



**MARKET ACCESS SECRETARIAT
Global Analysis Report**

Bakery Products

Italy

November 2014



EXECUTIVE SUMMARY

- In 2013, Italy was the sixth-ranked bakery products market worldwide with US\$22.3 billion worth of retail value sales. Of the top ten bakery markets, five were from the European Union (EU), with Italy being the leading EU country.
- Of the top five international bakery companies in 2013 only two sold products in Italy. The two companies were the number one ranked Mondelez International Inc. and the number three ranked Kellogg Co.
- Germany, France and Austria were the top three suppliers of bakery products to Italy in 2013. Combined, these three countries held over 60% of the total available market share (Global Trade Atlas, 2014).
- The baked goods subsector led the way in the bakery products category with 86.2% of overall value sales in 2013. Baked goods is the largest of the three subsectors because it encompasses bread products, and bread is considered a staple item in the Italian diet.
- Even though Canada exported over US\$2.0 billion worth of bakery products to the world in 2013, it had a large export gap with Italy, as most of Canada's bakery products were shipped to the United States (U.S.).
- As Italy is a member of the EU, exporters should review EU guidelines on tariffs, taxes, product labelling and certifications prior to exporting.

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POSITIONING BAKERY PRODUCTS IN THE WORLD

Top 5 Bakery Companies Worldwide in 2013, US\$

Company	International Sales	Sales in Italy
1. Mondelēz International Inc	\$16.4 billion	\$261.2 million
2. Grupo Bimbo SAB de CV	\$14.2 billion	N/A
3. Kellogg Co	\$13.8 billion	\$278.2 million
4. Yamazaki Baking Co Ltd	\$4.9 billion	N/A
5. PepsiCo Inc	\$4.6 billion	N/A

Source: Euromonitor International, 2014

Top 10 Bakery Products Markets Worldwide in 2013, US\$

Country	Retail Sales
1. United States	\$74.9 billion
2. Brazil	\$38.4 billion
3. Japan	\$28.7 billion
4. China	\$28.5 billion
5. Mexico	\$27.5 billion
6. Italy	\$22.3 billion
7. France	\$21.9 billion
8. Germany	\$20.8 billion
9. Turkey	\$18.6 billion
10. United Kingdom	\$16.8 billion

Source: Euromonitor International, 2014; Global Trade Atlas, 2014

The Bakery Products* Market in Italy in 2013, US\$

Indicator	Value
Retail sales, 2013	\$22.3 billion
Imports of bakery products* from the world	\$1.2 billion
Exports of bakery products* to the world	\$2.1 billion
Dependence on imports	5.4%

Top 10 Importers of Bakery Products* Worldwide 2013, US\$

Country	Imports US\$ billions	Top Suppliers & Market Share			Canada's Share
		1	2	3	
United States	3.98	Canada 48.0%	Mexico 20.6%	Germany 3.5%	48.3%
United Kingdom	2.69	Germany 21.7%	France 17.7%	Netherlands 11.3%	0.68%
France	2.62	Germany 25.2%	Belgium 21.1%	Italy 16.4%	0.04%
Germany	2.37	France 15.1%	Netherlands 15.0%	Belgium 12.5%	0.01%
Canada	1.88	United States 81.0%	Germany 2.7%	United Kingdom 2.6%	0.09%
Belgium	1.30	France 33.1%	Netherlands 24.3%	Germany 17.8%	0.10%
Italy	1.15	Germany 31.9%	France 17.8%	Austria 10.7%	0.00%
Netherlands	1.05	Belgium 34.3%	Germany 28.7%	France 10.2%	0.05%
Spain	0.86	France 24.4%	Germany 24.4%	Italy 11.0%	0.00%
Austria	0.76	Germany 60.7%	Italy 9.6%	France 4.7%	0.00%

Source: Global Trade Atlas, 2014

*Note: For the purposes of this report, "bakery products" was defined using the following HS codes: 1904, 1905



Italy's top bakery competitors from the EU, based on the top ten countries in the chart on page 3, are France, Germany, Turkey and the United Kingdom. Although Italy led the way in bakery value sales with US\$22.3 billion in 2013 it has only a 0.7% compound annual growth rate (CAGR) forecasted from 2014-18. By 2018, France and Germany are expected to surpass Italy in total bakery products values sales (Euromonitor International, 2014).

