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SECTORAL STUDY

EVALUATION OF THE POPULARITY OF MEDITERRANEAN AND GREEK DIET/CUISINE IN EUROPE AND THE USA

Project Leader: Rodica Arpasanu
Researchers: Philip Papadopoulos, Kleovoulos Alexiadis

PLANNING AND IMPLEMENTATION : **AMERICAN FARM SCHOOL**

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New Agriculture for a New Generation:

Recharging Greek Youth to Revitalize the Agriculture and Food Sector of the Greek Economy

Evaluation of the popularity of Mediterranean and Greek Diet/Cuisine in Europe and the USA

Project Leader: Rodica Arpasanu

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EXECUTIVE SUMMARY

The study aims to assist the exporting efforts of Greek enterprises by means of a report offering evidence-based advice on the attractiveness of Mediterranean Diet and Mediterranean Cuisine concepts in five different markets (namely USA, UK, Germany, France and Russia) and market segments, giving also indication on possible product development and marketing strategies for Greek exporters.

The review of an extensive body of literature reveals that the overarching Mediterranean Diet discourse inspired by nutritional studies by Keys in the early 50s (later codified as the Mediterranean Diet Pyramid), has since been developed and reinterpreted in parallel with societal developments. Some of these narratives have been to a large extend promoted by other public discourses on food and health (MD), multiculturalism and cosmopolitan lifestyles (MC & Greek Food), as well as by the hedonic and aesthetic sophistication of modern consumers, used as a device to grasp the much sought after authenticity and distinction.

Google Trends analyses (an indication of interest to consume) present an increasing interest in MD and MC at global and regional levels (Germany, France, UK, USA and Russia). Overall, MC and MD are outperforming Ethnic Food and national cuisines in terms of research interest. Overall, MD and MC appear to be two parallel discourses; MD is related to nutrition and health, MC seems to be coupled in consumers' minds with dining out and the specialty food segment, related to hedonism and neophilia, where variety, natural and local traditional foods are as important as taste. Moreover there are regional variations in interest of MD or MC even within a country, which means that Greek producers need to adapt their selling proposition (MD or MC or Combination) to local demands (including consumers and retailers, and used different marketing strategies when promoting ingredients or/and finished products).

To enter in markets such as USA, UK, Germany, France & Russia, producer will encounter numerous challenges such as high market concentration and chargebacks imposed by distributors. Small specialty stores could be a prospect, but retailers require producers to support market demands and NPD. Moreover, distributors will not take on a product without sales already in place, and the foodservice sector will not consider a product without distributors in place.

EXECUTIVE SUMMARY

Η έρευνα έχει ως σκοπό να υποστηρίξει τις εξαγωγικές προσπάθειες των Ελληνικών επιχειρήσεων μέσω μιας αναφοράς που προσφέρει τεκμηριωμένες προτάσεις αναφορικά με τη ελκυστικότητα των εννοιών της Μεσογειακής Διατροφής και της Μεσογειακής Κουζίνας σε πέντε διαφορετικές αγορές (ονομάζοντάς τες Ηνωμένες Πολιτείες Αμερικής, Ηνωμένο Βασίλειο, Γερμανία, Γαλλία και Ρωσία) και τα τμήματα των αγορών. Επιπλέον, η αναφορά αυτή παρουσιάζει ενδείξεις σχετικά με πιθανό σχεδιασμό/ανάπτυξη προϊόντων και στρατηγικές μάρκετινγκ για τους Έλληνες εξαγωγείς.

Η αξιολόγηση της εκτενούς βιβλιογραφίας αποκαλύπτει ότι η πρωταρχική συζήτηση που ξεκίνησε εμπνεύστηκε από τις μελέτες σχετικά με τη διατροφή του Keys στις αρχές της δεκαετίας του 50 (αργότερα κωδικοποιημένη ως Πυραμίδα Μεσογειακής Διατροφής), και από τότε έχει εξελιχθεί και επανερμηνευτεί παράλληλα με τις κοινωνικές εξελίξεις. Κάποιες από αυτές τις διηγήσεις σε μεγάλο βαθμό έχουν προωθηθεί από άλλες συζητήσεις που αφορούν το φαγητό και την υγεία, την πολυπολιτισμικότητα και τον κοσμοπολίτικο τρόπο ζωής (Μεσογειακή Κουζίνα και Ελληνικό φαγητό), καθώς επίσης και την ηδονική και αισθητική επιτήδευση των μοντέρνων καταναλωτών που χρησιμοποιούνται ως μέσω για την επίτευξη αυθεντικότητας και διάκρισης.

Η ανάλυση του Google Trends (μία ένδειξη ενδιαφέροντος προ κατανάλωση) παρουσιάζει ένα αυξανόμενο ενδιαφέρον για τη Μεσογειακή Διατροφή και Μεσογειακή Κουζίνα σε παγκόσμια και περιφερειακή κλίμακα (Γερμανία, Γαλλία, Ηνωμένο Βασίλειο, Ηνωμένες Πολιτείες Αμερικής και Ρωσία). Συνολικά οι αναζητήσεις για τη Μεσογειακή Διατροφή και τη Μεσογειακή Κουζίνα ξεπερνούν το ενδιαφέρον για το Ethnic Food και τις εθνικές κουζίνες. Επίσης οι συζητήσεις που αφορούν τη Μεσογειακή Κουζίνα και τη Μεσογειακή Διατροφή φαίνεται να είναι παράλληλες. Η Μεσογειακή διατροφή σχετίζεται με την θρεπτικότητα και την υγεία, η Μεσογειακή Κουζίνα στο μυαλό των καταναλωτών μεταφράζεται σαν έξοδος για φαγητό. Τέλος το τμήμα της αγοράς που αφορά τις σπεσιαλιτέ του κάθε τόπου σχετίζεται με τον ηδονισμό και τη νεοφιλία, όπου η ποικιλία, η φυσικότητα και τα παραδοσιακά προϊόντα είναι το ίδιο σημαντικά με τη γεύση. Επιπροσθέτως, υπάρχουν αποκλίσεις στις προτιμήσεις των καταναλωτών σχετικά με τη Μεσογειακή Κουζίνα και τη Μεσογειακή Διατροφή, όχι μόνο σε περιφερειακό επίπεδο, αλλά και ακόμα και μέσα στην κάθε χώρα. Αυτό συνεπάγεται στο ότι οι Έλληνες παραγωγοί θα πρέπει να προσαρμόσουν τις προτάσεις πωλήσεων που αφορούν τη Μεσογειακή Κουζίνα, τη Μεσογειακή Διατροφή ή συνδυασμό των δύο στις τοπικές απαιτήσεις (συμπεριλαμβάνονται οι καταναλωτές και πωλητές), και να χρησιμοποιούνται στοχευμένες στρατηγικές μάρκετινγκ όταν προωθούν τις πρώτες ύλες ή τα τελικά προϊόντα.

