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Greece

Retail Food Sector

Report

2003

Approved by:
Ann Murphy
U.S. Embassy Rome

Prepared by:
Danae Synodinou

Report Highlights:
The retail sector in Greece is rapidly increasing and concentrating, especially in metropolitan Athens. There are about 3,100 supermarkets throughout Greece including 112 cash and carry operations. The Olympic Games of 2004, hosted in Greece and expected to have dramatic impact on imports, provide U.S. exporters exciting marketing opportunities particularly for frozen foods, fish, tree nuts, pulses, meat, wine and beer.

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SECTION I: MARKET SUMMARY

The growth rate of the Greek economy for 2002 remained high and continued to improve reaching a growth rate of 4%. A strong increase in demand, from 3.1 percent in 2001 to 3.9 percent in 2002, helped maintain the high growth rate. The transition to the euro in January of 2002 was an economic milestone for the country. Greece's National Statistical Service (NSS), reported that exports increased 0.5 percent, while imports rose 0.5 percent in 2002. The NSS also reported that final consumption rose by 3.1 percent and investments increased by 704 percent. According to Ministry of Finance data, retail sales grew in the period January – July 2002 by 8.7 percent, compared to 7.9 percent in the same period of 2001. Price increases remained above the EU average in 2002, due to strong growth performance, the change over to the euro, and adverse weather conditions at the beginning of the year. The food sector is among the forces pushing up inflation, along with alcoholic beverages and tobacco, hotels, cafes and restaurants.

Among the eurozone countries, Greece ranks second, after Ireland, in respect of annual inflation. Greece's inflation rate in 2002 was 3.6%. The Bank of Greece recently projected inflation for 2003 to reach 3.9 percent. The Greek Government, on the other hand, forecast inflation to be 3 percent. Inflation in August was 3.3%. In 2002, real wages rose by 3.1 percent at a time when the corresponding European average was half a percentage point higher. Greek real wages in 2003 are expected to post a 2.0 percent increase, per government's announcements. For the third consecutive year, unemployment is expected to decline, falling 0.3 percent below the eurozone average. The unemployment index in the fourth quarter of 2002 fell to 9.7 percent. According to NSS, 83.4% of the per capita disposable income covers consumer needs of the Greek family, while 16.6% goes towards savings and investment.

CY 2001 total imports were 32 billion euros, of which 3.3 billion account for food products. Greek exports for the same period were 11.4 billion euros, of which 2.3 billion euros account for food products. The following table provides data on imported food products.

Greek Imports of Food Products by Sector (thousand euros)

Sector	1999	2000	2001
Meat	683,256	705,754	648,853
Dairy Products	484,262	485,054	504,075
Beverages	290,373	284,965	317,203
Seafood Products	243,878	237,868	249,067
Cereals and mixes	398,908	357,047	382,635
Fruits and nuts	164,758	144,367	177,872
Various processed foods	172,489	156,412	158,930
Vegetables processed	128,059	118,716	129,621
Vegetables	115,147	99,490	93,864
Fats and oils	90,618	68,140	82,756
Cocoa and Chocolate products	91,283	90,611	81,406
Other Processed foods	70,856	73,347	76,074
Coffee, tea, spices	56,520	69,790	58,733
Sugar and sweeteners	77,743	87,869	43,445
Milling products	26,954	28,035	31,975
Pet food	200,128	185,566	211,918
Total	3,295,232	3,193,031	3,248,427

Source: Eurostat

As shown above, Greece is an import dependent country with EU countries supplying the majority of imported food products. Meat imports account for 24% of total food imports, dairy products for 16% and fruits and vegetables for 11%. The turnover of food and beverage industries in Greece in 2001 was 6.45 billion euro, accounting for 25.6% of total industry sales. The 1100 largest domestic food and beverage industries reported gross profits amounting to approximately 3 billion euro in 2001. A recent study showed that in 30 food product categories, imported food products dominate in 14 of the categories.

The differentiation in meaning between "supermarkets" and "grocery stores" is still ambiguous, but, Greeks generally characterize supermarkets the self service shops with a retail space of at least 200 square meters, 2 checkouts, and providing 7 out of 10 main consumer product categories. Supermarkets are grouped in two categories; chains and independents. The former are comprised of three or more shops, while the latter have only one or two shops. Supermarkets with more than 2,500 square meters are characterized as hypermarkets.

