Exporting coffee to Italy

Italy is the second largest importer of green coffee beans in Europe, only surpassed by Germany. Coffee is an integral part of Italian culture. Italians tend to value high-quality coffees, and are loyal to specific flavours and Italian brands. In addition to their own domestic market, Italy is also an important supplier of both green and roasted coffee beans to other European countries and the United States. Italian espresso is famous in the world and Italian coffee brands are exported worldwide.

Contents of this page

1 . Product description

There are two main types of green coffee beans:

- *Coffea arabica*: Plantations are generally at altitudes over 1000 metres. This makes it a so called highland coffee. The average length of coffee beans of this variety is around 9 mm. Their colour is greenish to blue-green. The coffee beans have a strong, full flavour. Arabica beans have a caffeine content of approximately 1.2%.
- *Coffea robusta*: Robusta coffee can be considered a lowland coffee. Its plantations are below 1000 metres. Robusta beans are small, round and generally brownish to yellowy green. Their beans have a higher water content than Arabica coffee. They generally have a less powerful flavour. Robusta beans have a caffeine content of approximately 2.3%.

In Europe, the Combined Nomenclature (CN) uses Harmonised System (HS) codes to classify products that are traded. The HS codes for green coffee beans are given below. The available data do not distinguish between conventional and speciality coffees.

Speciality coffee is defined by the Speciality Coffee Association of Europe (SCAE, integrated into the Specialty Coffee Association (SCA) in 2017) as the art of manufacturing a quality cup of coffee, which is judged by the consumer to have a unique quality, characteristic taste and personality, superior to the common beverages on offer. This beverage consists of coffee beans which have grown at a designated location and have been processed under the highest quality standards for raw processing, roasting, storing, and finally preparation into a beverage.

HS Code	Description
090112	Coffee, not roasted, decaffeinated
090111	Coffee, not roasted, not decaffeinated

2 . What makes Italy an interesting market for coffee?

Italy has an important coffee culture

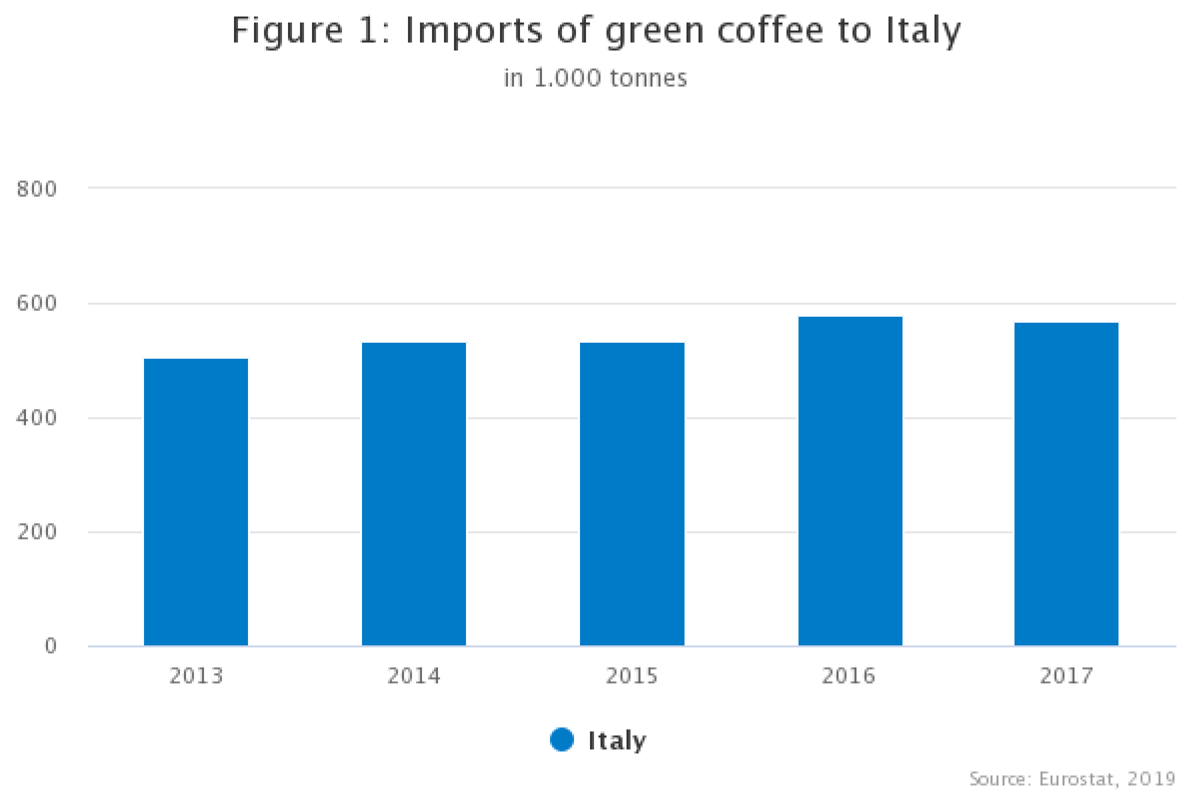
Coffee plays an important role in the Italian culture, and the country has a large coffee-roasting industry. In fact, Italy supplies a large volume of roasted coffee beans to other countries. Larger specialty roasters, such as Lavazza, Segafredo and Illy, export substantial quantities of Italian blends all over Europe and the United States, resulting in sales opportunities for coffee that meets the quality requirements for the espresso industry.

