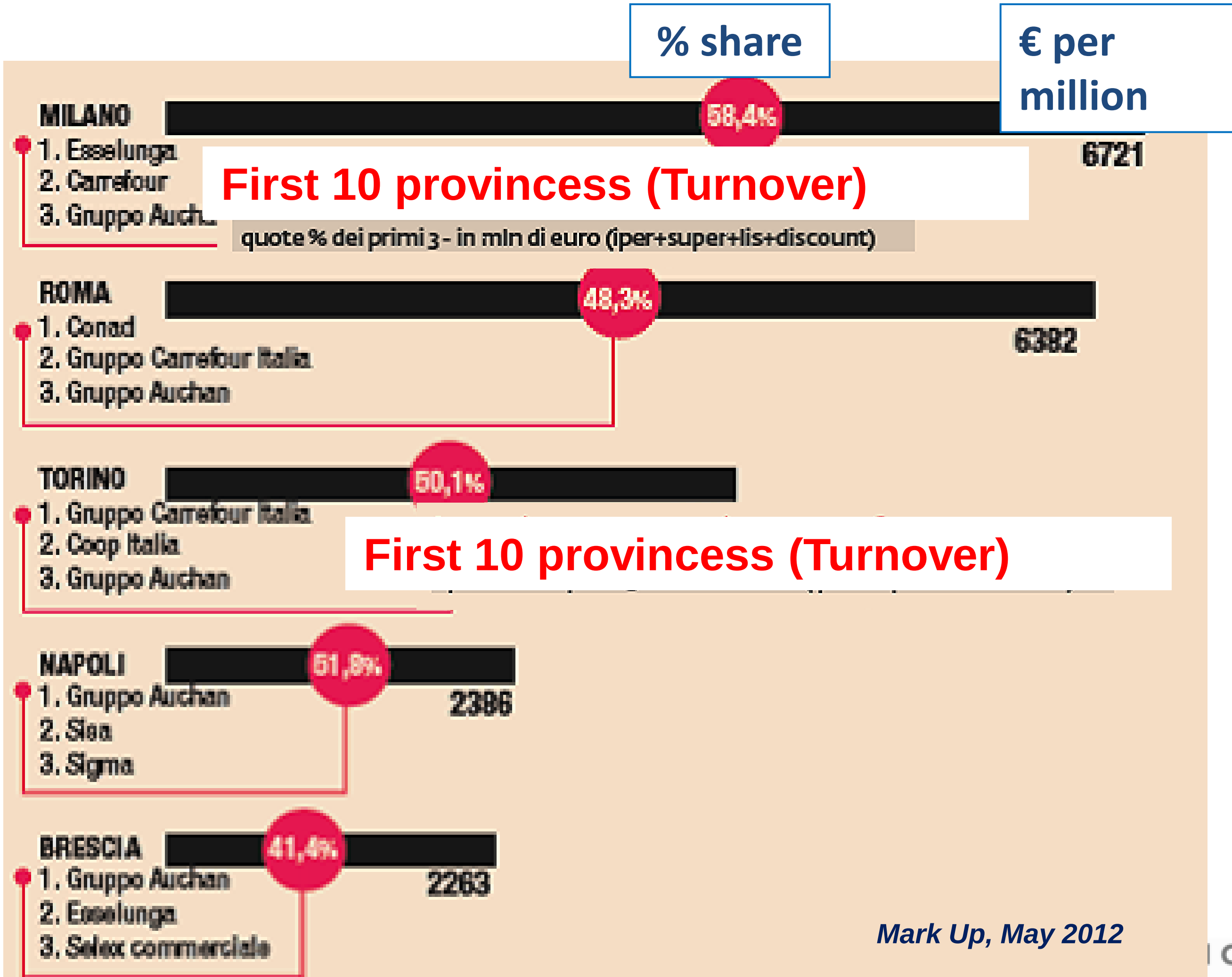
67 Hypermarkets
in northern Italy

DESPAR

- **577 POS**
- **1067 affiliated** POS
- **31 Hyper**
- **480 Super**
- **960 Superettes**

(source Despar 2011)