In 2013, Italy ranked sixth in the world for retail value sales of bakery products, while Canada had a ranking of twelfth. The top supplying countries of bakery products to Italy were Germany, France and Austria.

Although Canada exported over US\$2.0 billion worth of bakery products to the world in 2013, the majority went to the United States. As seen in the export gap analysis below, Italy's imports of Canada's bakery products are nonexistent. However, Canadian exporters could target Italy as a potential country for these types of import products especially in the context of the Canada-European Union Comprehensive Economic Trade Agreement (CETA).

Bakery Products* Export Gap, 2013 (US\$ Millions)

	2009	2010	2011	2012	2013	2009-13 CAGR* %
Italy's Imports of Bakery Products* from the World	954.6	1,046.5	1,194.6	1,097.0	1,150.0	4.77%
Italy's Imports of Bakery Products* from Canada	0.114	0	0.009	0.009	0.009	-46.99%
Gross Export Gap	954.486	1,046.5	1,194.591	1,096.991	1,149.991	4.77%

Source: Global Trade Atlas, July 2014

*CAGR: Compound Annual Growth Rate.

*Note: For the purposes of this report, "bakery products" was defined using the following HS codes: 1904, 1905

CONSUMER ATTITUDES AND ECONOMIC DRIVERS

Italian consumers continue to be cost-conscious and look for value-for-money when purchasing bakery products. This trend is putting pressure on manufactures, in particular in the baked goods subsector, as they continue to deal with increasing production and raw material costs (Euromonitor International, 2014).

Health and wellness bakery products such as gluten-free, high fibre and low fat content biscuits, and organic cereals are gaining in popularity with Italian consumers (Euromonitor International, 2014).

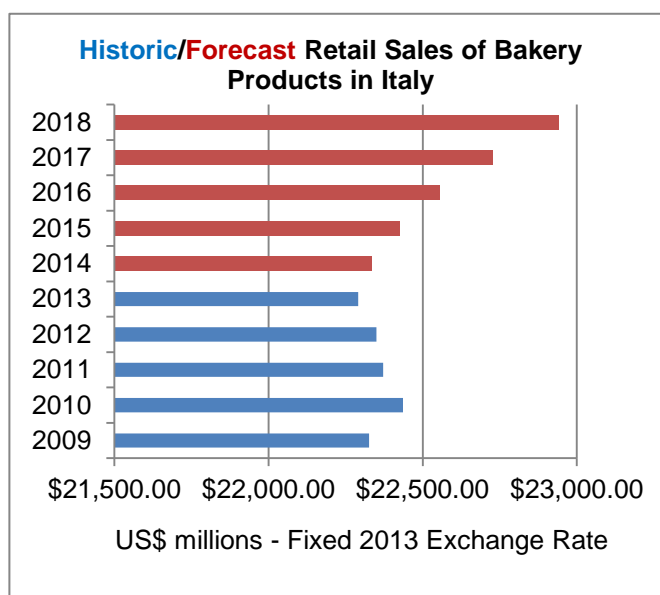
In Italy, the distribution of bakery products is done mainly through grocery retailers, with 55.6% of total value sales coming from modern grocery retailers, followed by 30.7% from supermarkets and 17.6% from hypermarkets (Euromonitor International, 2014).

Bakery products, particularly, baked goods such as bread, are considered a staple product in the Italian diet. However, as part of the cost-savings trend, more consumers are moving away from purchasing fresh baked bread and baking their own bread at-home which is causing a decrease in sales (Euromonitor International, 2014).