Για να μπορέσουν να διεισδύσουν σε αγορές όπως οι Ηνωμένες Πολιτείες Αμερικής, το Ηνωμένο Βασίλειο, τη Γερμανία, τη Γαλλία και τη Ρωσία οι παραγωγοί θα πρέπει να αντιμετωπίσουν πολυάριθμες προκλήσεις όπως η έντονη συγκέντρωση της αγοράς και οι προμήθειες/χρεώσεις που επιβάλλονται από τους διανομείς. Τα μικρά θεματικά καταστήματα θα μπορούσαν να είναι μία προοπτική, αλλά οι έμποροι λιανικής πώλησης απαιτούν από τους παραγωγούς να υποστηρίξουν τις ανάγκες της εκάστοτε αγοράς και ανάπτυξη νέων προϊόντων. Επιπλέον, οι διανομείς δεν θα αναλάβουν προϊόντα χωρίς υπάρχουσες πωλήσεις, και ο τομέας μαζικής εστίασης δεν θα λάβει υπ' όψιν του ένα προϊόν χωρίς διανομείς.

LIST OF ABBREVIATIONS

CAGR – Compound Annual Growth Rate

EC – European Commission

FMCG – Fast-moving consumer goods

GC –Google Correlate

GT – Google Trends

MC – Mediterranean Cuisine

MD – Mediterranean Diet

MF – Mediterranean Food

SFS -Specialty Food Segment

SKU – Store Keeping Unit

SME – Small and Medium Enterprises

Yoy – year-on-year

MGR – Mass Grocery Retail

FOP- Font of Package

DPI - disposable personal income

GDP- Gross Domestic Product

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INTRODUCTION

As the global population is becoming more ethnically diverse and globally-influenced, new – often hybrid - food cultures gained momentum, influencing how diners choose their foods and flavors. Nowadays, consumers have more sophisticated and adventurous palates, so much so that for the last few years an estimated 2/3 of consumers are actively seeking and trying a wider variety of ethnic cuisines than they did in the past years. Higher disposable per capita income and the growing popularity of food shows, media venues, cook-offs, cooking segments on talk shows which are all helping to educate consumers about food products from other countries has supported this trend.

Therefore, consumers all over the world are increasingly looking for specialty food offerings and food and drinks produced on a small scale, having the perception that such products are higher quality. The foodservice establishments are considered to be the primary point of access for trying new cuisines, with consumers placing increasing emphasis on "premiumized informality" and authentic experiences, increasingly demanding new ethnic dishes variety and innovation. At the same time, mainstream grocery stores have also added or expanded their 'international aisles', where the ethnic food segment is expected to overpass its current annual growth rates.

Despite all the above and the increasing popularity of MD and MC, the market for Mediterranean foods has so far has made rather limited inroads in Europe and the US, despite or probably precisely because of its enormous diversity of products. Often, however, this is also due to the ignorance or lack of knowledge about how Mediterranean foods and ingredients are produced, processes and combined, let alone pronounced properly. And this is the case despite the fact that there is hardly any other world of taste that has caused such a boom with consumers as Mediterranean cuisine and diet (often associated with culture and ancestral know how, health and well-being, nature and simplicity).
While there is a bay with different ethic products in just about every food store these days, consumers often look in vain for a Mediterranean section that provides a holistic overview of the enormous diversity and high quality of these largely unknown products. One will at best occasionally find an Italian or Greek product aisle or Mediterranean foodstuffs, which means that there is enormous potential lying

dormant for food retail for MD and MC products. This means that the listing of specific Mediterranean foods can turn into a “Unique Selling Proposition” for retailers providing them with the decisive competitive edge over their competitors, which will also close the gap between consumers’ demands and industry.

To assist the exporting efforts of Greek enterprises, in this study we have performed both desk and field research. Primary research involved 57 telephone interviews with industry actors from across the UK, Germany, France and Russia. In addition, 9 importers we personally interviewed in Boston and New York. Desk research involved the review of an extensive body of literature and industry reports, coupled with Google trends analysis.

Though the findings indicated the increasing popularity of the Mediterranean Cuisine and Mediterranean Diet, there are multiple challenges and limitations as well as increasing competition form big multinational food players, as it will be discussed in this report, Greek producers and the Greek food industry needs to overcome in order to take advantage of these opportunities.

RESEARCH METHODOLOGY

Desk Research

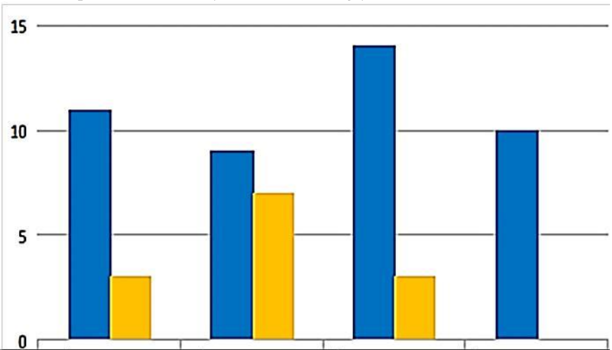
For this study desk research served both as an initial stage of the project (e.g. literature review) preceding primary research as well as a stand-alone research technique where new press, consumer reviews, analytical reports and statistical publications were used to cross reference and analyze data (e.g. BMI database, Market Line, Best Importers database, Specialty Food Association reports).

Google Trends Analytics were used to analyze the worldwide and regional interest in MD and MC, the popularity of key search terms, and how the popularity of Greek Food trend evolved in comparison with other ethnic cuisines and general food categories. Google Trends potential for data collection has been recognized as a valuable source of information on collective trends”, search volume of queries and their regional frequency, as well as the correlation between various search categories, which are captured, monitored and analyzed “near real-time” by Google Trends (Challet & Ahmed 2015).

Primary Research

According to Dimitrios Lakasas, the president of the Greek International Business Association, (SEVE) (in Bizmpiroulas & Rotsios 2014), the contribution of food and drink sector "to the overall Greek economy is rather substantial, accounting for 1/5 of Greek processing enterprises representing over 18% share of total exports in 2013-14 (€3.6 bn). However, a large number of potential markets have been unexploited so far. On the one had "the importance of exports started to be recognized and valued for the survival of Greek enterprises only over the last 3 years" (Bizmpiroulas & Rotsios 2014). On the other hand, there are numerous shortcomings in the current support system for Greek exports and the exports procedures are very complex which means they require knowledge combined from various subjects and fields which many exporters still do not possess. Another shortcoming is the lack of a national strategy (e.g. objectives and targets for exports), and "framework to support exporting companies, coupled with the non-active role of various relevant institutions and bodies; and the deficient coordination of national efforts to strengthen transparency" (Bizmpiroulas & Rotsios 2014).

Fig No. 1: *Respondents' type of trade*



Type	England	France	Russia	Germany
Retail	11	9	14	10
Wholesales	3	7	3	0

In this context we have conducted primary research involving telephone interviews with 57 importers/retailers from UK, Germany, France & Russia (SME enterprises size - depending on the country average) to understand what is their overall perception of Mediterranean food products (with focus on MD) and what are some of the complexities and requirements Greek exporters should be aware of when targeting these markets. The largest share of interviewees corresponding to 41% are engaged in the mass food service, 14% in supermarkets, 12% in the delicatessen sector, while

21% of those interviewed are engaged in more than one sub-sector (including food distribution businesses, organic produce and pastry shops).