Italians prefer dark and intense coffee blends and the quality of the coffee is very important. The country is especially known for its “espresso”; about 70% of Italian coffee consumers drink espresso.

Tip:

- Read more about the Italian coffee culture in Eataly Magazine. Other interesting websites to learn more about the coffee market in Italy are Istituto Nazionale Espresso Italiano and Coffee Review: Espresso Cuisines.

Italian coffee imports are growing over time



Italy is the second largest importer of green coffee beans in Europe (after Germany). In 2016, Italian imports reached a volume of 580 thousand tonnes (€1.3 billion), having increased at an annual rate of +3.9% in volume between 2012 and 2016. Due to global price decreases, the value of Italian imports decreased by 1% annually on average.

Tips:

- Access the Eurostat Statistics Database to analyse European and Italian trade dynamics yourself and to build your export strategy. By selecting Italy as your target market, you will be able to follow developments such as the emergence of new suppliers and decline of established ones.
- Have a look at websites of Italian coffee trade fairs to learn more about imported coffee types and styles, for example Trade Fair Triestespresso Expo, Sana and Host Fiera Milano.

Italian re-exports are increasing again

Italian re-exports of green coffee beans amounted to 10 thousand tonnes in 2017. This represents 1.5% of the total European re-exports of green coffee beans in volume. After an impressive increase of more than 40% in 2016, Italian re-exports decreased again by 14% in the following year.

Italy mainly re-exports within Europe. Main destinations in 2017 were:

- Austria (22%)
- France (13%)
- Germany (9%)

Italy is also a large exporter of roasted coffee beans to other European countries as well as to the United States.

Tip:

- See our study on trade statistics for coffee for more detailed information about European trade in green coffee beans.

Single-serving coffee machines gain ground on the Italian market

Italians love to create an espresso experience at home or in the office by using single-serve machines. These machines use pre-packaged coffee dispensers (pods/capsules) that can be used for one or two cups at a time. Due to its popularity, single-serving coffee is increasingly dictating the quality and taste perception of Italian consumers. Most retailers in Italy meet this demand by offering a wide range of coffee capsules in their assortment.

Examples of coffee capsule products by large Italian brands are:

- Lavazza: Capsule A Modo Mio
- Illy: Caffè In Capsule
- Segafredo: Caffè In Capsule

Tip:

- Build a relationship with roasters who manufacture coffee capsules and learn about their requirements. You can find more information about the different Italian roasters on the website of the Italian Roasters Organisation.