In Greece there are about 3,100 supermarkets. Of the nation's total, 2,010 of them belong to supermarket chains, 687 of which are located in the Athens metropolitan area. Another notable feature of the Greek retail sector is that more than half of the "cash and carries" (club/warehouse stores) recently established, belong to supermarket chains. There are 112 cash and carries throughout the country. In this sector 4 companies dominate with a total of 68 outlets. Out of their total sales, 51.6% is for grocery items, 19.7% goes to toiletries, 22.5% goes to beverages and 6.2% is for miscellaneous. Among cash and carries 78% of these businesses have storehouses of more than 600 square meters.

Supermarket sales in 2002 reached 6.8 billion euros, compared to 6.0 billion in 2001. Of the total 6.8 billion euros, 5.7 billion euros were achieved by the 10 largest groups. The following table provides sales data, individually by company, for the 10 leading supermarkets. No data are available on Lidl's sales.

The 10 Leading Supermarket Groups				
Name	**Sales (mln euro)**		**% of total sales**	
	2001	**2002**	**2001**	**2002**
Carrefour	1,319,818	1,5135,749	22.17	22.80
A-B Vassilopoulos	868,297	1,001,991.	14.58	14.87
Sklavenitis	655,553	707,045	11.01	10.50
Veropoulos	543,805	609,494	9.13	9.05
Atlantik	395,345	481,785	6.64	7.15
Masoutis	407,579	447,959	6.84	6.65
Metro	318,162	366,645	5.34	5.44
Pente	259,806	289,293	4.36	4.29
Arvanitidis	132,943	158,339	2.23	2.35
Balis	72,885	74,735	1.22	1.11
Total	4,974,193	5,673,035	83.54	84.21
All Others	980,231	1,063,898	16.46	15.79
GRAND TOTAL	5,954,424	6,736,933	100	100

Source: Panorama of Greek Supermarkets, 2003

One hundred three new supermarkets opened in 2002. The following tables show the development of supermarkets in Greece.

DEVELOPMENT OF THE GREEK SUPERMARKET SECTOR 1998-2002						
	1998	**1999**	**2000**	**2001**	**2002**	**Change 2001/2002 %**
Total of Greek supermarkets	2,252	2,740	2,919	3,049	3,025	-0.79
Total supermarkets belonging to chains	1,496	1,719	1,862	1,919	2,010	4.9
Number of Chains with 16+ supermarkets	1,014	1,235	1,408	1,540	1,569	1.9
Number of independent Supermarkets	753	1,021	1,057	1,130	1,015	-10.2

Source: Panorama of Greek Supermarkets, 2003

Development of the Supermarket Chains 1998-2002 (by groups)					
Number of shops	**1998**	**1999**	**2000**	**2001**	**2002**
3-5 shops	34	40	35	30	34
6-10 shops	25	20	19	21	21
11-15 shops	13	14	14	13	14
16-20 shops	2	6	4	7	6
20+	18	20	23	21	20
Total	92	100	95	92	95

Source: Panorama of Greek Supermarkets, 2003

As shown above, the number of independent supermarkets decreased by 10.2%, and this the reason why the number of total supermarkets was decreased in 2002, despite the increase in the number of supermarkets belonging to chains.

There are several buying groups active in Greece, of which the most important are:

_ ELOMAS - The group has 432 supermarket members. ELOMAS gives special emphasis to private label products. 2002 sales amounted euro 998 million, compared with euro 910 mln in 2000. ELOMAS' future plans include the addition of new private label brands among the approximately existing 200 brands, and expand the services of its loyalty card.

_ ELETA – 365 outlet members. Gross sales in 2002 amounted to euro 395 mln, (326 million euro in 2001). Company's target for 2003 to open 10 new outlets and introduce 50 private label codes.

_ ASPIS – 233 members. Gross sales in 2002 were euros 375 million euro. In its 2003 goals the introduction of private label products is included, in addition to expansion of its network.

_ ELINNIKI DIATROFI - 1,550 members. 160 new outlets were added in its network in 2002, small to medium size independent retailers. Year 2002 gross sales amounted to euro 650 million, (528 million euro in 2001). Expansion of its network all over Greece is included in company's targets for 2003.