Data collection was done through random sample survey of various actors from the food industry (e.g. commercial enterprises such as wholesale and retail) from the four countries of interest. In accordance to ethical research codes, the respondents were asked for their consent to participate and were informed in writing as well orally about the research purpose and goals (e.g. identifying potential partners that will be involved in the second part of the program, which involves the application of the research findings of the various studies).

Table No. 1: Primary data collection by region

COUNTRY	AREAS	CITIES	TOTAL
ENGLAND	Derbyshire, South Yorkshire, London, West Midland	London, Derby, Barnsley	14
GERMANY	Hamburg, Bavaria	Munich, Hamburg, Düsseldorf, Nostlingen	10
FRANCE	Rhone, Paris, Isere, Haute Savoie	Saint Priest, Paris, Grenoble, Chavanod	16
RUSSIA	Volga Federal, Kaliningrad, Stavropol krai, Cseljabinszki, Moscow	Yekaterinburg, Kirov, Kaliningrad, Stavropol, Magnitogorsk, Moscow	17

After providing the relevant demographic information (e.g. type of business and activity), respondents were invited to answer 17 questions of which 12 were quantitative scale (e.g. Not at all; Slightly; Moderately; Highly; Extremely), 3 questions involved yes/no answers, the remaining 2 questions were multiple choice questions. The interview started with general questions investigation their levels of awareness in regards to the Mediterranean Diet (including the popularity/perception of MD among his/her consumers, and their perception of possible attributes of MD). To ensure validity the questionnaires were first tested and the researchers who conducted the interviews were selected based on their proficiency to conduct telephone surveys and excellent communication skills in the native language of the respondents (English, French, German and Russian). The steps followed during the communication were:

- Greetings.
- Information and communication purpose speech.
- Gaining the consent of the respondent for his/her participation in the survey.

- Presentation of the overall objectives of the research.
- Collection of answers

THEORETICAL BACKGROUND

Food a cultural expression of changing times

Over time the status of food overpassed that of substance intended only for sustenance (Warde 2004). New practices and narratives have contributed to the way food is displayed, consumed and used to discourse something about who we are and how we have changed across time (Johnston and Baumann 2010). Exploring those numerous food narratives one can learn about our societal relationships and status, beliefs and cultural identities (Rozin 2005). In other words, food is an essential ingredient in what defines our lifestyle, and can be used to express our personal concerns and preferences, our sense of aesthetic appreciation, and our societal consciousness. All these food features have been incorporated in numerous public food discourses or 'fads'. As noted by Southerton (2011), Featherstone (2007) and Goodman & Cohen (2004) in the past decades, public discourses have been trading the hedonic aspect of food for the health attributes of food, in which body appearance and the effect of food consumption on the body, society and environment played an important role (Nestle 2013; Busch 2008). All these narratives have been summed up in particular consumer attitudes towards food and the adoption of dietary options which promised to meet the demands and the needs of modern consumers (Spark & Sheperd 1992).

Moreover, as Campbell (2005 in Stock, Carolan & Rosin ed.) and Harris (1998) note, in the post-modern milieu, the growth of scientific and technologic literacy of food production among consumers, converted science into a sort of secular religion. In this context, for some consumer segments, the social aspect of food seemed to come second to the product's allergenic and nutritional characteristics. Additionally, concerns related to food safety, scarcity and environmental friendly production methods "parallel the course of the industry", and were further popularized by the freedom of the markets and globalization (Toohey 2014). In this context, consumers are constantly pressurized to modify their dietary patterns in order to fit the modern food systems and their hectic lifestyles.

However as Ruse (2003) and Rex (2015 ed., p. 8) notes, the modern individual “who seeks to understand and command” food related social meaning and practices, is subject to a double process. First comes a scientific ‘de-mystification’ of the “invisible world of food”, followed by a ‘mystification’ of food through stories of the past and the exotic realm (Cognard-Black & Goldthwaite 2014 ed.). These stories can develop in relation to a social group or as a unitary set of the practices; in both cases the authenticity of the stories or practices is paramount. Perhaps, the most prominent discourse of such diversified narratives were recorded in ample discussions related to ‘foodies’ (individuals who use food to display their socio-cultural values, their moral order, as well as scientific and technologic literacy) and the Mediterranean diet and cuisine (discourse in which all above mentioned narratives intertwine).

The Mediterranean Diet

As food and nutrition plays a central role in our lives, being “linked to obesogenic environments and societal trends that encourage overeating and little physical activity”, it became of increasing importance to study how these factors influence the prevention of “chronic disease and obesity,” especially for the younger generation (Delormier et al 2009, p. 216).

In recent years, numerous studies investigating how healthy food and eating habits are understood and adopted by consumers, show that “dietary advice changes so often” that consumers need to create resume to different strategies to help them deal with the complexity and the dynamism of food environment (Nestle 2013, p. 358). They struggle to understand “who decides what people should eat and whether a given food is healthy” (Nestle 2013, p. 28). The current situation becomes even more complicated if we consider the growing presence of hybrid labels and food regulations each with its own connotation, and the yo-yo evolution of so many ‘fad’ diets, endorsed by numerous TV celebrities, chefs, corporate actors and other such ‘well-wishers’. This seems to overwhelm consumers who not only have to read through so many articles, social media post, governmental and scientific publications, but they also need to distinguish who are those qualified to give advices in an unbiased manner.

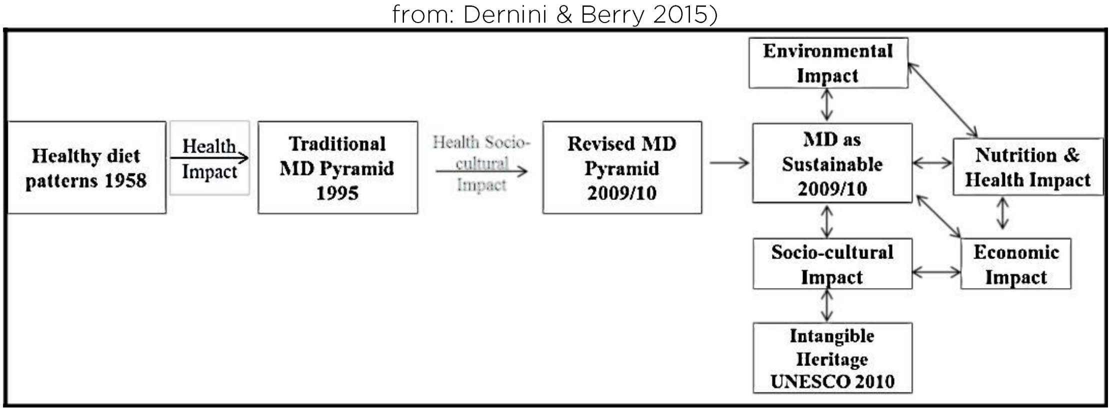
In this context, some consumers break away from this hurdle by ignoring the constant -eat this not that (Zinczenko & Goulding 2012). Others, under the belief that modern food propositions show scientific advancements, try to adhere to the "functional" food segment, even if they might not completely understand it (Meijboom 2007, p. 233). In which case, they also rely on consumer groups who taste, try, and "prove" through their personal experience that one food item fulfils their needs better than the other. However, even this leaves open the discussion about overeating or balanced eating, leading to the questions "how much is too much of consuming a healthy product?".