Coffee bars remain very important in the Italian coffee culture

Italian consumers also drink high-quality coffees outside their homes by visiting specialised coffee bars. In 2015, coffee bars in Italy sold over €6 billion of coffee. While large coffee chains such as Starbucks have gained ground in Europe, Italians prefer their own Italian brands and local coffee bars. In fact, Starbucks recently opened a coffee roastery and bar in Milan, Italy. The announcement caused a lot of discussion in Italy and abroad as some Italians are afraid that the market entry by Starbucks threatens the traditional Italian coffee culture. Italians have a particular taste regarding the blending and roasting of their coffees.

Tip:

- Have a look at this article discussing 20 specialised coffee bars in Italy to learn more about the Italian coffee culture.

3 . With which requirements must coffee comply to be allowed on the market in Italy?

Buyers in Italy have strict requirements for coffee, just like buyers in other European Union countries. You can only export your product to European Union countries if you comply with these requirements. In our study on buyer requirements for coffee you can find a detailed analysis of these requirements. The main issues are highlighted below:

Legal requirements

You must follow the European Union legal requirements applicable to coffee, mainly dealing with food safety. Traceability and hygiene are the most important themes. Special attention should be given to specific sources of contamination. Pesticides, mycotoxins and *Salmonella* (although coffee is considered low-risk) are the most common for green coffee beans.

Tip:

- Read the chapter on Coffee Quality Control by Lavazza to learn more about quality requirements of Italian coffee companies.

Quality criteria for coffee

Green coffee beans can be classified using two methods:

- the Specialty Coffee Association (SCA) green coffee grading protocols
- the Brazilian/New York green coffee classification (applicable to Brazilian coffee only)

Grading is usually based on the following criteria:

- Altitude and/or region
- Botanical variety
- Preparation (wet or dry process, washed or natural)
- Bean size (screen size), sometimes also bean shape and colour
- Number of defects (imperfections)
- Roast appearance and cup quality (flavour, characteristics, cleanliness)
- Density of the beans.

Higher quality coffee (specialty coffee) is graded according to a cupping score. Fragrance, flavour, aftertaste, balance, acidity, sweetness, uniformity and cleanliness are important topics in the grading process (see below for more information).

The definition of specialty coffee has not been formally established within the coffee industry. A cupping score below 80 is considered standard quality and not specialty. This is in line with the Coffee Quality Institute, which states that coffees graded and cupped with scores above 80 are considered specialty coffees. The cupping protocols of the Specialty Coffee Association also consider a score of 80 as being below specialty quality. However, the exact minimum scores defining speciality coffee differ per country and buyer. Some buyers consider 80 as too low and demand a cupping score of 85 or higher.

Tip:

- See the website of the United Nations Food and Agriculture Organization (FAO) for more information about grading coffee.

Roasting

Coffee can be roasted in several ways. In general, lighter roasts are lighter in taste and more acidic. They have more flavour than the darker roasts. Darker roasts have more body.

The degree or darkness of roast, as well as its duration, has a direct impact on the flavour profile of coffee.

There are other important variables which affect the flavour or can develop the potential of the coffee. Some of them are:

- Roasting time
- Charge temperature
- Rate of rise
- Drum speed or air flow & cooling speed
- First and second crack timing
- Sensory experience of the roaster.

Labelling requirements

Labelling of coffee exported to Italy should be written in English. Labels should contain the following topics to ensure traceability of individual batches:

- Product name
- International Coffee Organisation (ICO) identification code
- Country of origin
- Grade
- Net weight in kg
- *Certified coffee*: name/code of the inspection body and certification number.

Tip:

- Do you sell speciality coffee? It is important for buyers to know what the cupping score of your coffee is. It is not mandatory, but it could be relevant to add to the documentation for the coffee you are exporting.

Packaging requirements

Green coffee beans are sensitive to water absorption. They are therefore transported in woven bags made from natural fibre (jute or hessian). This allows for free air circulation.

Most green coffee beans of standard quality imported into Italy are packed in container-sized bulk flexi-bags. These hold roughly 20 tonnes of green coffee beans. The rest of the green coffee is transported in traditional 60-kilo jute sacks, which will have a net volume of around 17–19 tonnes of coffee.