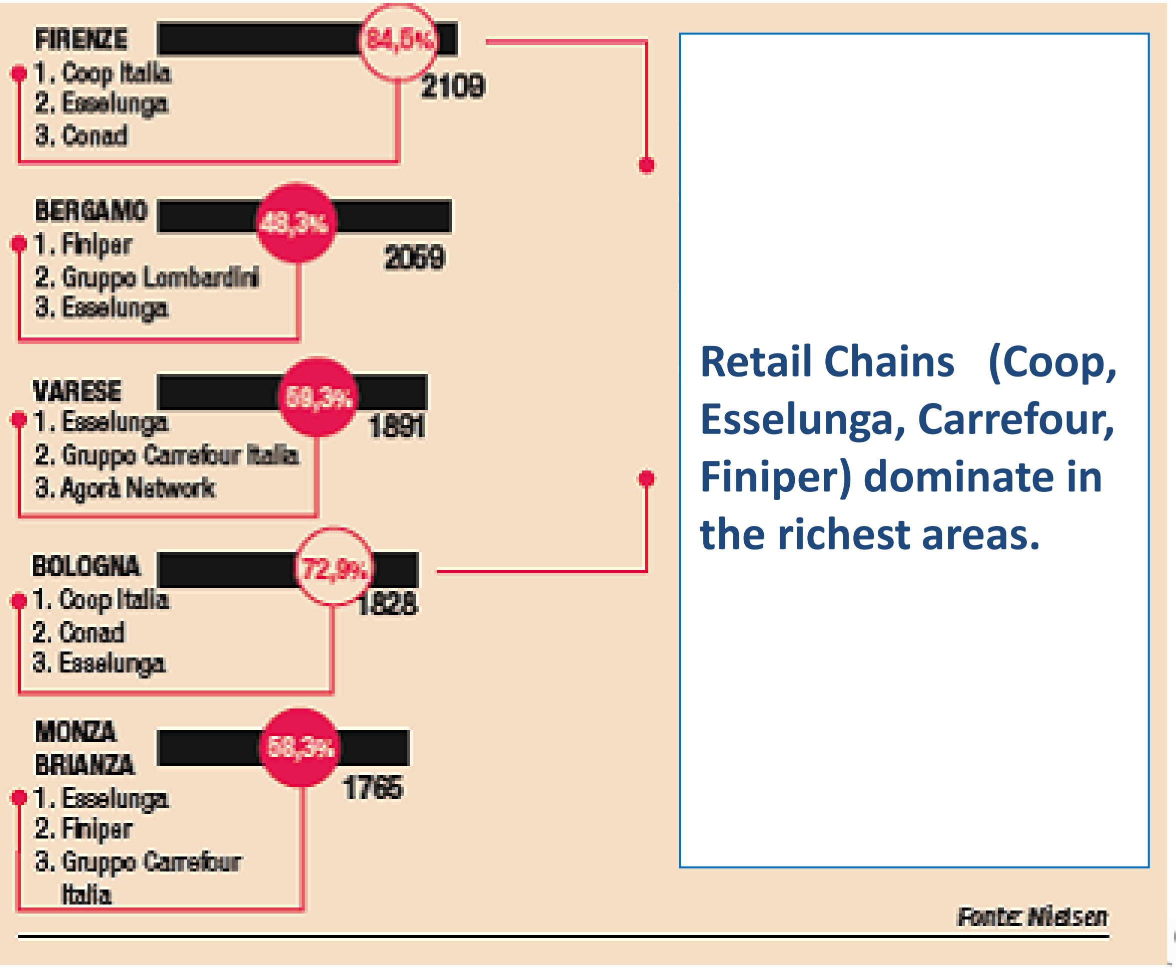
RANKING OF THE FIRST 10 PROVINCES IN TERMS OF TURNOVER



Source: Mark Up, May 2012

RANKING OF THE FIRST 10 PROVINCES IN TERMS OF TURNOVER

% SHARES OF THE FIRST 3 GROUPS (IPER+SUPER+DISCOUNT) € X MILLION



Retail Chains (Coop, Esselunga, Carrefour, Finiper) dominate in the richest areas.

Source: Mark Up, May 2012

Mark Up, May 2012

Council Seafood.no NORGE

SEAFOOD COMMERCIAL ENTERPRISES MAP

	Whole salers	Fish mongers	Sales Agents	Street Markets
ABRUZZO	100	146	0	144
BASILICATA	23	74	1	22
CALABRIA	166	344	2	101
CAMPANIA	910	1.463	13	346
EMILIA ROMAGNA	320	232	29	162
FRIULI0VENEZIA GIULIA	78	74	6	40
LAZIO	633	647	20	322
LIGURIA	154	301	15	104
LOMBARDIA	621	189	41	243
MARCHE	163	197	17	301
MOLISE	17	59	1	29
PIEMONTE	238	91	9	185
PUGLIA	423	915	7	452
SARDEGNA	140	444	5	127
SICILIA	683	951	18	389
TOSCANA	243	262	21	177
TRENTINO 0 ALTO ADIGE	36	11	2	6
UMBRIA	25	54	1	25
VALLE D'AOSTA	1	5	2	1
VENETO	465	209	28	303
Italia	**5.439**	**6.668**	**238**	**3.479**
Peso %	19,2%	23,6%	0,8%	12,3%
2011	5417	6659	229	3533

Over **10.000** selling points

Source: Camera di Commercio MI, 1° quarter 2012

ANCONA, SEPTEMBER 15° 2012

THANK YOU.

Gianni Mattiangeli

Retail Specialist at GRUPPO FMA MILANO ROMA RIMINI

Norwegian Seafood Council
Seafood.no
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