Fed up with trying to understand the modern food industry, there are consumer groups who prefer to keep close to traditional beliefs. Where the socio-cultural and environmental cues they receive from close others, or their own "life events and experiences", guide their understanding of what healthy eating is, how much they should consume, when, where and with whom (Sobal & Bisogni 2009, p. 37; Sobal & Wansink 2006). Such consumer groups deliberately avoid the modern food narratives, in the form of advertisement, scientific studies or governmental nutritional guidelines (which might not apply to food safety). In the past, such an example was given by the low to middle income Greeks, for whom their traditional Mediterranean diet acted as a source of guidance for healthy eating corresponding to the general public trends and concerns as we will see further in this study.

However, the generic "Mediterranean Diet" terminology, denoting to the nutritional patterns Cretans displayed in the early 60's, as described by Ancel Keys (1975, 1995) in his studies, might not necessarily be the same as the MD present today in the Mediterranean area or even regions within the same country (see Fig No.2) (Palma & Padilla 2012). The past-times MD Keys (1975; Keys et al. 1986) described was characterized by the frugal lifestyle and the near vegetarian dietary habits with high intake of olive oil, cereals and vegetables, fruits and a moderate intake of fish and wine, coupled with high levels of physical activities of the rural societies in the Mediterranean area. Moreover according to González Turmo (2012, p. 8) numerous food shortages across the history of the Mediterranean region "has prompted communication amongst Mediterraneans". The exchange of production to commercial activities surrounding food has shaped their food habits in a way that most of the Mediterranean dishes bear the trace of thousands of years of intercultural interaction.

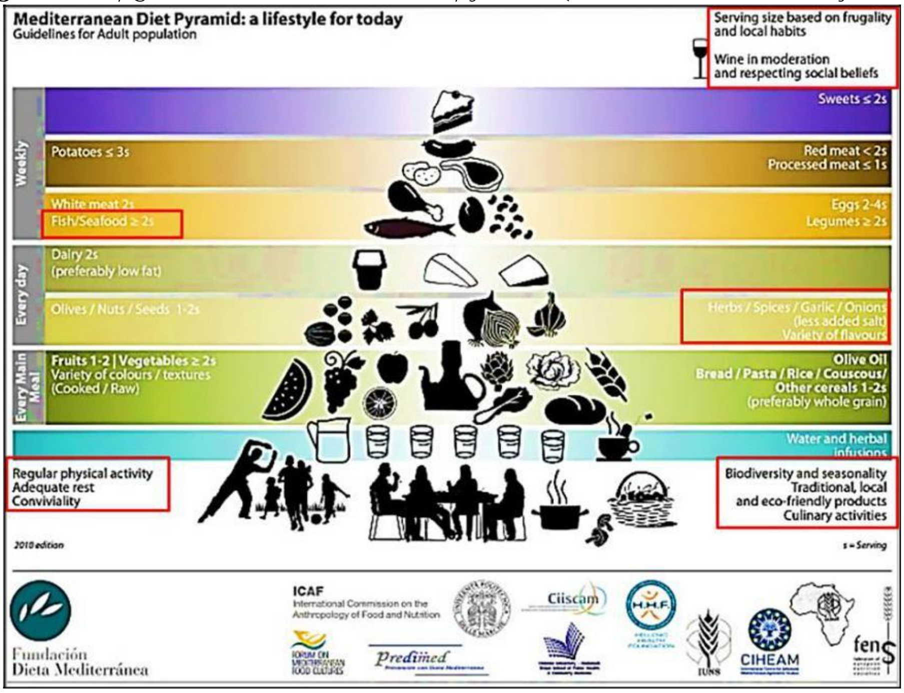
In the 90s MD discourse was popularized using the MD pyramid, which acted as a graphical representation of MD dietary guidelines incorporating, however as predicted by Nestle in 1995, given the economic, environmental and the socio-cultural context in which it was discussed, the MD discourse went through various revisions (See Figure No. 1). Moreover according to Dimitrievski, Papadopoulos & Arpasanu (2015), increasing interest in the MD were partially influenced by the "discourse of medicalization" present in the modern mass-media.

Fig. No. 2: *The evolution of Mediterranean diet and surrounding discourses* (Adapted from: Dernini & Berry 2015)



In this context the medicalization of MD involved the use of medical terminology to describe the specific health benefits associated with MD consumption, but also more recently the use of scientific terminology to describe the specific ingredients, the food compounds and their concentration in the various ingredients from which MD benefits emerge (Dimitrievski, Papadopoulos & Arpasanu 2015).

Fig No. 3: *Upgraded Mediterranean diet pyramid* (Source: Dernini & Berry 2015).

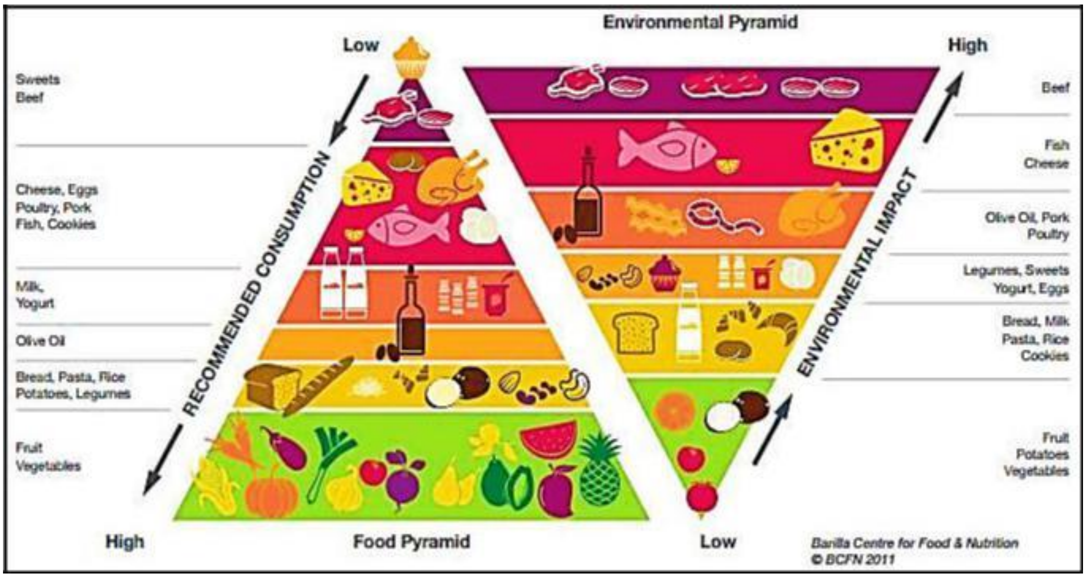


Moreover, media text and TV programs, often invoke research findings of different studies to validate but also make their arguments more convincing. Once again, MD pyramid was updated and included various "herbs and spices" also "making the fish and seafood elements more prominent" (Dimitrievski, Papadopoulos & Arpasanu 2015).