Materials such as Grainpro or other innovative materials can be used to pack specialty coffees.

Tips:

- Check the website of the International Jute Study Group (IJSG) for manufacturing specifications of jute bags for the food industry (IJO Standard 98/01). Take these specifications into account when exporting to Europe.
- Learn how to calculate the cupping score of your coffee at the website of the Specialty Coffee Association (SCA).
- Ensure preservation of the coffee quality. Thoroughly clean and fumigate containers before loading the beans. Protect the cargo from moisture during loading, to avoid mould. Ensure appropriate temperature, humidity/moisture and ventilation conditions during processing and transportation. Protect the cargo from pests such as beetles and moths. Prevent contamination of beans by foreign materials (such as dust) by keeping facilities and equipment clean.

Additional requirements

Quality management system certification may be required by European buyers. A system based on hazard analysis and critical control points (HACCP) is often a minimum standard required, but some buyers will also expect you to have certificates such as International Featured Standards: Food (IFS) or British Retail Consortium (BRC).

Corporate responsibility and sustainability is growing in importance in the coffee sector and adopting codes of conduct or sustainability policies related to environmental and social impacts of your company can provide you with a competitive advantage. See for example the website of Lavazza: Sustainability Report 2016.

Some large coffee companies in Italy also work with sustainability standards and certifications; for example, Lavazza has a wide range of products with UTZ and Rainforest Alliance certification.

Requirements for niche markets

In Italy, both fair-trade and organic certifications are used in niche products and markets.

Mainstream roasters such as Lavazza use Fairtrade and organic certifications to distinguish specific product assortments but do not use the labels on most of their products. Some Italian supermarkets, such as Crai, also have organic certification (and sometimes Fairtrade) in their assortment.

Tips:

- See the list of UTZ registered coffee actors in Italy. You can find out who is certified and thus qualified to buy your UTZ-certified coffee.
- Search for a certification body whose standards are recognised by the European Union. It will help ensure your organic certification is recognised. The European Commission’s Agriculture and Rural Development website provides a thorough explanation of import regulations and other related issues.

4 . What competition do you face on the Italian coffee market?

Brazil remains the leading supplier to Italy, but smaller suppliers are growing strongly.

The main suppliers of green coffee beans to Italy in 2017 were:

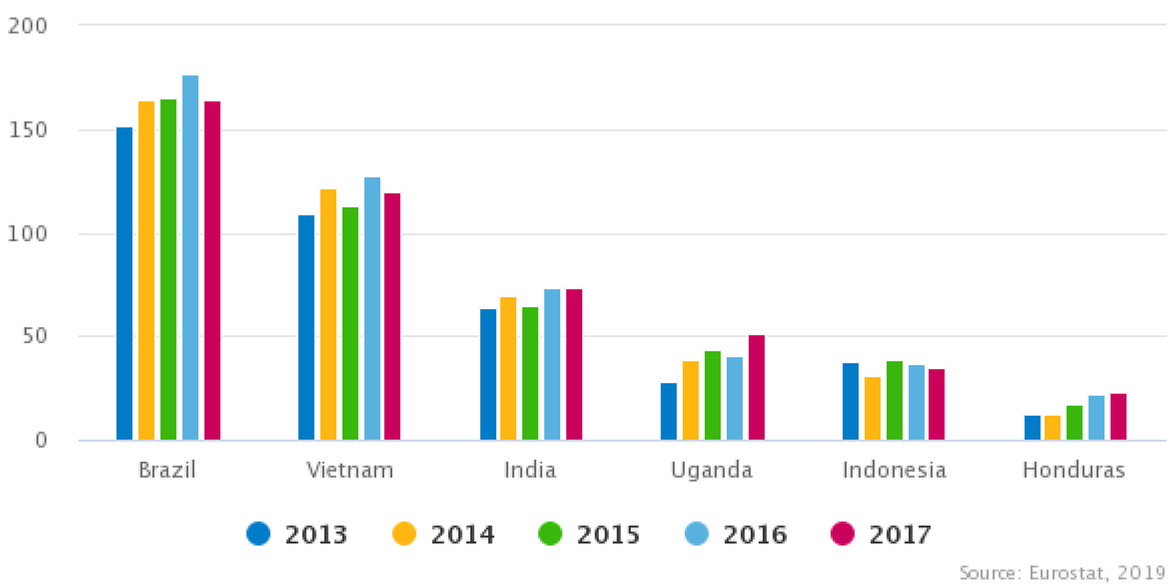
- Brazil (29% of total Italian imports)
- Vietnam (21%)
- India (13%)
- Uganda (9.0%)
- Indonesia (6.1%)
- Colombia (4.0%).