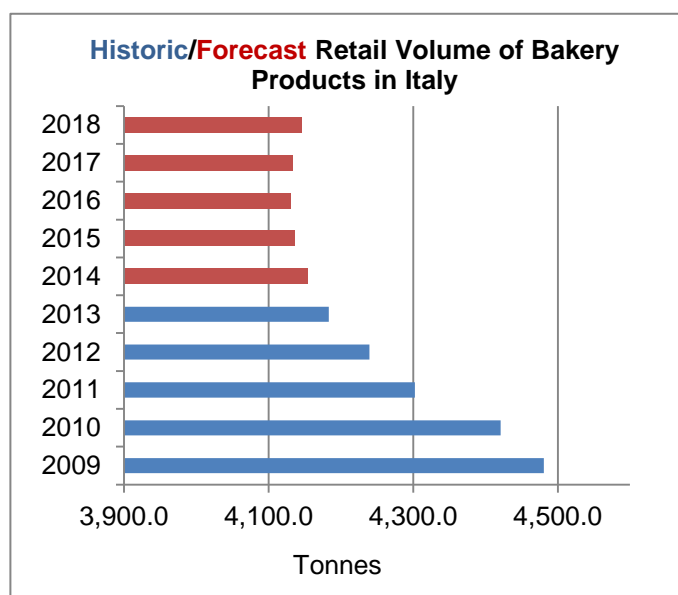


RETAIL ENVIRONMENT

Overall, the Italian bakery industry saw slight value and volume sales declines from 2009 through 2013 dropping, to US\$22.3 billion and 4.2 billion tonnes. As seen in the charts on page 4 and 5, for the forecasted period of 2014-18, bakery values sales will increase slightly while volume will continue to decrease until 2018 where it will start to show slight growth. This could be attributed to unit price increases that are taking place in order to meet the rising costs of production or Italian consumers could be prioritizing their spending by purchasing less in quantity but buying higher-end products.



Source: Euromonitor International, 2014



Source: Euromonitor International, 2014

Historic Retail Value Sales of Bakery Products in Italy, in US\$ Millions and Period Growth (%), Current Prices – Fixed 2013 Exchange Rates

Categories	2009	2010	2011	2012	2013	2009-13 CAGR* %
Bakery	22,325.5	22,436.4	22,371.5	22,349.5	22,290.9	0.0
Baked Goods	19,395.1	19,452.5	19,356.7	19,298.8	19,225.2	-0.2
Biscuits	2,433.2	2,486.8	2,521.6	2,563.2	2,583.1	1.5
Breakfast Cereals	497.2	497.1	493.2	487.5	482.6	-0.7

*CAGR: Compound Annual Growth Rate.

Forecast Retail Value Sales of Bakery Products in Italy, in US\$ Millions and Period Growth (%), Current Prices – Fixed 2013 Exchange Rates

Categories	2014	2015	2016	2017	2018	2014-18 CAGR* %
Bakery	22,334.9	22,425.0	22,554.4	22,726.6	22,941.5	0.7
Baked Goods	19,256.4	19,320.9	19,418.5	19,549.2	19,716.6	0.6
Biscuits	2,599.7	2,627.5	2,660.0	2,700.5	2,745.9	1.4
Breakfast Cereals	478.7	476.6	476.0	476.9	479.0	0.0

Source for both: Euromonitor International, 2014

*CAGR: Compound Annual Growth Rate.



Historic Retail Volume in Tonnes ('000) of Bakery Products Subsectors in Italy

Subsectors	2009	2010	2011	2012	2013	2009-13 CAGR* %
Bakery	4,480.9	4,421.0	4,302.2	4,239.4	4,183.3	-1.7
Baked Goods	3,989.8	3,922.1	3,800.1	3,737.6	3,680.2	-2.0
Biscuits	430.0	437.9	442.0	443.3	446.3	0.9
Breakfast Cereals	61.0	61.0	60.1	58.5	56.7	-1.8

*CAGR: Compound Annual Growth Rate.

Forecast Retail Volume in Tonnes ('000) of Bakery Products Subsectors in Italy

Subsectors	2014	2015	2016	2017	2018	2014-18 CAGR* %
Bakery	4,153.1	4,136.5	4,130.5	4,133.2	4,145.1	0
Baked Goods	3,646.8	3,624.4	3,611.5	3,605.8	3,607.6	-0.3
Biscuits	450.9	457.7	465.2	473.9	483.9	1.8
Breakfast Cereals	55.4	54.4	53.7	53.6	53.6	-0.8

*CAGR: Compound Annual Growth Rate.

