ITALIAN TRADE AGENCY

CHINA: THE NEW FRONTIER FOR ITALIAN FOOD & BEVERAGE

ITALIAN FOOD

MADE IN ITALY BEYOND THE NEW NORMAL

JUNE 19TH, 10:00 AM (GMT +2)

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COORDINATOR OF ITA OFFICES IN CHINA AND MONGOLIA

Covid-19 involved drastic containment measures…

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GOVERNMENT CONTROL MEASURES AT A GLOBAL LEVEL

Borders' closures

Blockade of **people** and **goods** at **customs** for controls

Public blockade

Interruption of public **transport** and **block** of **circulation** of people and goods

Break of production

Interruption of **productive activities** along the value chain

Offices closure

Interruption of **back-office** activities

MAIN EFFECTS ON COMPANIES

- **Increase in delivery times** for cross-border shipments
- Slight **price increase** on **logistic costs**
- **Unavailability** of **tecnicians** and/or **spare parts**

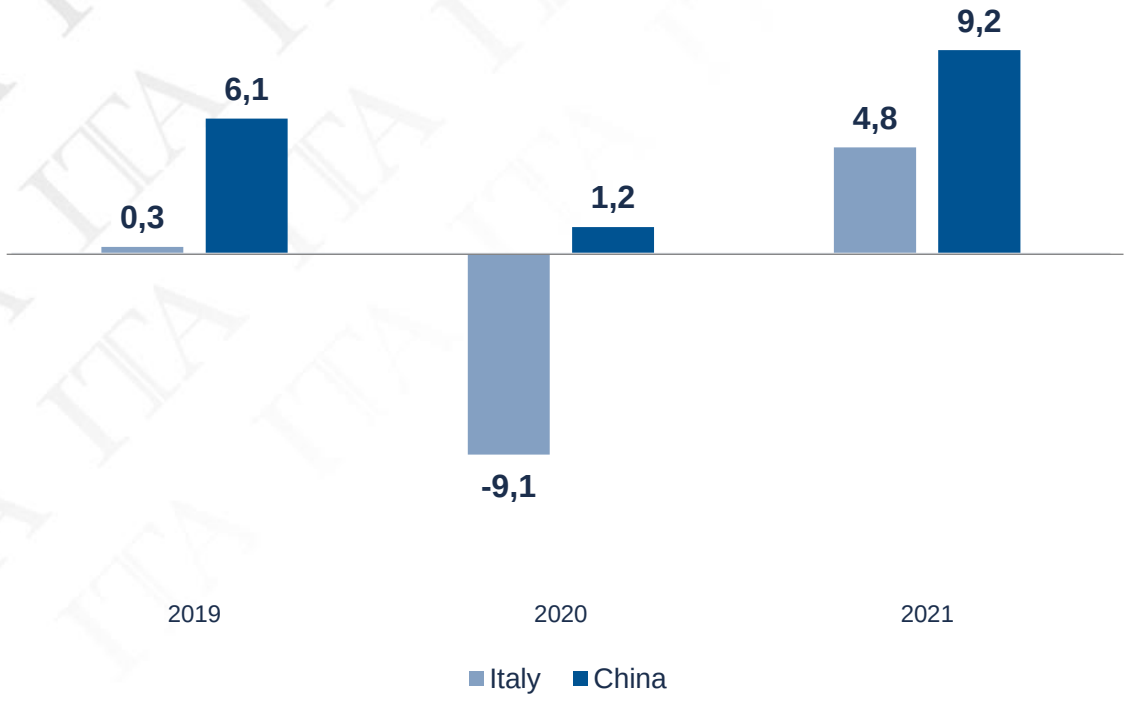
- **Absence** of **key employees** (illness, family care)
- **Cut-off** of **supplies**
- **Significant shift** in **demand** across time and products/sectors

- Increase of **raw materials' stock**
- **Reduction** of **downstream demand**
- **Cut-off** of **supplies**
- **Riscks** of **insolvencies**
- Efforts to ensure **quality protocols at restart** (own and suppliers')

