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Global Analysis Report

Inside Italy

The Fish and Seafood Trade

August 2014

TRADE SUMMARY

With an estimated population of over 61 million people (CIA World Factbook, 2014), and per capita consumption of 3.6 kg annually[1], Italy is a promising market for fish and seafood.

According to Mintel, retail sales of processed fish were valued at slightly under US$3.1 billion in 2012, and are forecast to reach over US$3.6 billion or 245,000 tonnes by 2017. The Italian diet traditionally favours fish and seafood, and manufacturers are coming up with innovative ways to capture ongoing consumer interest, particularly in terms of convenience and ethical sourcing.

Despite recent improvements in the aquaculture sector, domestic fish production continues to decline. Therefore, Italy relies heavily on imports to bridge the gap between steady consumer demand and reduced national output.

In 2013, Italy was the third-largest importer of fish and seafood in the European Union, and the sixth-largest in the world with over C$5.95 billion, an increase of 7.7% from the previous year. Much of the fish and seafood supply into Italy comes from Spain (20.0%), Denmark (6.5%), the Netherlands (6.4%), and France (5.1%).

In 2013, Italy's main fish and seafood imports were prepared or preserved tuna/skipjack/bonito (C$838.2 million), frozen, dried, salted or brined cuttlefish and squid (C$462.5 million), frozen shrimp and prawns (C$461.5 million), frozen, dried, salted or brined octopus (C$217.4 million), and fresh or chilled Atlantic and Danube salmon (C$209.1 million).

[1] *Please note that this figure reflects per capita consumption of packaged/processed fish and seafood only. At the time of writing, information on Italian consumption of fresh fish is not available*

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CANADIAN PERFORMANCE

- According to Global Trade Atlas, Canada was the 45th-largest supplier of fish and seafood products to Italy in 2013 with C$14.8 million (based on Italian import data). Italian imports from Canada decreased by 20.5% in value from 2012 to 2013. Much of this decline can be attributed to a drop in supplies of Canadian frozen salmon fillets (-89.0%), prepared or preserved salmon (-48.2%) and dried cod (-40.7%). However, significant gains were seen in Italy's imports of Canada's prepared or preserved lobster (+839.6%), particularly cooked meat for use in lobster pâtés, soups and sauces (+3,241.7%).

- Italy's top fish and seafood imports from Canada in 2013 included live lobsters (C$7.1 million), frozen whole lobsters (C$3.2 million), frozen Pacific salmon (C$1.2 million), dried cod (C$978,985) and cooked lobster meat (C$544,587).

- Italy ranked 25th among Canada's export destinations for fish and seafood in 2013, representing a 0.2% market share in value terms. In comparison, the United States received 62.1% of Canada's fish and seafood exports, while China received 10.5%, and Japan received 5.4% in the same year.

- Among Canada's overall exports to Italy, fish and seafood was the sixth-most important food product category in value terms. In 2013, Canada's main agri-food exports to Italy were cereals, grains and vegetables (Global Trade Atlas, 2014).

BY THE NUMBERS

- Italy is the sixth-largest market for imported fish and seafood in the world, and the third-largest among European Union (E.U.) countries, behind France and Spain.

- In order to address a declining fish supply and increasing demand, Italy has become a major player in fish farming and bivalves (mussels and clams). However, the aquaculture sector is facing challenges, due to strong competition from other countries such as Greece, Turkey and Malta. As well, due to concerns over sustainability, the E.U. Common Fisheries Policy sets catch limits for the most significant commercial fish stocks. These limits are shared between the 28 member states, with allowances for each country determined by historic catch rates. As such, Italy has to rely on imported products to sustain growing consumer demand.