Top Five Bakery Products Company Shares in Italy - Retail Value Sales % Breakdown

Categories	Companies	2009	2010	2011	2012	2013
Bakery	Barilla Holding SpA	9.6	9.8	10.0	10.1	10.1
	Bauli SpA	3.1	3.1	3.1	3.2	4.0
	Ferrero Group	2.2	2.3	2.2	2.2	2.1
	Kellogg Co	1.3	1.3	1.3	1.3	1.2
	Mondelez International Inc	-	-	-	1.2	1.2

Source for all: Euromonitor International, 2014

Italy's bakery products industry is led by three local companies, who together hold 16.2% of the available market share. The top five companies combined only account for 18.6%, indicating that the Italian bakery sector is very fragmented and would allow possible opportunities for Canadian companies.

INGREDIENT ANALYSIS

This section will combine all three subsectors and analyse the bakery products category as a whole based on new product launches from July 2013 to July 2014. The main focus for the analysis will be on cereals and cereal products ingredients group as this a large industry for Canadian exporters.

According to the Mintel Global New Products Database (GNPD), from July 2013 to July 2014 there were 1376 new bakery products launched in Italy. In analyzing all the ingredients that were used in these products, the cereals and cereal products ingredient group appeared within the most products with 1308 of the 1376 that were launched that year. A more detailed analysis of the cereals and cereal product category shows that 86% of all new products used some type of flour in the production of their product. Furthermore, the top five grain flours that were used in these new products were wheat (80%), which was the most common, followed by rice (11%), corn (6%) barley (2%) and oat (2%). This presents a possible export opportunity for Canadian companies who are known for their excellence in these ingredients.



SUBSECTOR ANALYSIS

Baked goods

In 2013, the Italian baked goods subsector continued to see a decline in sales as consumers were still focussed on more cost-effective ways to manage their spending (Euromonitor International, 2014). As a result of this, consumers reduced their purchases of staple products and did more at-home baking (Euromonitor International, 2014). The value sales chart on page 4 shows the continued decline in baked goods sales through 2013. A possible cause of this could be the increase in the unit price due to the increasing cost of raw materials thus causing consumers to buy less (Euromonitor International, 2014). That being said, Euromonitor International is predicting a slight increase in value sales each year from 2014 to 2018 which represents a CAGR of 0.6%.

For convenience purposes, the purchasing of baked goods by Italian consumers has started to shift towards larger retailers who offer a wider assortment of products at more competitive prices. In light of this trend, independents are managing to hold on to their customers thanks in larger part to their downtown locations and their offering of local and fresher products (Euromonitor International, 2014).

The Italian baked goods subsector saw US\$19.2 billion in value sales which represents 86.2% of overall bakery sales in 2013. There are three categories within the baked goods subsector and they are breads, cakes, and pastries. The majority of the sales in this subsector come from the sale of breads (61%) followed by cakes (24%) and then pastries (15%).

Although bread is the dominate category within baked goods, it has seen a slight decrease in retail volume percentage since 2009. This trend is forecasted to continue through 2018 where the retail volume percentage is estimated to have dropped by a full two percentage points since 2009 to 82.6%. This slight loss is being absorbed by either the cakes or pastry categories of which both showed slight increases in their retail volume percentage since 2009.

Historic Retail Volume in Percentage* (%) of Baked Goods Categories in Italy

Categories	2009	2010	2011	2012	2013
Bread	84.6	84.2	83.5	83.3	83.2
Cakes	9.8	10.1	10.6	10.7	10.7
Pastries	5.6	5.7	6.0	6.1	6.1

Forecast Retail Volume in Percentage* (%) of Baked Goods Categories in Italy

Categories	2014	2015	2016	2017	2018
Bread	83.1	83.1	82.9	82.8	82.6
Cakes	10.8	10.9	11.0	11.1	11.2
Pastries	6.0	6.0	6.1	6.1	6.2

Source for both: Euromonitor International, 2014

Note: Percentage calculation done by AAFC based on data from Euromonitor International*

Italy's baked goods sector is led by domestic players such as Barilla, Bauli and Ferrero who are the largest three players in the market (Euromonitor International, 2014). Although the aforementioned companies are the largest players, they only accounted for 13.3% of the total market share in 2013 thus indicating that Italy has a highly fragmented baked goods sector. Barilla Holding SpA, with its leading brand Mulino Bianco, led with the largest market share of 6.9% followed by Bauli (4%) and Ferrero (2.4%).