Brazil’s supplies to Italy increased at an annual average rate of 2.0% in volume and at a rate of 4.4% in value between 2013 and 2017. Brazil remains the largest exporter of green coffee beans worldwide, at over 30 million 60 kg bags in 2016.

Supplies from Uganda (+16% annually) and Honduras (+15% annually) increased significantly between 2013 and 2017. In the same period, Italian coffee imports from Vietnam and India increased at a lower rate (each +3% annually), while imports from Indonesia decreased (-2% annually).

Figure 2: Main developing country suppliers of green coffee beans to Italy

in 1.000 tonnes



Tip:

- Identify your potential competitors and learn from them in terms of marketing (website, social media, trade fair participation), product characteristics (origin, quality) and value addition (certifications and processing techniques). Well-structured websites where you can learn from your competitors include O'Coffee (Brazil), Bourbon Specialty Coffees (Brazil) and La Meseta (Colombia).

5 . Which channels can you use to put coffee on the Italian market?

The Italian coffee market can be divided into two segments:

- In-home consumption: Many Italians start their day with a coffee at home (89.4% in 2015). At home, consumers try to replicate a luxury coffee experience. As a result, more and more consumers are interested in variety, resulting in a more diverse in-home coffee market. The capsules market in Italy is an important segment for in-home consumption.
- Out-of-home consumption: While retail sales for in-home consumption generally account for most of the overall market in Europe, Italy is an exception. The main reason is a well-established catering and "out-of-home" market segment that is part of the country's traditions. Many of the Italian coffee consumers therefore also consumed coffee away from home: 77.5% at coffee bars in 2015. Consumption at work is also of great importance (46.8% in 2015).

Italy's coffee market is dominated by Lavazza. Other important companies active in Italy are Segafredo Zanetti, Nestlé Italia, Illy, Kimbo, Caffe Vergnano, Pellini, Caffe Corsini, Hausbrandt and Nespresso.

The Italian retail market is highly fragmented. The main food retail group in Italy is Gruppo Végé. Other large players are Coop, Crai, Conad and Carrefour.

Overall, small neighbourhood shops and specialty stores are still the norm, while Italian consumers are discovering the convenience of large supermarket and hypermarket outlets. However, Italy remains a less developed and more traditional retailing market than most of the north-western European countries.