Supermarkets are researching new ways to respond to competition and increase their market share. Trade sources report that car selling in supermarkets is on its way. At least one hypermarket is seriously considering this activity. Automobile expendable supplies and tires are already sold in this hypermarket. Normal services that supermarkets provide include:

- Home Delivery: The traditional way that grocers attract customers is coming back in its electronic version. Orders are now received through telephone, fax and internet.
- Establishment of Cash and Carries: More than half of cash and carries established in the last two years belong to supermarket chains.
- Sale of ‘new’ products: Big supermarkets have opened special departments with "shop-in-shop" arrangements selling mobile phones, electronic and electrical equipment.
- Development of ready-meals department: These departments have been expanded in many supermarkets with a variety of meals offered.
- Entrance into the travel and leisure market. Carrefour Marinopoulos introduced this activity with the opening of 2 travel agencies called Carrefour Travel, operating in two hypermarkets. Other Carrefour stores plan to follow suit.

Most of the supermarkets belong to the Association of Greek Supermarket Enterprises, SESME, which actively participates in trade and retail policy.

To summarize, the retail sector in Greece is one of the most dynamic ones, facing rapid changes and competition as a result of the emergence of new international grocery store chains and mergers of existing companies and food processors. Aggressive takeovers, coalitions with multi-national giants, and mergers within the domestic industry characterize trends in the coming years. The family structure of many Greek companies adapt to new, advanced forms of organization to better exploit the opportunities of the market. The use of electronic trade and new techniques and tools is another goal of food enterprises.

Greek importers and consumers favor U.S. products because of their good quality and wider variety. However, existing constraints limit the U.S. market share of U.S. food and agricultural products to 3%.

Advantages and Challenges Facing U.S. Products in Greece	
Advantages	**Challenges**
Greece, hosting the 2004 Olympic Games, represents a growing and important market for U.S. exports.	A limited number of Greek importers and distributors are aware of the variety of U.S. food products that can be exported to Greece.
Greek consumers favor U.S. food products because of better quality and variety.	Average tariff levels remain high. GMO labeling requirements could result in consumer concern.
Food sector shows a dynamic growth	U.S. exporters are not aware of the existing opportunities in Greek retail trade.

SECTION II. ROAD MAP FOR MARKET ENTRY

A. SUPER STORES, SUPERMARKETS, HYPERMARKETS OR SUPER CENTERS, CLUB AND WAREHOUSE OUTLETS

Entry Strategy

Eighty per cent of Greece's import trade is handled through sales agents or distributors. Distributors operate on wholesale (and in some cases, retail) basis with exclusive sales rights for certain districts or for the entire country.

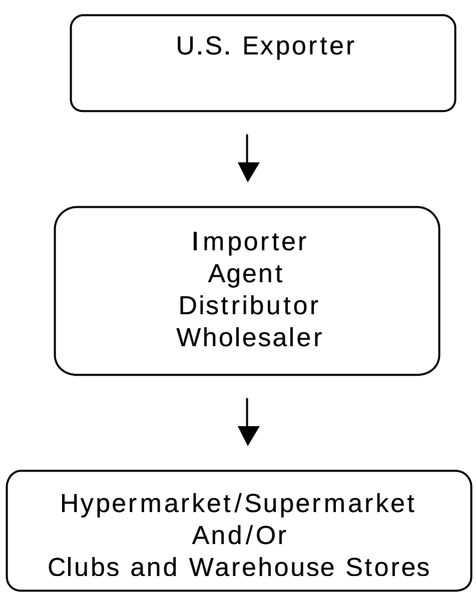
Retail and wholesale trade is mostly characterized by small, family-owned and operated businesses, each of which deals in a narrow range of goods. There are over 300,000 trading establishments in Greece. There are 7,700 corporations and limited liability companies engaged in wholesale trade and 3,200 corporations and limited liability companies handling retail trade.

Food and beverage products of U.S. origin complying with EU rules and regulations would not require special permits (nor they are subject to special rules or regulations) for commercialization in Greece. However, GMO products are handled quite strictly. If a U.S. food product, other than food supplements, conforms to any single EU member state's rules and regulations it can then be transshipped and sold in any other EU member state. For additional information on EU Import Regulations and Procedures, please refer to: www.useu.be/agri/label.html.

Greece, as a member of the European Union (EU), fully complies with about 90% of EU regulations. Labeling and ingredient legislation for all food and agricultural products is based on EU rules and regulations. Additionally, Greece maintains specific labeling and ingredient rules for some food products under the Greek Food Code. Greece requires that labels be in the Greek language. Multi-language labels are accepted. New to market food products require prior approval by the General Chemical State Laboratory. Products complying with the terms, regulations and provisions of the current Food Code do not require special permits in order to be imported and marketed in Greece.