Top Five Italian Baked Goods Companies and Market Shares – Retail Value Sales % Breakdown

Categories	Companies	2009	2010	2011	2012	2013
Baked Goods	Barilla Holding SpA	6.5	6.7	6.8	6.9	6.9
	Bauli SpA	3.1	3.2	3.2	3.3	4.0
	Ferrero Group	2.6	2.6	2.6	2.5	2.4
	Vicenzi Biscotti SpA	0.6	0.6	0.6	0.6	0.6
	Balconi SpA	0.6	0.6	0.6	0.5	0.5

Source: Euromonitor International, 2014

Health and wellness baked goods, such as gluten-free, are expected to maintain steady growth and also Italian consumers tend to buy bread because it is a staple product, 4-5 times per week so it's always fresh (Euromonitor International, 2014). Each of these could have a positive effect on the overall sales within the baked goods sector.

According to the Mintel Global New Products Database (GNPD) there were 1,825 new baked goods products launched in Italy from July 2011 to July 2014. Of these, 746 (40.9%) were new products and 614 (33.6%) were new variety/range extensions of existing products. In addition, 1,400 of the total were branded while 425 were private label products. The most common product prices in the baked goods category was US\$1.24 on 37 products, followed by US\$2.67 on 30 products, and US\$1.34 on 27 products.

New Product Launches of Baked Goods Products in the Italy, July 2011 to July 2014, by Feature

Feature*	Yearly Launch Counts		
	2011-12	2012-13	2013-14
Yearly product launches	492	672	661
Top five claims			
Low/No/Reduced Trans fat	86	129	126
No Additives/Preservatives	54	93	114
Seasonal	19	48	54
GMO-Free	30	35	53
Ethical - Environmentally Friendly Package	21	35	46
Storage			
Shelf stable	452	617	589
Chilled	23	28	41
Frozen	17	27	31
Top five package types			
Flexible	431	598	581
Carton	0	22	18
Clam-pack	1	8	15
Tray	26	11	14
Skinpack	0	4	6

Source: Mintel GNPD, 2014.

*Note: rankings are based on 2013-14 data

**Note: that the totals for the ingredient counts will add to more than the total launches, as products can use multiple ingredients.



**New Product Launches of Baked Goods Products in the Italy,
July 2011 to July 2014, by Feature (cont'd)**

Feature*	Yearly Launch Counts		
	2011-12	2012-13	2013-14
Top five flavours (incl. blend)			
Unflavoured/Plain	211	283	270
Chocolate (unspecified)	41	69	46
Apricot	36	42	34
Cocoa/Cacao	17	31	30
Lemon	7	14	15
Top five ingredients**			
Salt	295	451	567
Wheat Flour	272	414	546
White Sugar	210	314	434
Flavouring Substances	171	243	356
Waters	186	277	345
Top five companies			
Lidl	9	44	33
Barilla	20	44	29
Bauli	14	23	17
Motta	7	13	16
La Mole	2	3	15
Manufacturer Type			
Branded	412	490	498
Private Label	80	182	163

Source: Mintel GNPD, 2014.

**Note: rankings are based on 2013-14 data*

***Note: that the totals for the ingredient counts will add to more than the total launches, as products can use multiple ingredients.*

Biscuits

Of the three subsectors within bakery products, biscuits was the best performing and saw the highest CAGR from 2009-13 with 1.5% reaching value sales of US\$2.5 billion in 2013, but is a relatively small category in comparison to baked goods. Biscuits are popular in Italy as both a breakfast item and a convenient snack during the day. This allowed the biscuit subsector to benefit from both the convenience and indulgence trends happening in Italy (Euromonitor International, 2014). The biscuits subsector is comprised of savoury biscuits and crackers, and sweet biscuits. In 2013, 84% of total biscuit value sales came from sweet biscuits which include cookies, filled and plain biscuits.

As seen in the chart on page 4, the Italian biscuit sector is forecasted to continue to grow by a CAGR of 1.4% from 2014-18. Its percentage of total bakery market share will also increase from 10.9% in 2009 to 12% by 2018.

As seen in the charts on page 9, the biscuit subsector is comprised of savoury biscuits and crackers and sweet biscuits. Over the last five years, sweet biscuits made up around 84% of the total retail volume, while savour biscuits and crackers hovered around 15%. This percentage split is forecasted to hold through 2018.