Top Ten Suppliers of Fish and Seafood to Italy and
Top Imported Products from Each in 2013 (Based on Italian Import Data)

Rank	Country	Total Import Value in C$	Top Import Supplied	Top Import Value in C$
	World	5,950,137,698	Prepared/preserved tuna/skipjack/bonito	838,223,073
1	Spain	1,189,425,678	Prepared/preserved tuna/skipjack/bonito	241,692,669
2	Denmark	387,873,574	Fresh/chilled salmon	56,059,205
3	Netherlands	380,987,137	Frozen flat fish fillets	55,074,967
4	France	306,107,977	Smoked salmon	35,473,391
5	Ecuador	302,864,801	Frozen shrimp and prawns	150,447,035
6	Greece	279,206,772	Fresh/chilled seabream	114,758,329
7	Germany	228,367,451	Prepared/preserved fish, whole or in pieces	70,885,436
8	Sweden	208,757,349	Fresh/chilled salmon	146,417,037
9	Morocco	200,046,353	Frozen/dried/salted/brined octopus	80,218,630
10	Thailand	195,631,256	Frozen/dried/salted/brined cuttlefish and squid	103,221,327

Source: *Global Trade Atlas, 2014.*

Top Italian Fish and Seafood Imports by Value, 2013

Imported Product	2013 Import Value in C$	% Share of Total Imports	% Change in Import Value 2012-2013
Total fish and seafood	5,950,137,698	100.0	7.7
Prepared/preserved tuna/skipjack/bonito	838,223,073	14.1	12.0
Frozen/dried/salted/brined cuttlefish and squid	462,528,190	7.8	3.9
Frozen shrimp and prawns	461,500,820	7.8	19.9
Frozen/dried/salted/brined octopus	217,402,701	3.7	-25.8
Fresh/chilled salmon	209,119,863	3.5	44.4
Fresh/chilled seabream	208,387,345	3.5	26.9
Fresh/chilled seabass	177,101,572	3.0	2.5
Frozen hake fillets	153,538,715	2.6	-0.7
Frozen/dried/salted/brined molluscs	151,995,742	2.6	16.9
Prepared/preserved fish, NESOI*	150,863,653	2.5	1.5
Prepared/preserved fish, whole or in pieces, NESOI*	150,313,386	14.1	12.0

***Source**: Global Trade Atlas, 2014.* **NESOI = not elsewhere specified or indicated*

MARKET SIZES

- Fish and seafood are important components of the Mediterranean diet and are perceived as very healthy. Italian cuisine traditionally includes a large variety of fish and seafood dishes. However, the processed[1] fish market has seen limited expansion in recent years, with value sales increasing by a compound annual growth rate (CAGR) of just 0.3% alongside shrinking unit prices, and volume sales growing by 2.9% over the 2008-2012 period. Value sales growth are expected to accelerate somewhat over the forecast period of 2013-2017 as unit prices rebound, while volume sales growth will slow slightly, to a CAGR of 2.3%.

- A growing foreign-born population in Italy and changing consumer preferences amongst younger demographics are affecting sales in the country's fish and seafood market. Due to immigration, the Italian population has grown as a whole, while the number of Italian-born consumers has declined, contributing to a shift away from the fish-heavy Mediterranean diet. Furthermore, while older Italian consumers still demand fish and seafood products that fall within a traditional style of cuisine, younger generations are more apt to experiment with an array of products and international cooking styles.

- Trends such as low/no carbohydrate products and low-fat diets have attracted many Italian followers. Fish and seafood products are ideally suited to these trends, and to further encourage increased consumption at home, the Italian government is running campaigns promoting the health benefits of fish and seafood.

- The quest for convenience in cooking, due to notably busier lifestyles in Italy, is also affecting sales of fish and seafood products. An increasing number of consumers are working longer hours, spending more time commuting, and eating on-the-go or at work. Coupled with more single-person households, these trends are boosting demand for ready meals and other packaged seafood products among consumers who have less time to prepare fresh home-cooked meals.

[1] Please note that at the time of writing, information on Italian sales of fresh fish is not available. As such, market size data and related analysis reflect the processed/packaged fish and seafood market only.