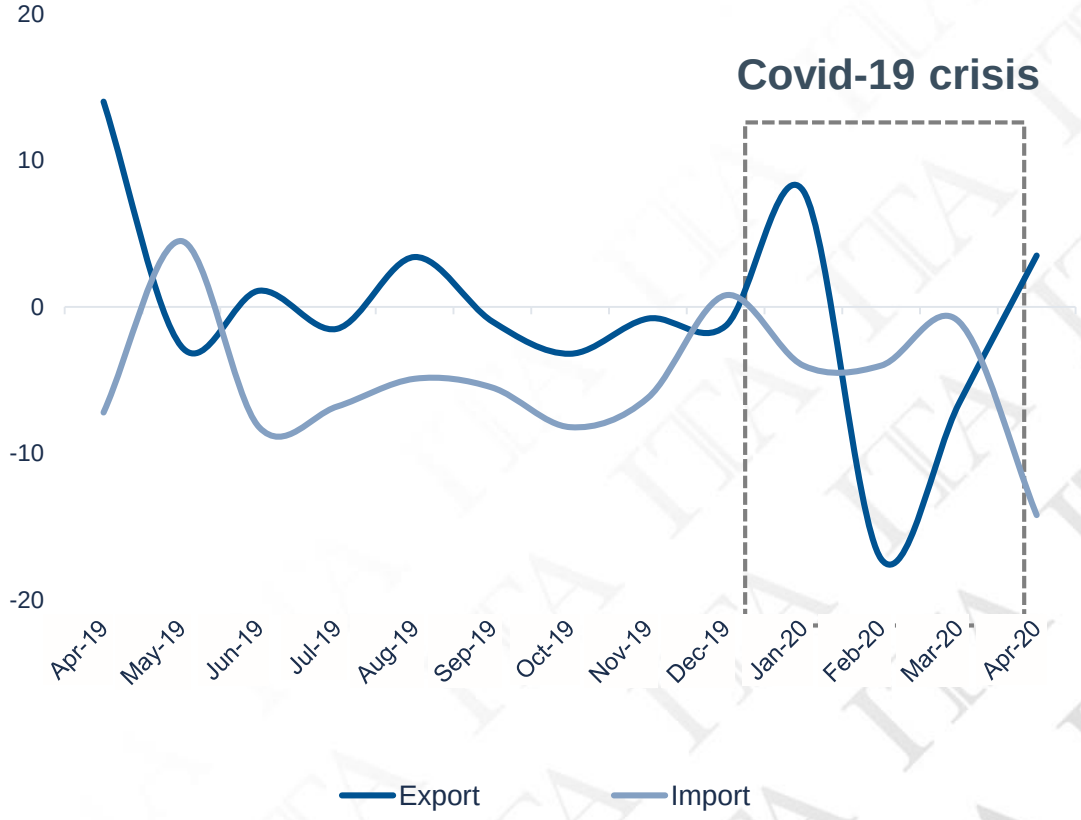
- **Interruption** of **back-office activity**
- **Missing** transport **documents**
- **Organizational and administrative** delays
- **Delays in operations support** (i.e maintenance)

…with significant macroeconomic impact

Real GDP growth (% y/y)



China export and import rate of growth (% y/y)



Source: IMF and TDM

China Imports from Italy

Sottovoce SA	Descrizione	Gennaio - Aprile (Valore: EUR)			Quota di mercato(%)			%Δ 2020/19
		2018	2019	2020	2018	2019	2020	
0810	Altra frutta fresca (escl. frutta a guscio, banane, datteri, fichi, ananassi, avocadi, guaiave, manghi, mangostani, papaie, agrumi, uve, meloni, mele, pere, cotogne, albicocche, ciliegie, pesche, prugne e prugnole)	5,337,642	10,298,395	18,956,427	3.77	7.42	13.89	84.07
2203	Birra di malto	965,154	932,084	1,562,264	0.68	0.67	1.15	67.61
2202	Acque, incluse le acque minerali e le acque gassate, con aggiunta di zucchero o di altri dolcificanti o di aromatizzanti, e altre bevande non alcoliche (escl. succhi di frutta o di ortaggi e latte)	811,547	1,524,843	2,205,108	0.57	1.10	1.62	44.61
0901	Caffè, anche torrefatto o decaffeinizzato; bucce e pellicole di caffè; succedanei del caffè contenenti caffè in qualsiasi proporzione	7,469,214	6,753,046	9,273,177	5.27	4.86	6.80	37.32
2103	Preparazioni per salse e salse preparate; condimenti composti; farina di senape e senape preparata	2,427,981	2,255,689	2,741,986	1.71	1.62	2.01	21.56
1704	Prodotti a base di zuccheri (non contenenti cacao) incluso il cioccolato bianco	594,928	449,442	526,158	0.42	0.32	0.39	17.07
1902	Paste alimentari, anche cotte o farcite con carne o altre sostanze oppure altrimenti preparate, quali spaghetti, maccheroni, tagliatelle, lasagne, gnocchi, ravioli, cannelloni; cuscus, anche preparato	6,227,347	6,722,066	7,566,275	4.40	4.84	5.54	12.56
20	Preparazioni di ortaggi o di legumi, di frutta, di frutta a guscio o di altre parti di piante	6,528,509	7,155,118	7,514,224	4.61	5.15	5.51	5.02
04	Latte e derivati del latte; uova di volatili; miele naturale; prodotti commestibili di origine animale, non nominati né compresi altrove	9,029,603	9,202,675	9,238,959	6.37	6.63	6.77	0.39