The revised MD pyramid (see Fig No. 3) keeps in line with "modernity and well-being, without leaving out the different cultural and religious traditions and different national identities" (Derini 2011, p. 79; Bach-Faig et al 2011). As presented in the figure No. 3, besides "frugality, moderation and conviviality", the upgraded MD pyramid includes "a variety of flavors", "social beliefs", "culinary practices", locality and seasonality, but also "biodiversity" and "eco-friendly products" (Dernini & Berry 2015). This indicates an additional MD narrative added by studies which associated MD with environmental sustainability (see Figure No 4).

The low environmental impact at the same time blends with "its nutritional, economic and socio-cultural dimensions" (Mombiela 2012). All of which are popular modern discourses associated with food consumption, increasing scarcity coupled with class or nation based discrepant availability (Alexandratos 2006). This is also when "a group of scientists and researchers elaborated the paradigm of the "Double Pyramid" of healthy food for people and sustainable food for the planet (Burdese 2012, p. 51; BFCN 2010).

Fig No. 4: *Double Pyramid – Environmental Pyramid Model* (Source: BFCN 2010).



Mediterranean Cuisine

Within this context, Mediterranean cuisine(s) captured a lot of attention, being perceived also as a device to show the cultural diversity of the region, environmental sustainability, and a tool for self-expression (Carman 2007). As such, MD became part of a wider, more global food discourse, one related to a different, more democratic sort of distinction, associated with socio-cultural and environmental awareness, with food habits and food-related knowledge. In this sense, food consumption involved not only nutritional or technical familiarity but also cultural capital needed to understand how the context of food production and consumption impact the meaning and the message individual as consumers, communicate to their social groups. As Bellisle (2009, p. 1646) notes, the benefits of MD/MC goes "above and beyond the particular dietary choices" and how other attributes as important as the nutritional element could be as beneficial. Bellisle (2009, p. 1646) identifies these elements as "traditional eating-related practices" incorporated in the concept of cuisine. MacLennan and A Zhang (2004, p. 131) defines cuisine as:

> "*the culturally elaborated and transmitted body of food related practices of any given culture. [Including] characteristic flavorings, processing (e.g. cooking), rules dealing with acceptable foods and combinations…the social context of eating; the seasonal and symbolic combinations of foods in meals… The concept includes gastronomy, the art and science of good eating; and diet which includes the types and quantities of food and drink and their contribution to macro and micronutrient intakes*".

This definition goes hand in hand with González Turmo's (2012, p. 22) understanding of MC as "a cultural construction depended upon many factors [e.g. ethnicity, religion, work, the historical development of territorial units and markets] that should be considered if we do not wish to distort such a rich and plural reality". Moreover we cannot ignore that modern urban spaces and markets are now "woven together in the Mediterranean fabric" where modern inhabitants and tourists "share conversation and food", and we cannot ignore how both homogeneity and heterogeneity are two force that act together in irregular intensity as a consequence of globalization (González Turmo 2012, p. 28-32).

The reinterpretation of the "journey from the point of sale to the stomach, [is where] food becomes a common heritage involving an imagery built by the superposition of different references of identity" (González Turmo 2012, p. 34). And it is precisely why UNESCO's declaration of MD/MC as an "Intangible Cultural Heritage" was in fact a protective measure and an act of recognizing its value. As (Burdese 2012, p. 44) note, it is commonly considered now among postmodern consumers that MD/MC has "exerted profound influence…[and] triggered the new trends in 'critical' consumption described above".

This also corresponds to the general public trends and consumer groups such as the Slow Food movement and the Foodies' interest in MD/MC, which is stretching out across the whole production chain, the regional variations of Mediterranean dishes, ingredients, preparation techniques and consumption practices. Adopted by these groups MC/MD and related practices became the fertile medium for the pursuit of authenticity, as they explored further the cultural and social aspect of producing and eating Mediterranean foods (Carroll & Wheaton 2008). Foodies recognize that MC/MD is part of the heritage, the collective "memory" of the diverse Mediterranean communities which constantly recreate their cuisines, the rituals and the symbolic structure cooking and eating practices, in response to their changing lifestyles and environmental context (Dernini 2011, p. 76).

Moreover, according to Palma and Padilla (2012, p. 147) non-Mediterranean marketers and big businesses use "the elements which make Mediterranean food attractive to consumers" acting as a "powerful motivational force" to seek and purchase products which are identified as belonging to the popular MD. With regard to the messages which are conveyed and put forward, according to Palma and Padilla (2012) there were five recurring features of the concept of MD (and MC): The "health" argument, "good cuisine", "good eating", culture, nature and the natural environment, and lifestyle. Very often these messages are multi-dimensional and touch on the different aspects of the MD and MC at the same time.

Another frequently used message is that of "eating well": an excellent, creative cuisine, made from simple, quality ingredients, very fresh and homemade dishes, prepared with care, attractive in appearance, very tasty often with a strong, pronounced flavor. All this makes eating a "real pleasure". At the same time, especially for countries with a younger civilization, such as the United States, Australia and Canada, the Mediterranean immediately evokes the concept of history, culture, tradition, ancestral know how. In the majority of cases, Greece and Italy are most often associated with the Mediterranean cuisine. Other countries include Morocco, Spain, France and, occasionally, Lebanon, Syria, Egypt and Israel.

Despite the increasing popularity of MD and MC, according to Messe-Duesseldorf (2013) the market for Mediterranean foods has so far scarcely been featured in Central Europe despite, or probably precisely because, of its enormous diversity of products. Nowadays, this is precisely what consumers are looking for which could explain the growing interest in Mediterranean Diet and cuisines, that swept the global market. Often, however, this is also due to the ignorance or lack of knowledge about how Mediterranean foods are processed, combined with other foods, let alone pronounced properly. And this is the case despite the fact that there is hardly any other world of taste that has caused such a boom with consumers as Mediterranean cuisine (often associated delights and freshness, health and well-being).

While there is a bay with different ethic products in just about every food store these days, consumers still look in vain for a Mediterranean section that provides a holistic overview of the enormous diversity and high quality of these largely unknown products. One will at best occasionally find an Italian or Greek product aisle or Mediterranean foodstuffs will be scattered individually across stores, which means that there is enormous potential lying dormant for food retail for MD and MC products. This means that the listing of specific Mediterranean foods can turn into a “Unique Selling Proposition” for retailers providing them with the decisive competitive edge over their competitors, which will also close the gap between consumers’ demands, food retail, and the catering industry (Messe-Duesseldorf 2013).