To enter the Greek market, it is very important to have an agent or joint venture partner, with a suitable background, experience and extensive sales as well as a service network, who can offer full support to the end-user. Most hypermarkets and supermarkets act as importers/agents for some products.

Market Structure



- Products are usually imported by an importer or agent who may also be a wholesaler and/or distributor. As mentioned above, supermarkets act as importers too.
- The agents are usually undertake promotional campaigns for the products they import.
- Most of the distributors have nationwide distribution channels

Following table provides information on the major retail outlets that are established in Greece.

Major SuperMarket Profiles					
Retailer Name and Outlet Type	**Ownership**	**Sales 2002**	**No. of Outlets**	**Locations**	**Purchasing Agent Type**
Carrefour/Champion	French/Greek	Euro 1.3 billion	154 (13 hyper)	All over the country	Importer
A-B Vassilopoulos/ TROFO/ENA	Belgian/Greek	Euro 837 million	104	All over the country	Importer
SKLAVENITIS	Greek	Euro 708 million	35	Attika	Importer
VEROPOULOS GROUP	Greek	Euro 636 million	195	All over the country	Importer
ATLANTIK (Supermarket & Cash & Carry)	Greek	Euro 502 million	188	All over the country	Importer
MASOUTIS	Greek	Euro 402 million	159	Northern Greece	Importer
METRO (Supermarket & Cash & Carry)	Greek	Euro 367 million	60	All over the country	Importer

B. CONVENIENCE STORES, GAS MARTS, KIOSKS

Convenience and other small stores that cater to every day needs exist throughout the neighborhoods of Athens and its suburbs. These are beverage shops, mini markets, and kiosks, most of which have grown into small general stores. The main reason for their existence is to cater to the emergency needs of an area's inhabitants for products of everyday consumption, particularly when big stores are closed or when it is impractical to pay a visit to the supermarket. These shops can be called "small points of sale" and constitute an integral traditional part of the Greek market.

Entry Strategy

The same local representatives (importers/agents) who supply the supermarkets supply the convenience stores either directly or through wholesalers. The last couple of years, and especially last year, hypermarket and supermarket chains started establishing proximity stores. There are about 50 such stores. Very recently seven-eleven type stores opened in the Athens metropolitan area belonging to a convenience store chain (OLA).

U.S. Exporter → Importer Agent Distributor → Wholesaler → Convenience Store

- Convenience stores usually sell dairy products, sodas, beverages, some dry grocery products, juices and a limited range of non-food products.
- Gas station mini markets sell newspapers and magazines, tobacco, snacks, dairy products and ice cream, and some dry grocery items.
- Kiosks sell tobacco, newspapers, snacks, and ice cream.

C. TRADITIONAL MARKETS – "MOM AND POP" SMALL INDEPENDENT GROCERY STORES AND WET MARKETS

The wholesalers who supply the convenience stores supply the traditional market shops as well. Most of the products sold in traditional markets are locally produced.

SECTION III. COMPETITION

The retail food sector has been the most dynamic sector in the Greek economy, with sales of approximately $7.5 billion, including some of the biggest and most advanced companies, with sales of approximately $7.5 billion, provides good potential for the U.S. food items. The main competitor of U.S. in Greece is the European Union. EU countries supply food and agricultural products amounting to $2.5 billion, of the total $3.5 billion. As shown in the following table, Netherlands, France and Germany are the leading country suppliers in the food and agricultural trade.

In 2001, the U.S. ranks 8th in the list of food and agricultural suppliers with imports totaling $117 thousand, of which $37 thousand is in the Consumer-Oriented category. CY 2002 consumer-oriented products account for $40 thousand.

Greek food imports by Country of Origin (in million euro)	
Country of Origin	**Value**
Holland	534,062
France	440,906
Germany	420,746
Italy	403,780
United Kingdom	216,116
Denmark	164,268
Spain	149,499

Belgium	144,423
All others	774,627

Source: Eurostat

Greece provides good opportunities for U.S. firms with European subsidiaries, which enable them to complete on a more equal footing with EU suppliers.

SECTION IV. BEST PRODUCT PROSPECTS

A. PRODUCTS PRESENT IN THE MARKET WHICH HAVE GOOD SALES POTENTIAL

Frozen foods: One of the fastest growing markets in Greece is the frozen food market, especially frozen vegetables, french fries, fish, meat and dough. Now that about 25% of Greek families, especially in the big cities, have microwaves and freezers, the demand for convenience foods is increasing. Frozen foods are increasingly sought by urban Greek consumers.