Historic Retail Volume in Percentage* (%) of Biscuits Categories in Italy

Subsectors	2009	2010	2011	2012	2013
Savoury Biscuits and Crackers	15.8	15.7	15.8	15.9	15.9
Sweet Biscuits	84.2	84.3	84.2	84.1	84.1

Forecast Retail Volume in Percentage* (%) of Biscuits Categories in Italy

Subsectors	2014	2015	2016	2017	2018
Savoury Biscuits and Crackers	15.8	15.7	15.6	15.6	15.5
Sweet Biscuits	84.2	84.3	84.4	84.4	84.6

Source for both: Euromonitor International, 2014

Note*: Percentage calculation done by AAFC based on data from Euromonitor International

Italy's biscuit subsector is dominated by domestic players such as Barilla, Colussi and Bauli (Euromonitor International, 2014). As seen in the chart below, four of the top five biscuit companies are domestic players and combine to make up 52% of the market share.

Top Five Italian Biscuits Company's and Market Shares – Retail Value Sales % Breakdown

Categories	Companies	2009	2010	2011	2012	2013
Biscuits	Barilla Holding SpA	36.3	36.4	36.1	35.8	35.6
	Mondelez International Inc	-	-	-	8.2	8.2
	Colussi Group SpA	6.2	6.1	6.3	6.3	6.2
	Bauli SpA	3.3	3.3	3.3	3.2	5.1
	Galbusera SpA	5.2	5.4	5.4	5.2	5.1

Source: Euromonitor International, 2014

There is a rising trend with Italian cost-conscious consumers to replace a full dinner at a foodservice establishment with an “aperitivo” (usually an alcoholic beverage accompanied by a light snack item) which takes place in the home environment. This trend is affecting the sales of savoury biscuits and crackers as they are becoming a popular pre-dinner snack (Euromonitor International, 2014).

There were 1,685 new biscuit products launched in Italy from July 2011 to July 2014. Of these, 704 were new products and 535 were new variety/range extension of existing products. In addition, 77% of the total were branded while 23% were private label products. The most frequently used price points in this category were US\$2.47 on 34 products, followed by US\$2.67 on 33 products and US\$1.24 on 28 products (GNPD, 2014).



**New Product Launches of Biscuits in the Italy,
July 2011 to July 2014, by Feature**

Feature*	Yearly Launch Counts		
	2011-12	2012-13	2013-14
Yearly product launches	424	649	612
Top five claims			
No Additives/Preservatives	73	110	115
Low/No/Reduced Trans fat	83	115	111
Low/No/Reduced Allergen	32	54	100
Organic	29	68	87
Gluten-Free	52	47	66
Storage			
Shelf stable	424	649	612
Top five package types			
Flexible	401	616	581
Clam-pack	4	9	7
Tray	4	4	5
Carton	0	4	3
Rigid box	0	3	2
Top five flavours (incl. blend)			
Unflavoured/Plain	180	222	222
Chocolate (unspecified)	25	66	51
Cocoa/Cacao	15	30	25
Hazelnut	8	26	22
Almond	14	17	20
Top five ingredients**			
Salt	216	375	433
Wheat Flour	226	383	421
White Sugar	195	320	402
Sodium Hydrogen Carbonate	82	240	319
Flavouring Substances	141	220	270
Top five companies			
Lidl	6	23	29
Barilla	23	30	23
Carrefour	16	27	16
Galbusera Dolciaria	12	9	15
Montebovi	10	19	13
Manufacturer Type			
Branded	338	86	478
Private Label	481	168	134

Source: Mintel GNPD, 2014.

*Note: rankings are based on 2013-14 data

**Note: that the totals for the ingredient counts will add to more than the total launches, as products can use multiple ingredients.

Breakfast cereals

The breakfast cereals sector is the smallest subsector within the bakery products category in Italy and has been in a constant state of decline since 2009. The subsector looks to continue this downward



motion through 2018, where sales are estimated to drop to US\$479.0 million (Euromonitor International, 2014). This decline will be further perpetuated by Italy's aging population as breakfast cereals are generally consumed by young consumers and families (Euromonitor International, 2014).

The breakfast cereals subcategory is broken down into two main categories, children and family breakfast cereals. Family breakfast cereals hold around 60% of retail volume within this category, while children's breakfast cereals sit at almost 40%. This percentage split is forecasted to continue through 2018 with family breakfast cereals losing minimal ground to children's breakfast cereals.