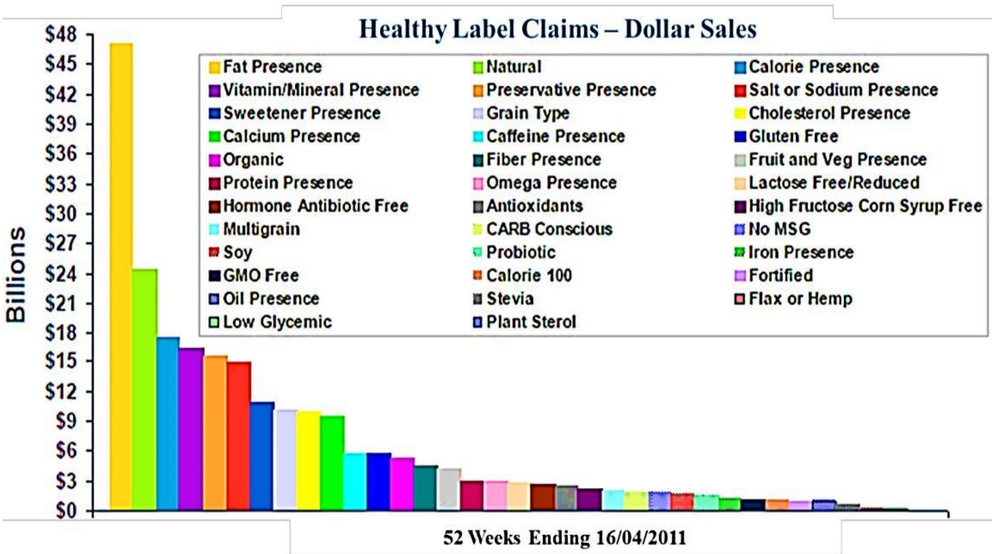
MD/MC consumers

Ideally, the modern consumer to which MD/MC could appeal are the “co-producer” or “consumActor” such as the foodie, “capable of orienting production” and from whom “food acts as a sort of visiting card with which a person presents him/herself and as such, [MD/MC] may become the initial point of contact for promoting meetings and exchanges between different cultures” (Burdese 2012, pp. 40-41). However, not all consumer groups are the same, and as Palma and Padilla

(2012, p. 146) note, statistically international consumers "demand more and more emblematic Mediterranean products but do not particularly care about their origins" which in consequence translates in the dispossession of the "Mediterranean consumers…of their traditional products".

At the same time as Regmi & Unnevehr (2006, p. 26) mentioned, an overview of new product introduction in high-income and developed as well as "middle income countries" can provide "insights into how food trends are reflected in global markets". These trends reflect consumers' increasing demand for product with claims related to quality, convenience, natural products and nutritional attributes; products that reflect a consumer's "international awareness of advances in nutrition and appreciation for environmental amenities" (Regmi & Unnevehr 2006, p. 26). As we can see in the figure below, products with health attributes and claims recorded sales of billions of dollars (Ward 2011, p. 35). A number of such claims are in fact scientifically proven attributes of MD/MC.

Fig No. 5: *US Healthy Label Claims – Dollar Sales* (Source: Ward 2011, p.35)



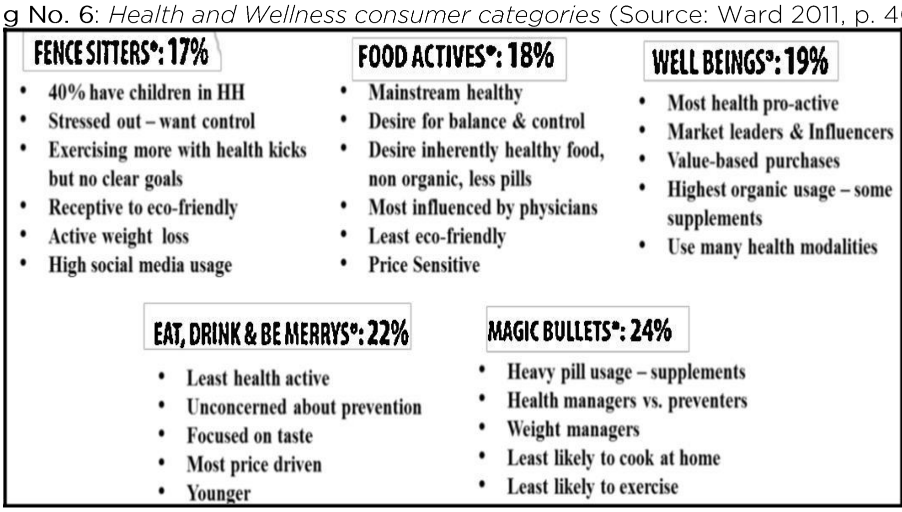
According to Ward (2011) in the US the key points on today's consumer's agenda are: health & wellness along with indulgence promoted by "better for you" type of products, sustainability (eco-friendly, green and organic products), value for money and convenience (for all meals), "variety in a box" and sensitiveness to the ethnic and generation based, needs and wants differences. Especially since not only they respond to different targeting opportunities but their spending patterns on different product categories differ. This type of analysis might help MD/MC type of product market the right product category to the right consume groups.

Table No. 2: *Health and Wellness consumer spending per product category* (Ward 2011)

Where is your category or brand driving sales?					
Annual $ Per Household Among Category Buyers	Well Beings	Food Actives	Magic Bullets	Fence Sitters	E, D & B Merrys
Nuts	43	40	34	31	28
Wine	152	119	103	88	93
Yogurt	55	48	41	45	36
Fresh Produce	132	104	92	89	82
Carbonated Beverages	100	121	133	125	155
Beer	117	116	143	124	153
Frozen Pizza & Snacks	49	54	55	61	60

Talking about Health and Wellness category of consumers, Ward (2011) in a Nielsen report show how this type of consumers can be segmented based on their preferences and concerns, indicating also what type of product categories they are most interested in, and how much they are prone to spend.

Fig No. 6: *Health and Wellness consumer categories* (Source: Ward 2011, p. 40)



He separates these consumers into 5 main categories: 17 % 'Fence Sitters', 18% 'Food Actives', 19% 'Well Beings', 22% 'Eat, Drink & Be Merry' and 24% 'Magic Bullets'. From these the greatest numbers of "shopping trips per household", "basket ring dollars per households" and % Dollars on deal are being attributed to 'Well Beings', 'Food Actives' and 'Magic Bullets'.

We also turn our attention to what Palma and Padilla (2012, pp. 147) indicate as the main powerful themes conveying the attraction of MD/MC for consumers are:

- "**Linking pleasure and health**" – a reconciliation of hedonism with nutrition recognized both scientifically as well as by "ancestral folk knowledge", coupled with "sensory sensitivity, overcoming the dichotomy between what is good and what is good for you" (Palma and Padilla 2012, pp. 147).
- **Cultural and culinary diversity** – Another theme is developed around cultural diversity in which case MD/MC has the power to promote "the southern European culture, with its diversity of flavors, colors, and establishing a Mediterranean identity" (Palma and Padilla 2012, pp. 147). As Damatta's (1986) noted, food is a dynamic "language" thorough which the society converses and manifests itself within a specific temporal-spatial context. As any language, food 'language' has the property to enrich itself with neologisms, and in this sense the act of eating new foods, is a cultural expression, conversing and differentiating the identity of the modern consumer.
- **A return to the natural roots** – another popular modern narrative promoted by the increasing complexity of the food production chain and the gap between food production and consumption, "which gives rise to anxiety among consumers who are no longer able to clearly identify their food". The popularization of food as a cultural domain, food consumption is also perceived as a medium for identity-making, resulting in an increasing demand for the "authentic, regional products, old-fashioned recipes, and local products" (Palma and Padilla 2012, pp. 147).
- **Environmental awareness and sustainability** – as previously mentioned MD was identified as a sustainable eco-friendly diet. The increasing public awareness regarding "environmental problems, conditions of production and manufacture of products" often translates in consumer's preferences for food producing companies or countries which they perceive as "politically correct"
(Palma and Padilla 2012, pp. 147).

