

Country Market Profile: Greece

Euromonitor reports that Greece witnessed strong economic rebound in 2021, driven by increasing domestic consumption and robust public investment. The country's economy is forecast to reach pre-pandemic levels in 2022. Capital investment projects and reforms related to the National Recovery and Resilience Plan, and the expected revival in international tourism are set to support the medium- to long-term economic outlook for Greece. The gradual withdrawal of the pandemic-related support is expected to reduce the budget deficit.

- Following real growth of 7.5% in 2021, Greece's economy is expected to expand at a CAGR of 1.7% over the medium term.
- Although the unemployment rate in Greece is projected to continue declining, it will remain one of the highest in Western Europe at 12.8% in 2022.
- Inflation in Greece is forecast to increase to 2.2% in 2022 from 0.5% in 2021, largely driven by strengthening demand for services.
- With commodity exports and imports increasing by 33.7% and 34.4% during 2021, respectively, the country remained a net importer.
- As foreign direct investment (FDI) flows into Greece decreased over 2020, FDI intensity fell to 1.9% of gross domestic product (GDP).
- Albeit declining to 205% in 2021, the public debt to GDP ratio in Greece remained one of the highest globally.

According to Eurostat, in 2020, Greece's population was estimated at 10.7 million, down 0.2% since 2019. According to the latest data available from the Hellenic Statistical Authority, the Region of Attica is home to approximately 3.8 million residents (35.2% of the population), followed by the Region of Central Macedonia which has 1.9 million people (17.6% of the population). Thus, over half the population lives in Athens and Thessaloniki, the biggest cities in Greece. Greece's population continues to age with the "over 65" population estimated at 2.3 million (22.4% of the population). The number of people aged 85 and over was more than 200,000, accounting for 2.1% of the total population.

USDA's Office of Agricultural Affairs in Rome Italy, which covers Greece reports that With a GDP of approximately US\$190 billion, Greece is a relatively small country. Greece is a part of the EU single market and customs union and is a Eurozone member. Greece continued to break records with the number of tourist arrivals until 2019, with more than 30 million tourists. However, the tourism economy has been hard hit by the COVID-19 pandemic in 2020 and 2021. Greece imports significantly more food and beverages than it exports and is reliant on imports to meet the demands of consumers for food products. Opportunities to expand U.S. food and beverage sales exist, but U.S. food processors should study the market well in advance.

Greece imports significantly more food and beverages than it exports and is reliant on imports to meet the demands of Greek consumers for food products. Greek agricultural product exports increased 10.6% in 2020, compared to the previous year. The value of

exports reached US\$7 billion. Cheese, table olives, olive oil, and cotton are the primary Greek exports, accounting for 28.7% of total product exports in value terms. In 2020, Greek agricultural imports were valued at US\$7.1 billion, a decrease of 5.7% compared to the previous year.

Cheese and meat products were most in demand, totaling US\$1.3 billion. Products with good sales potential in Greece include dairy products, meat, cereals, sugar, alcoholic beverages, exotic/counter seasonal fruits, planting seeds, feed, tree nuts, and non-GMO food ingredients for the domestic food processing and confectionary/ice cream sectors. Greece is strongly receptive to U.S. goods and services. In 2021, U.S. agricultural exports were valued at approximately \$112 million, an increase of 43% over the previous year.

In 2021 U.S. exports of consumer ready foods to Greece totaled US\$53.6 million, an increase of 9% over the same period in 2020. U.S. exports of processed food products to Greece grew 51% 2021 to US\$19.3 million. Top processed foods exported to Greece in 2021 included:

- Canned, Dried & Frozen Fruit
- Food Preparations & Ingredients
- Alcoholic Beverages
- Prepared/Preserved Seafood
- Condiments, Sauces, Jams & Jellies
- Snack Foods
- Non-alcoholic Beverages
- Fats & Oils

Market Opportunities and Key Issues in the Greek Market

The Greek market offers a number of benefits to U.S. exporters, but it is not without difficulties:

Market Opportunities

- The scale of the U.S. food industry may offer price competitiveness on large volume orders.
- The U.S. and Greece have long-standing cultural and political ties.
- The United States has a good brand image in Greece. The quality of U.S. products is highly appreciated.
- Most importers speak English.
- Strong interest in innovative products. Currently there is high interest in natural, “wholesome” and “healthy” food categories.
- Greece needs agricultural imports to sustain its food & feed processing industry.
- Tourism provides a seasonal boost to retail food and drink sales.
- Greek ports are offering a destination point, which covers a big area of the Balkans and can reduce the transportation costs for U.S. exported goods.