Source: China Customs

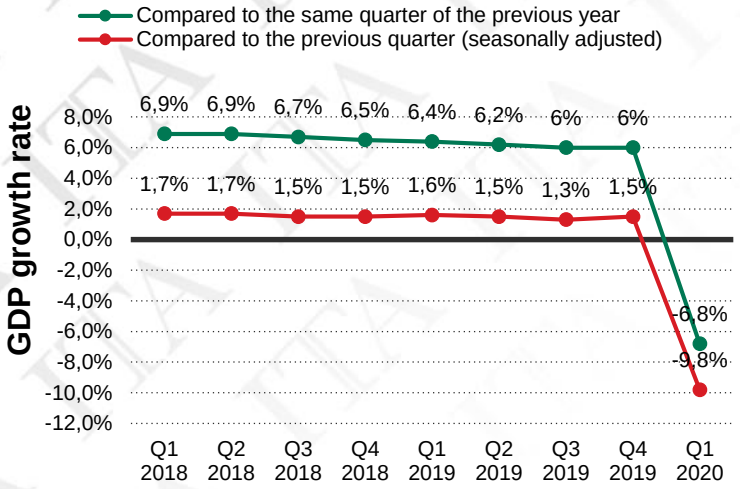
China Imports from Italy

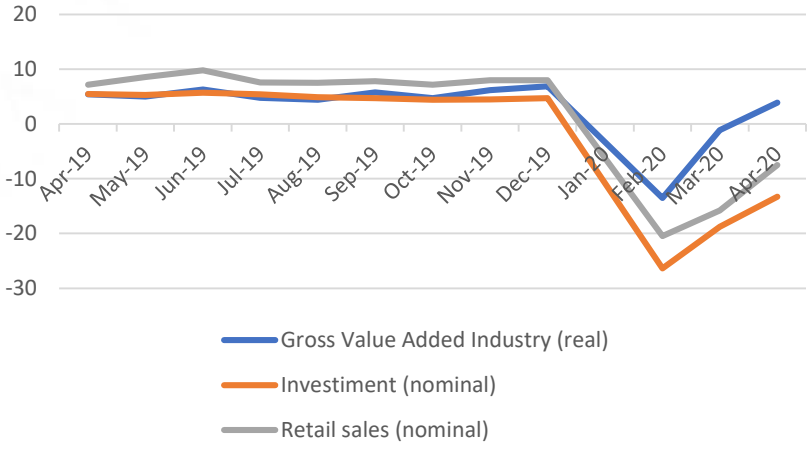
0210	Carni e frattaglie commestibili, salate o in salamoia, secche o affumicate; farine e polveri, commestibili, di carni o frattaglie	834,830	644,028	487,912	0.59	0.46	0.36	-24.24
2105	Gelati, anche contenenti cacao	436,601	556,169	453,410	0.31	0.40	0.33	-18.48
1509	Olio di oliva e sue frazioni, ottenuti esclusivamente dai frutti dell'ulivo attraverso procedimenti meccanici o fisici senza pregiudizio degli oli, anche raffinati, (ma non modificati chimicamente)	5,401,862	5,295,933	4,416,966	3.81	3.81	3.24	-16.60
1905	Prodotti della panetteria, della pasticceria o della biscotteria, anche con aggiunta di cacao; ostie, capsule vuote dei tipi utilizzati per medicamenti, ostie per sigilli, paste in sfoglie essiccate di farina, di amido o di fecola e prodotti simili	2,941,420	3,239,710	2,766,556	2.08	2.33	2.03	-14.60
2106	Preparazioni alimentari, n.n.a.	11,270,090	13,244,209	11,417,009	7.96	9.54	8.37	-13.80
18	Cacao e sue preparazioni	16,362,769	14,451,852	12,627,233	11.55	10.41	9.25	-12.63
2209	Aceti commestibili e loro succedanei commestibili ottenuti dall'acido acetico	575,507	449,586	444,675	0.41	0.32	0.33	-1.09