ANALISYS & DISCUSSION

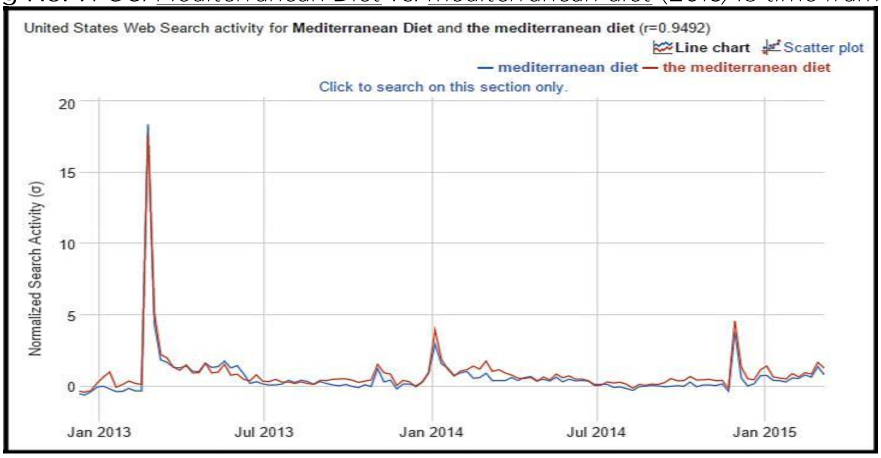
Google Trends analysis

Worldwide online searches are a "valuable source of information on collective trends" which can be captured "near real-time…monitored and analyzed" by Google Trends (GT hereafter) (Carneiro & Mylonakis 2009, p. 1557; Challet & Ahmed

2015). GT shows us daily updates of the relative search volume of queries they make using specific key words and related search terms, their regional frequency, the popularity of the search terms over time, as well as the correlation between various search categories (Nuti et al 2014; Brynjolfsson, Geva & Reichman 2013).

GT allows its users to access and explore trending search terms, estimating and normalizing the search volumes changes over different regions and time (from weekly to yearly changes), which is then displayed in comprehensible graphs. To cross check the GT results, we have used Google Correlate, and as we can see in Fig No., disregarding the way MD is written (e.g. *Mediterranean Diet* vs. *mediterranean diet)* the results do not show significant differences, which to some extent confers further validity to our GT findings. Moreover, to ensure consistency GT research was carried out over 48 hours in October 10-11th 2015, covering 10 years of data recorded by Goggle Inc. (2005-2015, and 2016 forecasts).

Fig No. 7: *GC: Mediterranean Diet vs. mediterranean diet (2013/15 time frame)*



Though there are several limitations such the "limited number of languages and region", the "approximation methods used to compute the results" or the "unstandardized GT search criteria", according to Zeckman (2014) and Carneiro & Mylonakis (2009, p. 1562) this tool, has a proven potential to "access large population[1] search data and to derive meaningful insights" into their behavior (Google Trends Lab n.d.). For example, Vosen & Schimdt (2011) used a categorized GT search to predict private consumption, while Seebach et al. (2011) experimented with a combination of online search terms to investigate the correlation of key search terms with automobile brand sales levels. In this sense, as Carneiro & Mylonakis (2009, p.

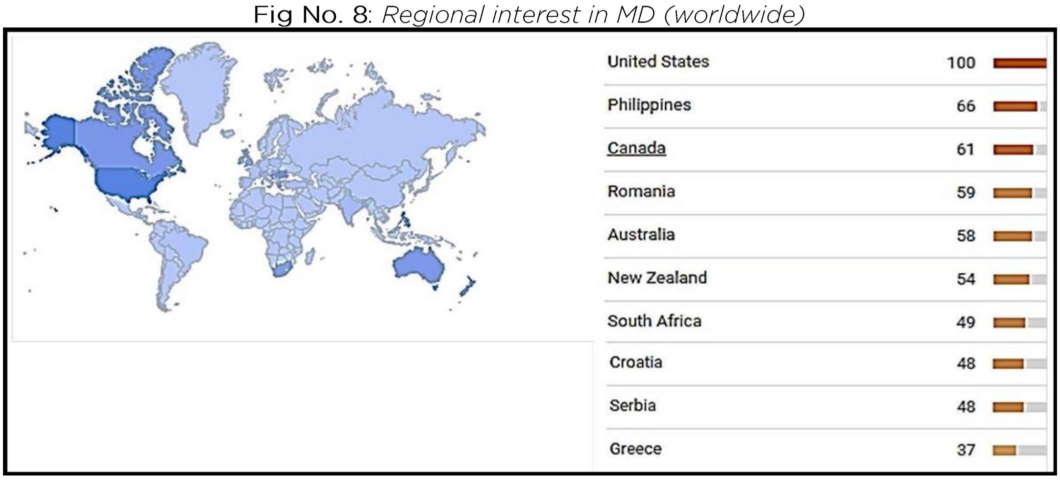
1 "Google accounts for an estimated 67% of all internet searches"

1563) puts it, as modern consumers tend to rely more on the online environment, the “wealth of information” that GT gives us reflects not only the “collective intelligence” of the populations, taking “us one step closer to true real-time surveillance”, but gives a near-real time picture of the popularity of interest and social trends at a regional and worldwide level.

Google Trends - Mediterranean Diet and Mediterranean cuisine

Using GT data collection, in this section, we analyze the worldwide and regional interest in MD and MC, the popularity of key search terms, and how the popularity of MD trend evolved in comparison with other ethnic cuisines and general food categories. We then investigate the interest in MD and MC in Germany, France, UK, USA and Russia.

Fig No. 8: *Regional interest in MD (worldwide)*

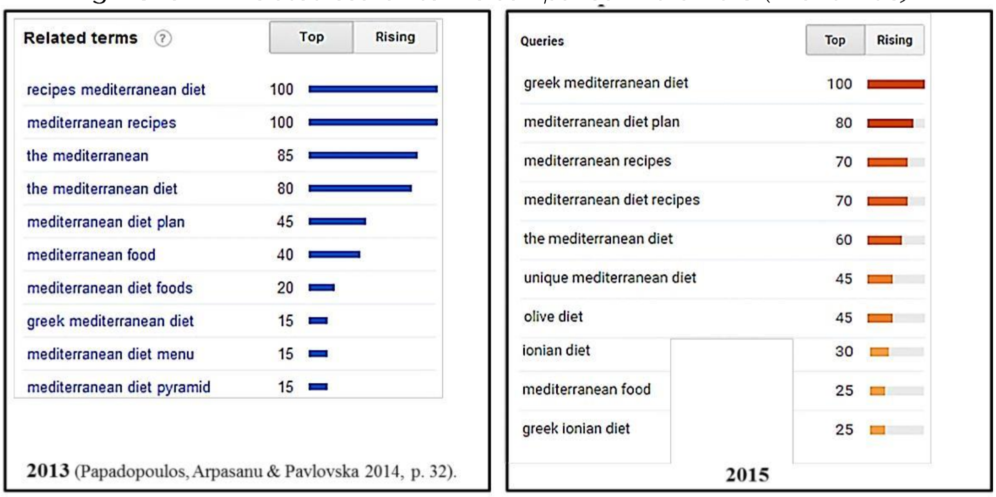


Examining the popularity of MD in terms of search popularity of the term worldwide, as we can see in the figure above, United States (100) is ranked as first most interested country in the MD followed Philippines (66), Canada (61), Romania (59), Australia (58) and New Zeeland (54) with almost half of the search value of USA. Noted for its absence from this list is the UK and other major European markets. The absence of markets like France and Germany could be accounted for by language limitations, but that of the UK must be accepted as being the result of comparatively limited interest.