Key Issues

- Prices on supermarket shelves are rising rapidly during the pandemic. However, Greek household's income continues to decrease.
- Poultry and red meat are highly regulated from the EU, as are dairy product imports from the U.S.
- Labels, including nutritional panels need to be changed. Pack size and pallet sizing may also need changing.
- Need to develop relationships with Greek trade contacts and invest in marketing the product.
- The COVID-19 pandemic changed diets.
- The tourism economy has been heavily hit by the COVID-19 pandemic in 2020 and 2021.
- Changes in taxation as part of the bailout may affect shipping rates. Shipping costs have been growing strongly since the autumn of 2020.

Retail Food Sector Highlights:

According to Euromonitor, retail sales in the packaged food market in Greece are estimated to reach US\$8 billion in 2022. That represents growth of 4.4% and US\$341.7 million since 2018. By the year 2026, the retail sales in the packaged food market in Greece is expected to reach US\$9 billion, growth of 11.6% or US\$939.6 million from 2022. High growth categories in the forecast include:

- Rice, Pasta & Noodles
- Breakfast Cereals
- Ready Meals
- Processed Fruit & Vegetables
- Savory Snacks
- Sweet Spreads
- Processed Meat, Seafood & Alternatives to Meat

FAS Rome reports that the Greek pandemic crisis created a completely new retail grocery environment, with conditions in which many retailers and suppliers have never operated. The effects of the recession were still evident in 2019, with low disposable incomes, low consumer confidence and high unemployment; yet the economy seemed to march towards stability, and this was mirrored in the retail sector as consumption increased gradually. In 2020, grocery store sales increased 9.6% and registered a 15-year record at approximately US\$19.8 billion. The COVID-19 crisis accelerated the Ecommerce transition in food retail which reached US\$184 million of sales.

Greece is also witnessing a remarkable shift in how and where the consumer chooses to buy their food. According to Euromonitor, Greeks remained highly interested in price levels and general value offers, yet also opted for proximity, as a secondary way to save money. Consumers are tending towards smaller but more frequent shops.

Another money-saving trend was the increased demand for options to replace consumer foodservice. According to IELKA, the Greek Institute of Retail Consumer Goods, the economic crisis has brought a change in the dietary patterns of the Greeks, who are ordering out less and eating at home more. These shifts in consumer behavior translated to changes in grocery store layouts, as packaged snacks and cold drinks became more easily available, while stores also increased their ready-to-eat food options. New regulations also benefited these trends, for instance, stores such as butchers or tobacco shops were allowed to sell ready-to-eat meals.

Online grocery shopping is rapidly growing in Greece and experienced a significant surge during the COVID-19 pandemic, growing by 183% in the third quarter of 2020, compared to the same period in 2019. According to the latest survey by the Research Institute of Retail Consumer Goods (IELKA), conducted in November 2020, 25% of Greeks now buy their groceries online, compared to less than 2% in 2019. Consumers appear to choose their groceries both from the e-stores of the major chains and the online platforms that cooperate with food stores. Fear among many consumers of being in crowded spaces such as supermarkets, combined with a desire to increase their stock of food, have sent online supermarket sales soaring even though they are usually at particularly low levels in Greece.

Euromonitor reports that Koninklijke Ahold Delhaize NV's AB Vassilopoulos and Greek Supermarkets Sklavenitis SA's Sklavenitis remained the leading players during 2021, accounting for close to half of the retail current value sales of all supermarkets. Only two other players, Metro SA's My Market and Diamantis Masoutis SA's Masoutis had retail value shares in excess of 10% during the same year.

Leader AB Vassilopoulos operates a variety of store formats, including AB (medium and large stores) and AB City (smaller ones). Sklavenitis operates three different formats – Sklavenitis + (the largest), the standard Sklavenitis and its new concept Sklavenitis Self-Service, which was launched in 2020. These smaller outlets stock only packaged products and have neither delicatessen counters nor fresh fruit and vegetables. 25 Sklavenitis outlets had been converted to this new format.

Over the last few years, consumer trends, particularly amongst millennials, favored a smaller average spend per visit in neighborhood stores – a switch 'from cart to basket.' Although this trend continued amongst some consumers in urban areas during the pandemic, more people were interested in less frequent, but larger, shopping trips in order to leave their home less frequently and thus minimise their risk of contagion. However, as the risk posed by COVID-19 begins to diminish, this shift towards smaller outlets is expected to resume. As a result, supermarket chains are likely to increasingly focus on creating attractive, modern and relatively small 'city' outlets. Moreover, they will increasingly invest in new categories, such as ready-to-eat food health and wellness products (e.g. vitamins and supplements and sports nutrition).

Best Prospects:

FAS Rome reports that market opportunities for U.S. products include tree nuts, distilled spirits, soybeans and soybean meal, forest products, fish and seafood products, processed fruits and vegetables, snack foods, high quality beef, and hides and skins

Food Service Sector Highlights:

FAS Rome reports that the Greek hotel and food service industry (HRI) consists of 9,873 hotels and more than 100,000 restaurants, cafeterias, bars, and entertainment centers. Seasonality is a key characteristic of the sector. Employment in the HRI industry is estimated at 675,000 (about 18 percent of the total labor force), a decrease of 1.9 percent compared to the previous year. Although the HRI sector is one of the major sources of income for Greece, the Covid-19 economic crisis is severely impacting the profitability of both hotels and food-service businesses.