Source: China Customs

China's economy has restarted: we need to seize its opportunities

Key cyclical indicators of recovery after Covid-19 in China (% y/y) and their impact on consumption sectors





TOP WINNERS	TOP LOSERS
Healthcare	Tourism/Transport
Vitamins and food supplements	Alcohol / Tobacco
Fresh and Organic Food	Luxury/Fashion/Design
Home care	Entertainment
Insurance	Automotive

Chinese economic recovery started in March and continued in April, after experiencing a sharp contraction in February (Q1 -6.8% GDP growth rate).

The industrial value added is increasing compared to last year almost reaching pre-crisis levels. Retail sales and investments are recovering, also driven by more resilient sectors (top winners) and e-commerce on line sales, even with lower rates of growth compared to December 2019.

The recent People National Congress, while not setting – for the first time – a precise growth target, has stated that Chinese economy wll be resilient in the long run, mainly focusing on domestic demand. Italian companies' investment choices should duly take into account these views.

Source: National Bureau of Statistics of China

Food Market Performance

Food consumption grew steadily

In the first quarter, national per capita expenditure on food, tobacco, and alcohol increased by 2.1%. Per capita spending on home cooked meals increased by 15.5%. Consumption of rice, flour, grain, oils, vegetables, meat, poultry, and eggs all grew.

Per capita spending on vegetables increased by 20.8%
Per capita, spending on meat increased by 31.9%
Per capita, spending on poultry increased by 30.3%
Per capita, spending on eggs increased by 24.4%

Live-streaming driving growth.

The excellent performance of new consumption channels such as **Taobao live streaming was a highlight in Q1**. In February, the number of new merchants using Taobao live streaming increased by 719% month-on-month, and in March, it tripled from a year earlier, with the number of transaction orders increasing by more than 160% year on year. The number of registered live streaming-related companies reached a 10-year high, an increase of 115% over the same period in 2019.

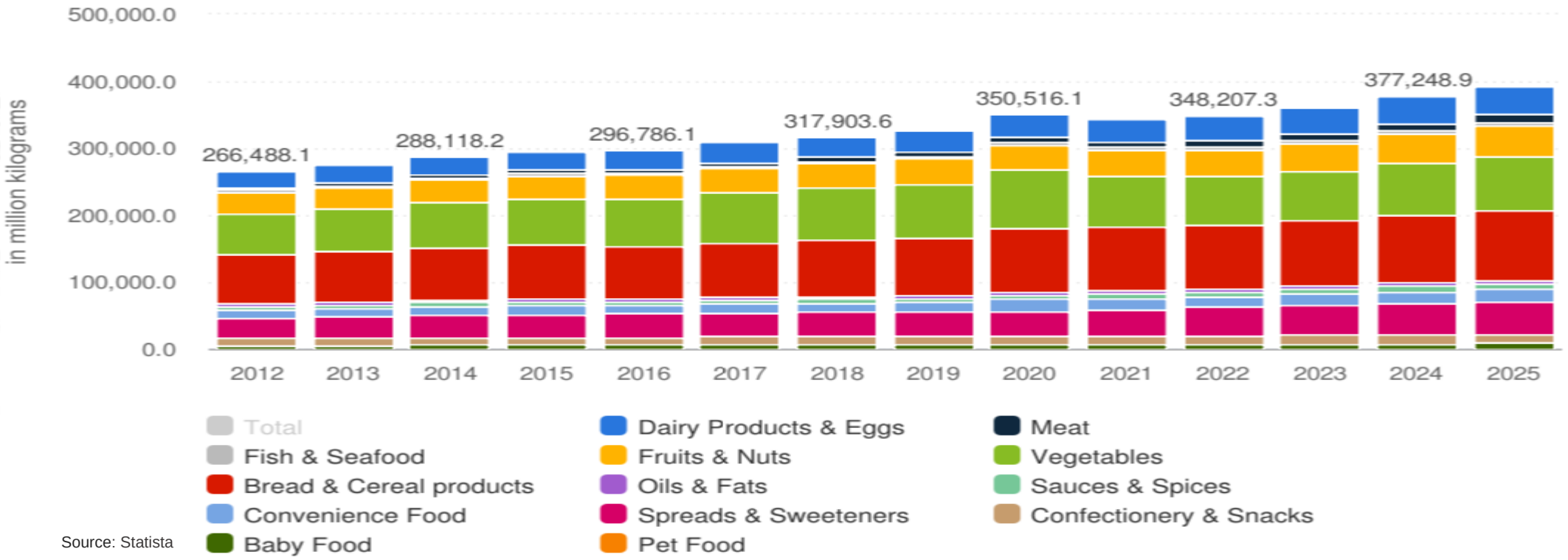
Online consumption showed strong momentum