Historic Retail Sales of Processed Fish in Italy

Indicator	2008	2009	2010	2011	2012	CAGR 2008-2012
Value sales (US$ millions)	3,025.9	2,914.2	2,931.9	3,255.0	3,066.8	0.3%
Value sales per capita (US$)	50.54	48.39	48.45	53.6	50.37	-0.1%
Unit prices (US$ per kg)	15.57	14.44	14.18	15.29	14.08	-2.5%
Volume sales (000' tonnes)	194.4	201.8	206.8	212.9	217.8	2.9%
Volume sales per capita (kg)	3.2	3.4	3.4	3.5	3.6	2.5%

Source: *Mintel, 2014.* ***CAGR*** *= compound annual growth rate.*

Forecast Retail Sales of Processed Fish in Italy

Indicator	2013	2014	2015	2016	2017	CAGR 2013-2017
Value sales (US$ millions)	3,296.4	3,295.0	3,442.2	3,571.6	3,673.9	2.7%
Value sales per capita (US$)	54.05	53.95	56.3	58.35	59.96	0.4%
Unit prices (US$ per kg)	14.72	14.34	14.62	14.89	14.97	0.4%
Volume sales (000' tonnes)	224	229.8	235.4	239.9	245.4	2.3%
Volume sales per capita (kg)	3.7	3.8	3.9	3.9	4.0	2.2%

Source: *Mintel, 2014.* ***CAGR*** *= compound annual growth rate.*

Historic Retail Volume Sales of Processed Fish by Segment in '000 Tonnes

Indicator	2008	2009	2010	2011	2012	CAGR 2008-2012
Total: Packaged processed fish, seafood and seaweed, as well as products with a predominantly fish content.	194.4	201.8	206.8	212.9	217.8	2.9%
Shelf-stable: All canned and other shelf-stable fish, seafood and seaweed including meal centres and ready meals.	109.1	115.4	118.9	124.4	127.4	4.0%
Frozen: All frozen fish, seafood and seaweed, including meal centres and ready meals.	77.4	78.1	78.9	79.1	80.4	1.0%
Chilled: All packaged fish, seafood and seaweed that has been further processed in some way. Includes smoked and salted fish, but not plain filleted or portioned products.	7.9	8.3	9.0	9.4	10.0	6.1%

Source: *Mintel, 2014.* ***CAGR*** *= compound annual growth rate.* ***Note:*** *Forecast data is not available by segment.*

MARKET SHARES BY COMPANY

Top 5 Market Shares by Company for Processed Fish in Italy – % Breakdown Based on Retail Volume Sales

Company	2011	2012
Bolton Group	24.7	24.5
Pinnacle Foods Group LLC	13.0	11.8
Grupo Calvo	5.1	4.9
MWBrands SAS	3.7	4.2
Generale Conserve S.p.A.	2.7	3.2
Own Label	23.1	24.5
Others	27.7	26.9

***Source**: Mintel, 2014.*

DISTRIBUTION CHANNELS

- Modern grocery channels dominate the distribution of convenience and fresh foods in Italy, including fish and seafood. These channels carry a wide range of products and are in a perfect position to offer promotions. Their success is primarily due to the vast network of neighbourhood supermarkets, which are popular due to their easy accessibility, and the increasing presence of large hypermarket chains.

- Italy's leading grocery distributor in terms of banner sales and market share is Coop Italia. Its operations are firmly based on its hypermarkets, supermarkets and neighbourhood stores. Coop Italia is followed by Conad, a domestic co-operative system that buys products for retailer co-operatives as well as associated independents. Conad is also represented as a store banner, making it a well-known brand to Italian consumers.

- Italian consumers like to buy manufacturers' branded products that they know and trust. Despite this, private labels have increased in importance over the last few years (particularly organic products) and are now offered by all important retailers. Many grocers are planning to increase the proportion of private labels in the future, especially as most supermarket and hypermarket operators respond to the discounters by adding more of their own labels to their ranges.