Historic Retail Volume in Percentage* (%) of Breakfast Cereals Categories in Italy

Categories	2009	2010	2011	2012	2013
Children's breakfast cereals	38.7%	39.2%	39.1%	39.1%	39.3%
Family breakfast cereals	61.3%	60.8%	60.9%	60.9%	60.8%

Forecast Retail Volume in Percentage* (%) of Breakfast Cereals Categories in Italy

Categories	2014	2015	2016	2017	2018
Children's breakfast cereals	39.4%	39.5%	39.7%	39.9%	40.3%
Family breakfast cereals	60.6%	60.5%	60.5%	59.9%	59.7%

Source for both: Euromonitor International, 2014

Note*: Percentage calculation done by AAFC based on data from Euromonitor International

This subsector is dominated by large multinational companies like Kellogg's and Nestlé, who hold a combined 80% of the total breakfast cereals market share (Euromonitor International, 2014). Manufacturers have changed their target market focus from children and young women to whole families because the high price point of cereals causes families to look for one-size-fits-all products. As well, young adult consumers, who consumed a certain brand while growing up, are now looking for a similar product that reminds them of their childhood (Euromonitor International, 2014).

Top Five Italian Breakfast Cereals Company's and Market Shares, Retail Value Sales % Breakdown

Categories	Companies	2009	2010	2011	2012	2013
Breakfast Cereals	Kellogg Co	58.5	57.5	57.5	57.7	57.7
	Cereal Partners Worldwide SA (Nestlé Italiana SpA)	21.4	21.3	21.6	22.0	22.3
	Bright Food (Group) Co Ltd	-	-	-	3.7	3.7
	Oetker-Gruppe	2.8	2.8	2.8	2.8	2.8
	Colussi Group SpA	0.6	0.5	0.5	0.5	0.5

Source: Euromonitor International, 2014

A new and innovative cereal distribution trend happening in large retail stores in Italy is "tap cereal distribution". Tap cereal allows consumers to combine different bulk cereals in-store thus creating their own breakfast mix. This creates a new, appealing and different buying experience for consumers and



provides retailers with an interesting way to sell and distribute breakfast cereals (Euromonitor International, 2014).

There were 103 new breakfast cereal products launched in Italy from July 2013 to July 2014. Of these, 37% were new products and 29% were new variety/range extensions of existing products. In addition, 62 of the total were branded while 41 were private label products. The top three price points for products in this category were US\$2.67 on 5 products, US\$2.47 on 5 products, and US\$2.00 on 4 products (GNPD, 2014).

New Product Launches of Breakfast Cereals in the Italy, July 2011 to July 2014, by Feature

Feature*	Yearly Launch Counts		
	2011-12	2012-13	2013-14
Yearly product launches	53	107	103
Top five claims			
Vitamin/Mineral Fortified	14	32	30
No Additives/Preservatives	7	14	25
Children (5-12)	6	15	24
Wholegrain	9	35	22
Organic	11	18	19
Storage			
Shelf stable	53	107	103
Top three package types			
Flexible	49	105	98
Flexible stand-up pouch	2	2	3
Flexible sachet	0	0	1
Top five flavours (incl. blend)			
Unflavoured/Plain	21	46	35
Chocolate (unspecified)	9	15	19
Cocoa/Cacao	3	1	9
Fruit	5	6	8
Honey	3	8	7
Top five ingredients**			
Salt	26	76	80
White Sugar	28	74	78
Folic Acid (Food)	17	50	50
Vitamin B6	17	49	50
Iron	17	46	50
Top five companies			
Lidl	1	5	6
Molino Nicoli	1	2	5
Auchan	1	4	4
CPW Operations	0	0	4
Esselunga	0	2	4
Manufacturer Type			
Branded	36	17	62
Private Label	73	34	41

Source: Mintel GNPD, 2014.

*Note: rankings are based on 2013-14 data

**Note: that the totals for the ingredient counts will add to more than the total launches, as products can use multiple ingredients.