Speciality coffee segment

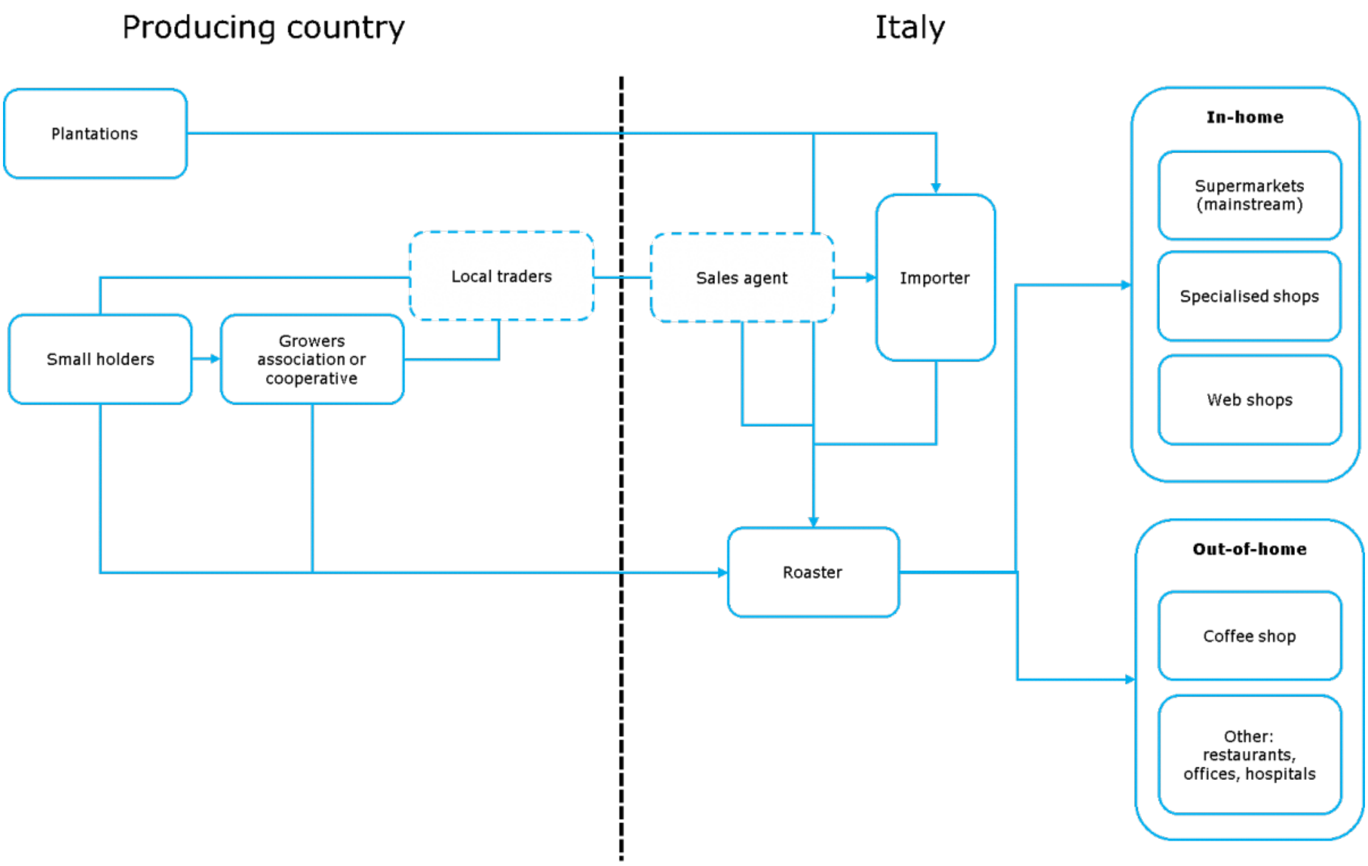
Italy is an important coffee roasting country with strong traditions. Interest in speciality coffee is not new. While north-western European countries started developing their speciality coffee market around a decade ago, the leading Italian players in this niche already organised themselves in the Certified Speciality Coffee association (CSC) in 1996. Nonetheless, the Italian speciality coffee market only took off about five years ago. The strong traditions in Italian coffee culture hampered product development.

The member companies of CSC are focusing on the perfection of speciality coffees for espressos. They have created long-lasting relationships with suppliers to develop speciality coffee beans for the best possible espresso. Strict procedures must guarantee the high quality of speciality coffee certified for compliance with the CSC standard.

The micro and small roasters of speciality coffee are often integrated with their own specialised shops and also sell coffee through internet shops. They invest much time in educating consumers about differences in quality.

The coffee market can also be segmented according to quality (for example, the percentage of high quality Arabica coffees in blends, single origins, micro-lots marketing aspects, etc.) and related prices (see the section on prices below). The Italian market reflects the segments found on the European market (see our study on channels and segments in the European coffee sector upper-end, middle range and lower-end segments. Both in-home and out-of-home consumption of coffee incorporate these segments.