From January to March, the online retail sales of physical goods nationwide increased by 5.9% year-on-year, accounting for 23.6% of the total retail sales of consumer goods, an increase of 5.4 percentage points over the same period last year. The number of people purchasing goods or services via the Internet increased by 21.2% year-on-year.
Investment in e-commerce services rose by 39.6%. **Both Alibaba and JD.com showed remarkable sales growth**. Alibaba's penetration rate increased significantly by 7.4 percentage points to 38.6%. JD.com followed closely, with its penetration rate increasing by 4.8 percentage points. **O2O platforms (including retailers' own platforms, third-party platforms such as Fresh Hema and Ele.me) grew rapidly in the first quarter**.

China Food Market Outlook

Revenue in the Food market amounts to US$1,251bn in 2020. The market is expected to grow annually by 4.5% (CAGR 2020-2025).
The market's largest segment is the segment Bread & Cereal products with a market volume of US$242,256m in 2020.
In relation to total population figures, per person revenues of US$865.17 are generated in 2020.
The average per capita consumption stands at 242.3 kg in 2020.

Volumes outlook



Source: Statista

Main food consumption trends in China

- Strong growth of DIY home meals
- Demand for visibility on product sourcing and safety
- Potential growth in plant-based protein as a clean and safe meat alternative
- Health and foods supporting wellness and immunity are priority
- Seniors are catching on to online buying
- Comfort food and premium products on the upswing

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Next ITA Promotional Activities

COURSE - "ITAlian Wine & Spirit Course"

5 years
19 editions
20 italian wine regions in **3** days
13 cities in China (1st,2nd tier)
+ 660 Italian wine promoters
(importers, distributors, sommelier, professional medias, KOL)

2020
On **September** – 3 editions
Shanghai, Xiamen e Chengdu

(October-December) New Roadshow
(Beijing, Chengdu, Shenyang, Chongqing)

COMMUNICATION

1ST year of Media Campaign
September 2018 – August 2019
Total impressions: **251,985,806**

2nd year – continue on **Wechat communication**
Over 8 million public accounts

Objective: to make products more visible
on Chinese social networks

Main target: importers, distributors, Chinese consumers

E-COMMERCE

FOOD2CHINA E-Commerce
Food to China, Tastes from the World

https://www.food2china.com/

TRADE FAIRS

wine to asia

Shenzhen (November 9-11)

FHC FOOD & HOTEL CHINA

Shanghai (November 10-12)