In November 2020, most of the hotels and restaurants had to be closed for the second time in the calendar year, which dramatically impacted the food industry. Greeks have continued to reduce the frequency of their visits to consumer foodservice outlets. The fullservice restaurant sector has been the most severely affected by the economic downturn as consumers have increasingly shifted to more affordable dining options.

Euromonitor reports that while most operators in consumer foodservice witnessed losses in 2020 and did not fully recover in 2021, there were some companies that fared better during the pandemic. For example, Coffee Island and Coffee Lab in specialist coffee and tea shops managed to increase their sales during both lockdowns. The format of these stores was favorable to the circumstances. Minimum or even no table service, strong home delivery services via their own fleets and partnerships with aggregators, competitive prices and strong brand names helped both players perform well.

Some operators with a presence in burger, pizza and souvlaki (other) limited-service restaurants also posted growth, mostly smaller chains and independents, as the losses from the closure of physical outlets and ban on table service affected mostly larger chains with larger seating areas.

Vivartia (Everest, Flocafé, Goody's Burger House, La Pasteria) remains amongst the leading players overall, but the company's strong focus on travel locations affected it greatly in 2020, as its outlets were affected more by border closures and the decline in domestic travel. Although it returned to growth in 2021, it did not recover to anywhere near the 2019 level of sales.

Venetis (Veneti) also had a stronger focus on travel locations in recent years, and was negatively affected by the impact of the pandemic on tourism. For instance, Athens El Venizelos airport saw much lower traffic during travel restrictions. Outside of travel locations, Venetis has a number of outlets located in commercial districts, which were also subject to reduced footfall due to restrictions on the movement of people due to retail closures and working from home. In addition, most Venetis outlets are very large (hence rents are very high), which took its toll on the company's performance. It saw a

significant decline in 2020, and although it saw a rapid rebound in 2021, its sales remained far lower than before the pandemic.

The European Union (EU) is the main competitor for U.S. consumer-orientated food. EU food exporters have relatively low transportation costs and fast delivery times. Their products do not face import duties, nor do they face major ingredient or labeling changes. Products are sourced mainly from Germany, the Netherlands, Italy, Bulgaria, Romania, and Spain. The United States is the 6th largest non-EU exporter to Greece, representing about 1.2% of all Greek food and drink imports. Argentina, Ukraine, Russia, Turkey and Brazil are some of the other top non-EU suppliers

Food Processing Sector Highlights:

Food processing is a key sector in Greece, accounting for 10% of employment. The food industry accounts for 28% of all manufacturing enterprises in the country. In 2020, the sector generated a turnover of approximately US\$15 billion. The subsectors with the highest revenues are meat products, milk and dairy products, cereal-based products, confectionary, and beverages. In Greece, there are over 15,000 enterprises engaged in food processing.

Key market drivers include the gradually (pre-Covid) improving economic climate in Greece; consumers' higher spending on packaged food in 2019; an increasing interest in healthy and functional foods; an aging population; and a trend to follow the Mediterranean diet - mostly in order to reduce expenses and receive the best price possible.

Food processing also holds the biggest share in terms of gross value added (24.6%), while it ranks second in value of production (24.3%) and turnover (25.2%). The subsectors with the highest revenues are meat products; milk and dairy products, cereal-based products, confectionary, and beverages.

The Greek food and drink industry is diverse, with a variety of sectors ranging from dairy production to fruit and vegetable processing and drinks. The top 5 sectors (dairy products, bakery products, drinks and beverages, fruits and vegetables, and meat products) represent three-quarters of total turnover and more than 70% of the total number of employees and companies.

Compared to other manufacturing sectors, the Greek food and drink industry is a key job provider and a relatively stable employer. The food sector is dominated by small companies: both in food (95%) and drinks (87%). The vast majority of enterprises are small, employing no more than nine people. By contrast, in terms of turnover, large companies (employing more than 250 people) account for large shares of their respective sector, 36% in food and 57% in drinks, respectively.

Best Product Prospects:

FAS Rome reports that U.S. products in the Greek market that have good sales potential:

- Nuts (almonds, walnuts, pistachios) for pastries, confectionary, breakfast
- Frozen and salted fish (cuttlefish and squid, mollusks, salmon)
- Alcohol beverages and distilled spirits
- Pulses

Products not present in significant quantities, but which have good sales potential:

- Processed fruit (dried fruits, especially dried prunes and cranberries)
- Chocolate, dairy for yogurt or ice cream, and confectionary ingredients
- Cereals for snack foods
- Organic foods