Figure 3: Market channels for coffee in Italy



Green coffee beans are mainly imported into Italy via the Port of Trieste and the Port of Genoa. The Italian Roasters Organisation, the Italian association of coffee trade importers (Associazione Commercio Caffè) and several Italian roasters are located in Trieste as well. However, the largest

Italian coffee company, Lavazza, has coffee roasting facilities at other locations, such as Turin and Gattinara.

As an exporter, entering the Italian market will depend on the quality of your coffee, your volume capacities (e.g. more than 10 containers per year or not) and the strategy of your company (e.g. supplying the market through intermediaries or directly to end users).

If you want to enter this market, you as an exporter will have to be able to offer large volumes, usually starting at 10 containers), standard and consistent qualities, competitive prices, and the application of sustainability standards such as UTZ-certified (which might be less relevant in Italy compared to north European markets).

Most green coffee beans are traded through trade houses or importers. The Italian market has many smaller, individual roasters but there is also a substantial mainstream segment. The four largest roasters account for around 70% of the Italian market. Many of the smaller roasters are facing strong competition from the larger and medium-sized roasters due to the introduction of the single-serving pod systems, with strong growth in recent years.

Are you able to sell higher-quality coffees or even micro-lots which can command superior prices? It might be more interesting for you to target smaller, specialised roasters. Requirements in terms of volume and certification might not be as strict as in the mainstream market. However, your capacity to support your sustainability and quality claims will be very important (e.g. in terms of cupping scores). An example of a small coffee-roasting company in Italy sourcing directly from farmers/cooperatives in origin countries is Altro Mercato.

Tips:

- Visit the websites of the Port of Trieste and the Port of Genoa to learn more about their facilities and potential trade partners based there.
- Target specific market segments depending on the quality of your green coffee and your volume capacities. If you have very high-quality micro-lots and are working through an importer, for example, discuss the possibilities to link up with high-end small roasters. You can also explore direct trade possibilities and connect with specialised roasters. If you work with bulk coffees, discuss certification trajectories and linkages to larger roasters operating on the mainstream market.
- Be consistent, punctual and reliable, as Italians consider these factors essential in doing business. That means replying in time to enquiries by possible buyers (within 48 hours), being open and realistic and not making promises that you might not be able to fulfil. See our tips on doing business with European coffee buyers for more information.
- Use the following websites to find buyers: Italian Roasters Organisation and the Italian chapter of the Specialty Coffee Association.
- See our study on channels and segments in the European coffee sector for more information.
- Explore opportunities to work together with Italian importers and roasters. The Italian members (associations) of the European Coffee Federation should be able to provide listings of possible trade partners.

6 . What are the end-market prices for coffee?

The end-market prices for coffee vary depending on which segment of the market is targeted. Our study on channels and segments in the European coffee sector provides an overview of the upper-end, middle range and lower-end in the coffee retail market and their main characteristics. Typically, export prices of green coffee only account for around 5–25% of the end-market prices, depending on the coffee quality, the size of the lot and the supplier's relationship with the buyer.

These are price ranges for the Italian coffee market:

- Upper-end (speciality): €59.60 per kg (Caffè Caroma – Kenya Microlot Thika – 250 gram packaging)
- Middle range: €15.89 per kg (Bialetti Gusto Italiano – 500 gram packaging); €11.96 per kg (Lavazza Espresso Classico – 250 gram packaging); €34.90 per kg (Pellini Top Arabica – 1 kg packaging); €31.60 per kg (Palombini Aroma Bio – organic certified – 500 gram packaging)
- Lower-end: €8.90 per kg (Portorico caffè – 1 kg packaging).

Sources: Crai (Italian Retailer), Italian Coffee, Pellini, Palombini, Caffè Caroma

Tips:

- Read this article about coffee costs in major Italian cities to learn more how about the differences in out-of-home coffee prices throughout Italy.
- Monitor end consumer prices of coffee to get an idea on price ranges. Good sources for price information are the websites of supermarket chains (such as Crai and Coop) and speciality coffee web shops; examples: Italian Coffee, Pellini and Palombini.