ITALIAN CUISINE

THE EXTRAORDINARY ITALIAN TASTE

WORLD WEEK OF ITALIAN CUISINE

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ITA E-COMMERCE AND DISTRIBUTION CHAINS PROJECTS

Alibaba Group

天猫国际 TMALL GLOBAL

hello ITA

JD.COM

WeChat

苏宁易购 suning.com

Alibaba Group

盒马

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JD.COM

Italian Pavilion on one of the most important online shopping platforms in China

意大利
ITALY NATIONAL PAVILION
国家馆

JD.COM

Italy Pavilion Project

Positioning — Help more Italian brands enter China

ITALIAN TRADE AGENCY

The Italian National Pavilion uses JD Mall as a carrier

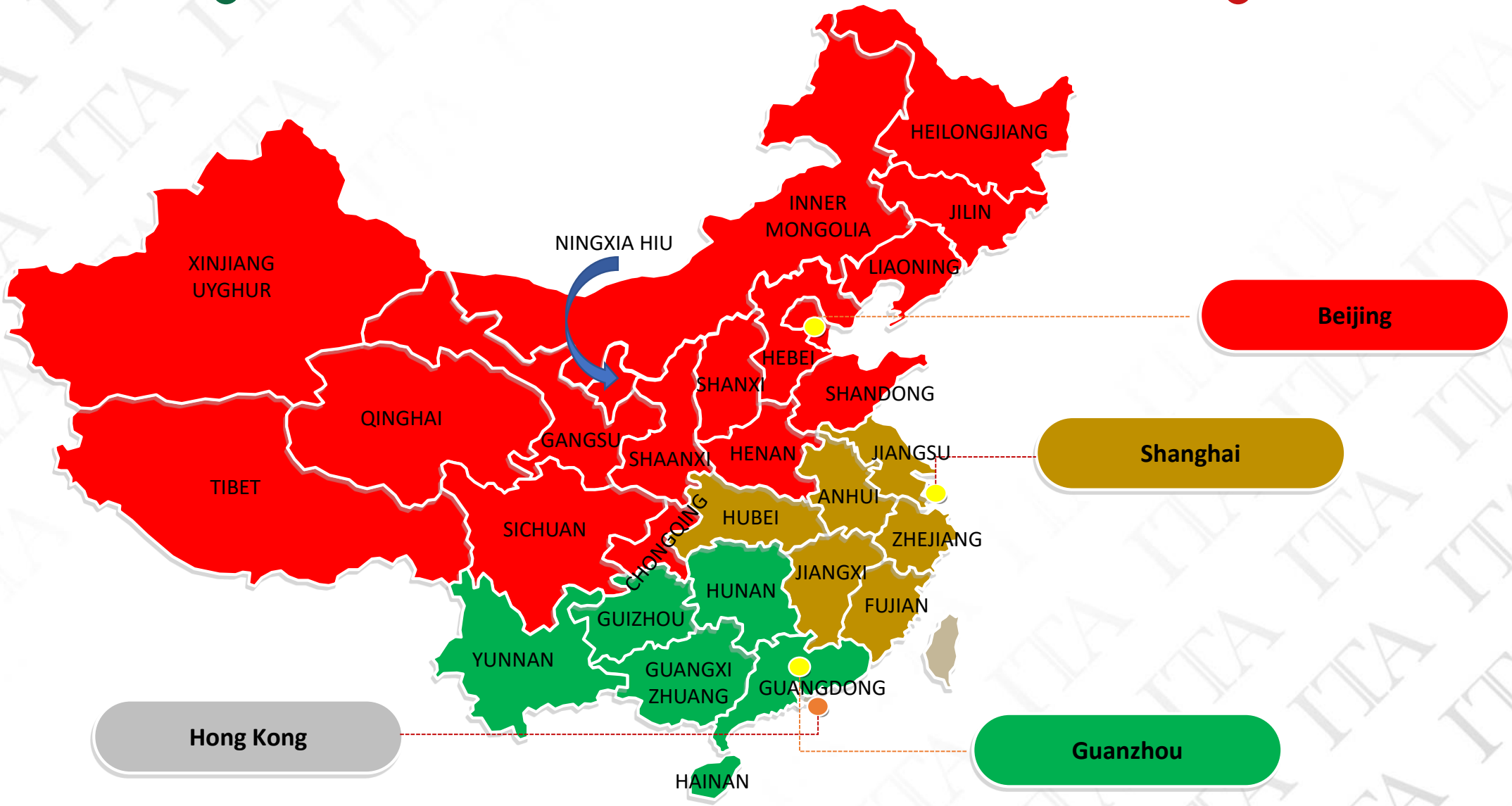
Italy Overseas National Pavilion (Cross-border) - JD.HK

Italy National Pavilion (General Trade) – JD.COM

Promotion and display of Italian companies or brands

Promote the landing sales and brand exposure of Italian companies or brands in JD Mall

ITA has 4 Offices in China



WHICH OFFER

INFORMATION AND FIRST ORIENTATION SERVICES

CONSULTANCY SERVICES TO SET UP MARKETING STRATEGIES

PUBLICATIONS AND INFORMATION TOOLS

PARTNERS' IDENTIFICATION

PROMOTIONAL ACTIVITIES

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Grazie

谢谢 xiè xie

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