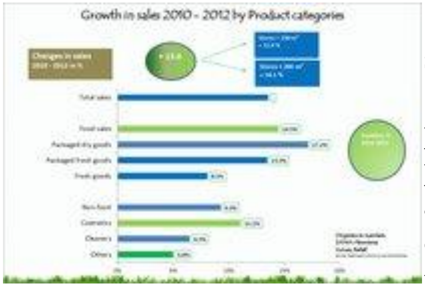
Italy: Increasing sales at specialized stores

Source: BolognaFiere / Nomisma

The SANA Observatory 2013, issued by Nomisma on behalf of BolognaFiere, conducted a survey of owners of specialized shops to evaluate the characteristics of their outlets, the structure of the assortment, trends and sales forecasts and their relationships with suppliers and customers. The results were presented at the international exhibition SANA in Bologna.

(*Picture: NaturaSì's organic supermarket at SANA*)



Sales of **organic food and non-food products** in the specialized channel in Italy achieved **double-digit growth** (+13.6%) between 2010 and 2012 (*see graph).* Mainly food products were responsible for this (+14.5). Non-food products also took a significant step forward (+9.3%). The analysis of sales trends 2010-2012 identifies the macro-category **packaged dry food products** as having the highest performance (+17.2% over two years). Fresh organic products also grew, especially the packaged ones (+13.5% compared with 8.1% of the non-packaged fresh goods). Among the non-food products, personal care was important with growth in sales of 11.1%. The forecast for the sales channel specializing in organic products for 2013 also indicates a positive trend. Especially dry packaged food products are driving the increase in organic sales (+9%). The estimated average annual growth rate in sales for 2014 and 2015 is +7.5% respectively.

In 2012, sales in the specialized channel were mainly achieved through food products (90.6%), and the remaining 9.4% came from non-food articles. They were largely driven by **dry packaged food**, representing on average 57.2% of total sales, and fresh food (20.3% of the total), followed by packaged fresh food (13.1%), personal care (5.7%) and cleaners (2.7%). The remaining 1% came from books, games and clothing. (*Table: Important developments in the specialized trade in Italy*)

	Shops smaller than 200 m²	Shops larger than 200 m²
Sales in 2012	€525,000	€1.21m
Growth 2012 on 2011	12.4%	14.1%
Foreseen variations for 2013	6.8%	7.6%
Average range	1,500 products	3,200 products
Average size	83 m²	310 m²

Store owners defined consumer preferences and sales performance and the need to offer products / brands that differentiate their organic shop from large retailers as the most important criteria for **defining the assortments**. The product categories with the **maximum number of product lines** in the assortment were dry food, particularly bakery products, biscuits, breakfast cereals (18% indicated this category as the widest) and pasta (17%). Among fresh products, fruit and vegetables were very important (11%).

When considering the **depth of the assortment** – the number of references by product category - pasta was leading with 29% of stores indicating this category, followed by bakery products, biscuits and breakfast cereals (18%). 7% of the sales points had the highest number of references in the macro-categories personal care and cleaners. Besides selling organics, 89.5% of the surveyed shops sell **products with other certification** too: fair trade 84%, denomination of origin 64%, Ecolabel 45%, others 37% (vegan, not tested on animals, biodynamic), as well as certified personal care 15%. (*Picture: Presentation of natural personal care products in Italy*)

Stores that specialize in organic products offer customers a wide range of **additional services**. Among these are a website, Facebook page and Twitter profile (67% of stores), fidelity cards (65%), courses, conferences and training days (53%) and a delivery service (42% but 50% in the case of shops with a retail area smaller than 200 m²). 36% run a newsletter, 24% run other services like tastings and consulting and 9% run a website with on-line sales.

In 2012, a store specializing in organic products served an average of 3,000 customers (+11% on the clients served in 2010), and it is predicted that in 2013 there will be an increase of about 5%, equal to about 150 new customers. In 2012, the **average frequency** of purchase in a specialized store was 10 occasions, with an average spend of €23.7 each time. The **annual per capita** spend was around €235. (*Picture: Biobottega runs various stores, offers an interesting website and is on Facebook too*)

53% of stores are run with self-service and 46% with shop assistants. On average, three people were employed in a shop. 31% of all organic shops (59% of which have a retail area of more than 200m²) hired on average **two new staff** in the last 2 years.

On average, shops over 200 m² were served by 55 suppliers and shops with less than 200 m² by 28 suppliers. 46% of organic shops have one or more persons devoted only to buying. Specialized stores were **sourcing mainly from wholesalers (62%)** and farmers or agricultural cooperatives (15%). For 36% of outlets, the selection criteria for their purchases were the quality of the products, followed by the broad range of product lines (17%) and ethical certification (11%). Only 9% were oriented towards price. The most critical aspects of relationships with suppliers are the management of delivery and the minimum threshold of orders (35%). (*Picture: The Wholesaler Ki Group at SANA*)

In the opinion of managers of specialized stores, the **most useful initiatives** for the development of the organic sector are the realization of nutrition education programs aimed at highlighting the benefits of organic food (81%), tightening the controls on organic products in order to offer products with maximum guarantees (69%) and social communication campaigns on organics (46%). 67% of the outlets participate in organic fairs since they believe it is the best method for defining assortments with suppliers. (*Picture: CuoreBio at Sana*)

228 shops were surveyed altogether, with a share of organics of more than 80% and categorized as stores with less than 200 m² and over 200 m². 77% of the total were certified for the sale of organic products, and the figure for stores with a sales area exceeding 200 m² was 87%. 41% of stores belong to a chain or brand, and 72% have a retail area exceeding 200 m².

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