Frozen and Salted Fish: Fish consumption in Greece has been increasing since 1995, in line with public awareness that seafood is healthy and can substitute for meat consumption. Greece is currently a $290 million market for seafood products, of which $262 million account for imported fish and seafood products (2001 data). Greek seafood per capita consumption is 24 kilograms. Consumption of frozen fish and seafood products reached 62,000 MT in 2001, of which 32,000 MT consisted of processed seafood products. U.S. exporters supply Alaska Pollack, Pacific Salmon, squid, and dogfish.

Tree Nuts: Greece is among the largest per capita tree nut consumers in the world. Tree nut consumption trends in Greece are gradually increasing in the food and confectionery industry while demand in the snack food sector remains stable. Good quality tree nuts are mostly used as snack food. Consumption figures include snack, confectionary, ice cream and bakery uses. One of the more popular tree nut products among Greek consumers is almonds. Annual consumption of almonds in Greece is roughly 16-17,000 MT and it is steadily increasing from year to year. Almond consumption represents 26% of total nut consumption which is estimated at 60,000 MT.

Pulses: Mainly beans and lentils, have good potential in the Greek market. Declining domestic production, coupled with the fact that pulses are considered a healthy food, favor imports.

B. PRODUCTS NOT PRESENT IN SIGNIFICANT QUANTITIES BUT WHICH HAVE GOOD SALES POTENTIAL

Meat: The sector has a very important role in the Greek market, since meat constitutes one of the most basic foodstuffs for Greeks, with around 88.4 kgs per capita average meat consumption. The meat market in Greece values euro 3 million. Imports cover more than 50% of the red meat sector. The market for meat has potential to increase as incomes grow in Greece. In addition to the retail sector, meat, and especially high quality beef, has very good potential for the hotel and restaurant sector.

Wine - Beer - Juices and Soft Drinks: These products seem to have a good potential in the Greek market in conjunction with the 2004 Olympics. There are more than 130 imported beer brands, which cover 6% of the market. The soft drink market also has been characterized by continual growth over the past decade, with consumption reaching 710,000 tons in 2001, and a 5% annual increase. Imports cover approximately 4 percent of consumption. Juice consumption in Greece is reported for 2001 at 200,000 liters. Imports of mainly concentrated juices is approximately 8,000 liters. The Greek wine market is estimated at 382 million euro and 310 million liters in volume. Wine consumption in Greece is approximately 31.4 liters per capita.

Organic foods: Organic foods made their appearance 4-5 years ago and the trend is continuing. The European food crises of recent years have made consumers turn to organics as they look for "safer" foods, since they perceive that risk lies in commercial, mass production. Because it is perceived to be "healthy" demand for organic food products is forecast to rise.

Dairy Products: Dairy products constitute one of the most important categories of foodstuffs in domestic consumption. Their share of total food consumption exceeds 17% and is increasing annually. Cheese products hold also a noteworthy position in Greek supermarkets, accounting for about 12% of sales. Greeks rank among the biggest cheese consumers in the world. Ice cream, although seasonally consumed, is on average per capita consumption of 5 liters.

C. PRODUCTS NOT PRESENT BECAUSE THEY FACE SIGNIFICANT BARRIERS

Turkey and Other Poultry products: EU member states do not still import poultry products of U.S. origin. Cruise ships with foreign flag, an important provider of tourist accommodations and meals, particularly during the Olympics, are exempt from the EU food regulations which govern the mainland and Greek islands. Cruise ships therefore may serve US hormone-raised beef and US poultry.

SECTION V. POST CONTACT AND FURTHER INFORMATION

For additional information and a list of private sector contacts, please contact the Foreign Agricultural Service Office in Athens at the following address:

Foreign Agricultural Service
American Embassy
8, Makedonon Str.
GR-101 60 Athens
Tel. ++30-210-720-2233
Fax: ++30-210-721-5264
Email:AgAthens@usda.gov or fasgr@ath.forthnet.gr
FAS home page: http://www.fas.usda.gov

For additional information on the Greek market, please review that following reports available to the public through FAS homepage (http://www.fas.usda.gov)

- Exporter Guide
- Wine Market Brief

In addition, please contact our office to obtain Greek importer lists of various sectors.