Top 5 Grocery Retailers in Italy, 2013 Forecasts

Retailer	Grocery Banner Sales (US$ billions)	Grocery Market Share (%)	Number of Outlets
Coop Italia	14.07	5.9	1,070
Conad	12.70	5.3	2,813
Auchan	9.72	4.1	1,749
Esselunga	7.08	3.0	144
Carrefour	5.70	2.3	1,125

***Source**: Planet Retail, 2014.*

NEW PRODUCT LAUNCHES

According to the Mintel Global New Products Database (GNPD), there were 355 new processed fish products launched in the Italian market between March 2013 and March 2014. As shown in the table below, branded options represented about 63% of the total launches, frozen options (versus shelf-stable or chilled) were the preferred storage type, and ethical-oriented claims featured very prominently among the new releases.

New Launches of Processed Fish Products in Italy from March 2013 to March 2014, by Feature

Feature	Launch Count	Feature	Launch Count
Top ten claims*		**Storage type**	
Ethical - environmentally friendly product	35	Frozen	175
Ethical - animal	32	Shelf-stable	133
Ease of use	31	Chilled	47
Premium	27	**Top five package types**	
No additives/preservatives	22	Can	85
Microwaveable	17	Flexible	73
Economy	14	Jar	49
Ethical - environmentally friendly package	14	Carton / Tray	43 each
Time/speed	13	Skinpack	33
Convenient packaging	13		
Manufacturer type			
Branded	222		
Private label	133		

Source: *Mintel GNPD, 2014.*
** Please note that the totals for the count and percentage of products launched by claim will add to more than 355 (100%), as products can use multiple claims.*

The following are some examples of the new products launched in the Italian market, under the top claims listed above.

<u>Mackerel Fillet with Lemon</u>

Company: Rizzoli Emanuelli **Price:** US$3.34
Brand: Rizzoli Emanuelli **Package:** Can
Date published: May 2013 **Size:** 125.0 g
Claims: Ethical - environmentally friendly product

Description: Rizzoli Filetto di Sgombro al Naturale al Limone (Mackerel Fillet with Lemon) is said to be ideal for those who want to eat light and healthy without giving up taste, and is best to serve with salad or fresh vegetables. These mackerel fillets are accompanied by a slice of natural lemon which provides a pleasant citrus aroma. This product is part of Friend of the Sea, ensuring that fishing is done in a way that respects protected species and the marine ecosystem.

Diced Smoked Wild King Salmon

Company: Coam Industrie Alimentari
Brand: Scandia
Date published: August 2013
Price: US$8.94
Package: Tub
Size: 100.0 g
Claims: No additives/preservatives, ethical - environmentally friendly product

Description: Scandia Cubetti di Salmone Reale Selvaggio Affumicato (Diced Smoked Wild King Salmon) has been relaunched under a new brand in a newly designed pack, providing two separate portions and featuring a certified sustainable fisheries logo and suggested recipes. This product was fished in the Pacific Ocean, has a preservative-free natural freshness, and is described as ideal to prepare with refined pasta or rice and sauce.

Tuna and Beans

Company: Giacinto Callipo
Brand: Callipo ConTonno
Date published: March 2014
Price: US$4.00
Package: Jar
Size: 160.0 g
Claims: Ethical - animal, time/speed, ease of use, limited edition

Description: Callipo ConTonno Tonno e Fagioli (Tuna & Beans) is a ready-to-eat dish made with yellowfin tuna and is said to be ideal as a side or as a quick main dish. The product features the Dolphin Safe logo and is celebrating the manufacturer's 100th anniversary.

Cooked and Diced Octopus

Company: Nai Prodotti Ittici
Brand: Nai Prodotti Ittici
Date published: January 2014
Price: US$6.56
Package: Flexible carton
Size: 400.0 g
Claims: Low/no/reduced calorie, microwaveable, premium, ease of use

Description: Marinai Polpo Cotto e Tagliato (Cooked and Diced Octopus) has been cooked and cut, and only requires thawing and seasoning. This premium product is great as a starter or as a complete meal, is rich in minerals, and is ideal for low-calorie diets. It is microwavable and retails with two portions featuring recipe suggestions.