MARKET CONDITIONS

Tariffs and taxes

As part of the European Union, Italy levies a common tariff on import products coming from non-EU countries such as Canada. Tariff rates can vary a lot depending on how a product is imported such as bulk, unprocessed or ready for consumption in retail packages. Along with import tariffs, Italy has a value-added tax (VAT) of 21% which is its standard rate (The Canadian Trade Commissioner Service – Italy, 2014). For more information on tariff and taxes, visit the below web sites:

- European Union Taxation and Customs Union
http://ec.europa.eu/taxation_customs/dds2/taric/taric_consultation.jsp?Lang=en&redirectionDate=20100624.
- The Canadian Trade Commissioner Service – Italy – Tariffs Section
<http://www.tradecommissioner.gc.ca/eng/document.jsp?did=17370&cid=117&oid=34>

Labelling

Labelling requirements in Italy vary depending on the product and are complex and different from those in Canada. The label should include information regarding origin, identity, quality, composition and conservation of the product. It must be in Italian, and/or English or French (The Canadian Trade Commissioner Service – Italy, 2014). The following links provide more information on labelling requirements for the EU and Italy:

- The Canadian Trade Commissioner Service – Italy – Labelling Requirements
<http://www.tradecommissioner.gc.ca/eng/document.jsp?did=17370&cid=117&oid=34>
- Europa summaries of EU legislation
http://europa.eu/legislation_summaries/consumers/product_labelling_and_packaging/l21090_en.htm

Certifications

Italian import products, coming from non-EU countries, require a certificate of origin. There are two types of certificates: non-preferential and preferential (Europa, 2013). For more information on the types of certificates and import documentation for Italian imports, visit the link below:

- EUROPA – Italy – Outside the EU – Administrative Procedures
http://europa.eu/youreurope/business/vat-customs/cross-border/index_en.htm#italy_en_doing-business-outside-eu

CONCLUSION

Italy's bakery products market will continue to see growth over the next five years and could be a potential export market for Canada as we currently have a large export gap with Italy. More specifically, as flour is a main ingredient in bakery products, and Canada's top export commodity to the world in 2013 was cereals, Canadian grain producers could focus on increasing their exports of wheat flour to Italy.

Another factor that will affect Canadian exports to Italy in the future is the Canada-European Union Comprehensive Economic Trade Agreement (CETA) which was agreed upon in principle in October 2013. Once the agreement is signed, it has the potential to positively affect Canadian exports to Italy and thus possibly increase Italy's market value to Canadian exporters. For more information on CETA, please visit the following website: <http://www.actionplan.gc.ca/en/content/ceta-aecg/canada-eu-trade-agreement>.



FOR MORE INFORMATION

International Trade Commissioners can provide Canadian industry with on-the-ground expertise regarding market potential, current conditions and local business contacts, and are an excellent point of contact for export advice.

- **Overview of Trade Commissioner Services in Italy**
<http://www.tradecommissioner.gc.ca/e-f/it/index.htm>
- **Find a Trade Commissioner**
www.tradecommissioner.gc.ca/eng/find-trade-contacts.jsp

For additional intelligence on this and other markets, the complete library of Global Analysis reports can be found under *Statistics and Market Information* at the following link, arranged by sector and region of interest:

- ats-sea.agr.gc.ca

RESOURCES

Canada–European Union: Comprehensive Economic Trade Agreement (CETA):
<http://www.actionplan.gc.ca/en/content/ceta-aecg/canada-eu-trade-agreement>

Euromonitor International, 2014.

Euromonitor International, 2014. *Baked Goods Italy, April 2014*

Euromonitor International, 2014. *Biscuits in Italy, April 2014*

Euromonitor International, 2014. *Breakfast Cereals, April 2014*

EUROPA, 2013. Italy - Outside the EU: http://europa.eu/youreurope/business/vat-customs/cross-border/index_en.htm#italy_en_doing-business-outside-eu

Global Trade Atlas, 2014

Grupo Bimbo SAB de CV: <http://www.grupobimbo.com/en/global/faq.html>

Kellogg Co: http://www.kelloggcompany.com/en_US/corporate-responsibility.html

Mintel Global New Products Database (GNPD), 2014.

Mondelēz International Inc: <http://www.mondelezinternational.com/about-us>

The Canadian Trade Commissioner Service – Italy, 2014

Yamazaki Baking Co: http://www.yamazakipan.co.jp/english/c_profile/index.html



Bakery Products: Italy

Global Analysis Report

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