Mixed Seafood

Company: Carrefour
Brand: Carrefour
Date published: December 2013
Claims: Time/speed, ease of use
Price: US$4.54
Package: Skinpack and carton
Size: 350.0 g

Description: Carrefour Sugo Pronto Misto Scoglio (Mixed Seafood) has been repackaged with a new design. This product is ready in ten minutes, and is said to be ideal for people who do not have much time. It retails in a 350g pack that serves two.

TOP TEN FISH AND SEAFOOD SUPPLIERS TO ITALY IN 2013

All of the figures listed below are in Canadian dollars.

1. Imports from Spain		**2. Imports from Denmark**	
Prepared/preserved tuna/skipjack/bonito	$241.7 M	Fresh/chilled salmon	$56.1 M
Frozen/dried/salted/brined cuttlefish and squid	$108.0 M	Smoked salmon	$49.5 M
Frozen shrimp and prawns	$65.9 M	Dried/salted/brined fillets of bregmacerotidae family	$42.1 M
Prepared/preserved fish NESOI*	$63.5 M	Frozen Norway lobster	$25.6 M
Frozen/dried/brined octopus	$47.4 M	Fresh/chilled fillets of bregmacerotidae family	$26.6 M
3. Imports from the Netherlands		**4. Imports from France**	
Frozen flat fish fillets	$55.1 M	Smoked salmon	$35.5 M
Fresh/chilled sole, except fillets	$31.5 M	Live/fresh/chilled cuttlefish and squid	$30.3 M
Prepared/preserved fish, whole or in pieces	$26.0 M	Live/fresh/chilled oysters	$25.4 M
Fresh/chilled Nile perch fillets	$24.5 M	Fresh/chilled fish NESOI*	$20.7 M
Frozen fish fillets	$18.8 M	Fresh/chilled fish fillets NESOI*	$14.1 M
5. Imports from Ecuador		**6. Imports from Greece**	
Frozen shrimp and prawns	$150.4 M	Fresh/chilled seabream	$114.8 M
Prepared/preserved tuna/skipjack/bonito	$145.6 M	Fresh/chilled seabass	$106.6 M
Prepared/preserved shrimp and prawns	$3.0 M	Fresh/chilled fish NESOI*	$18.0 M
Prepared/preserved fish NESOI*	$2.8 M	Live/fresh/chilled mussels	$6.1 M
Fish fats and oils, except liver	$0.5 M	Fresh/chilled swordfish	$5.1 M
7. Imports from Germany		**8. Imports from Sweden**	
Prepared/preserved fish, whole or in pieces	$70.9 M	Fresh/chilled salmon	$146.4 M
Dried cod, except smoked	$37.7 M	Dried/salted/brined fish fillets	$14.8 M
Prepared/preserved fish NESOI*	$24.6 M	Smoked salmon	$12.7 M
Salted/brined cod, not dried or smoked	$18.0 M	Dried cod, except smoked	$9.7 M
Fish flours, meals and pellets	$13.1 M	Fresh/chilled salmon fillets	$5.4 M
9. Imports from Morocco		**10. Imports from Thailand**	
Frozen/dried/salted/brined octopus	$80.2 M	Frozen/dried/salted/brined cuttlefish and squid	$103.2 M
Prepared/preserved mackerel	$49.1 M	Prepared/preserved tuna/skipjack/bonito	$35.4 M
Prepared/preserved anchovies	$29.1 M	Frozen yellowfin tuna	$17.3 M
Frozen/dried/salted/brined cuttlefish and squid	$15.8 M	Prepared/preserved fish NESOI*	$9.2 M
Prepared/preserved sardines, sardinella and brisling	$7.4 M	Frozen/dried/salted/brined molluscs	$8.9 M

Source: *Global Trade Atlas 2014* ****NESOI*** *= not elsewhere specified or indicated*

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