Perhaps the popularity of MD in the USA, is the consequence of the perceived unhealthy “Standard American Diet” (S.A.D.), “composed almost entirely of sweets, fats, and meats”, promoting increasing rates of obesity and food related diseases (DuPuis 2010, p. 41). In this context, as DuPuis (2010, p. 41) indicated, MD “is no longer just a set of dietary guidelines but America's own 'dietary dream'…[also] branded as 'the good life'" every modern American consumer aspires to. As Da Silva et al. (2009) remarks, MD products (olive oil and fruit) are increasingly demanded and made available in non-Mediterranean countries such as Iran, UK, Sweden, Denmark, Norway, Canada, Australia and USA (Vareiro et al., 2009; Padilla 2012, p. 136).

On the other hand, the popularity of MD searches might partly express the interest of non-Mediterranean food producers (such as USA, Australia and South Africa) rather than consumers in the MD popularity. Trends that could support this include the increasing production of olive oil in non-Mediterranean regions; as well as the introduction of a distinct MD product category by large Multinational Corporations (e.g. Iglo), which seek to capitalize on the MD up surging trend. One could note that these developments could also pose as a threat to Greek producers.

Fig No. 9: *MD related search terms comparison 2013-2015 (Worldwide)*



MD related searches terms as we can see in the Fig. No. 9 can give us further insights into the specific features or the interest of people into MD. The presence of the search term "diet" in the first two positions (with 100 for *Greek mediterranean diet* and 80 for the *Mediterranean diet plan*) could indicate the increasing public interest in the nutritional and dietary benefits of MD, following the numerous studies and public campaigns which reveal worrying global levels of obesity and food related diseases. This also corresponds to "*Mediterranean diet –Nutrition*" (100) as the no. 1 forecasted most popular related search topic.

When comparing the popularity of related search terms with those from 2013 (as in Papadopoulos, Arpasanu & Pavlovska 2014, p. 32), not only Greece appears (in two positions) as the only nation but also the popularity of this search term rose from the 8th position in 2013 to number 1st related search term in 2015. This development might bear important implications for one of our research questions dealing with the perceived relationship of Greek cuisine and Greek CoO to MD. More so, if we consider the presence of specific MD ingredients "*olive diet*" (45) and a regional differentiation of MD indicated by search terms such as "*Ionian diet*" (30), once again partly associated with Greece (e.g. *Greek Ionian diet*). This allows us to ascertain that there might be an increase in consumer's awareness regarding country of origins (CoO thereafter) unlike data recorded in 2013.

Fig No. 10: *Mediterranean Diet: Rising search terms comparison 2013-2015 (Worldwide)*

paleo mediterranean diet	+250%
dash diet	+100%
mayo clinic diet	+70%
mediterranean style diet	+50%
healthy mediterranean recipes	+40%

2013

(Papadopoulos, Arpasanu & Pavlovska 2014, p. 31).

aegean diet	Breakout
cretan olive diet	Breakout
greek ionian diet	Breakout
greek mediterranean diet	Breakout
ionian diet	Breakout
mediterranean diet plan	Breakout
olive diet	Breakout
unique mediterranean diet	Breakout
mediterranean diet recipes	+60%
mediterranean recipes	+60%

2015

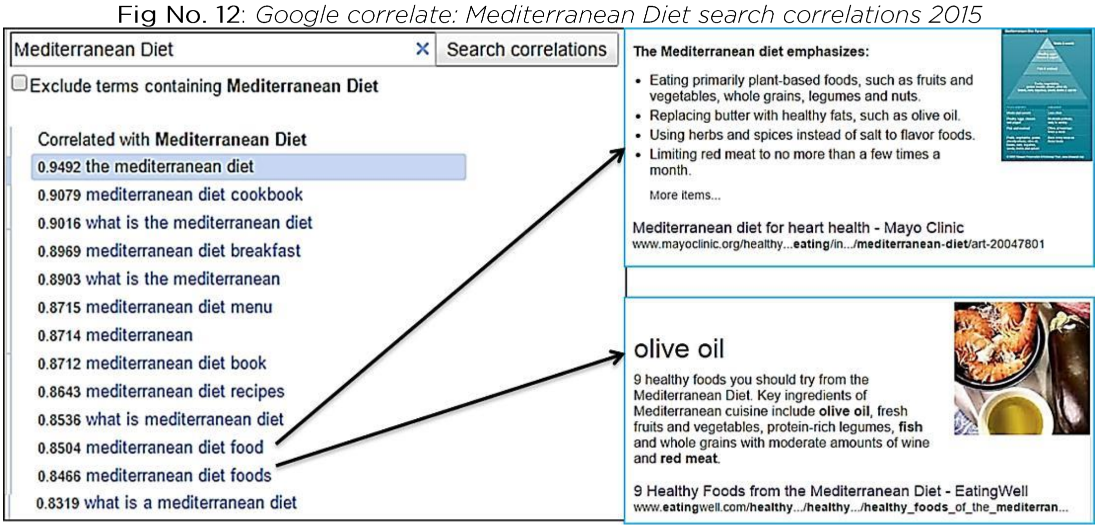
We also note that when we compare the popular rising search term of 2013 with 2015, MD is not compared to then popular "paleo diet" and "dash diet" which further indicates a clear distinction of MD from other types of diets, but also a regional concentration of MD over the last two years. Proven also by the "Rising Search Queries" (see Fig No.10), where "*Aegean diet*", "*Cretan olive diet*", " *Greek Ionian diet*" and "*Greek mediterranean diet*" breakout in growth terms compared to previous periods. According to Google Support (2015), the presence of "Breakout" instead of a percentage, means that the search term grew by more than 5000%".

If "diet" occupies the first two positions, MD recipes occupies the 3rd and 4th positions, down 2 position compared to 2013, this could indicate a slight decreasing general interest in home cooking from fresh, which could be justified by consumer's search for convenience indicated by Ward (2011).

Fig No. 11: *Mediterranean Diet: Top & Rising Related Search Topics 2015 (Worldwide)*

Another current rend worth highlighting is the appearance of "olive diet" as a search term, which according to Baker (2013) and Summerly (2015) the "olive diet" is a 'perfect' and convenient diet, providing numerous health benefits, whose main ingredient is easily accessible and which can be used for different topics and between meal snacks. This might also indicate the decrease popularity of the search term "mediterranean food" from 40 in 2013 to 25 in 2015. At the same time, if we look at the topic related searches, if top searches related MD with nutrition (100), rising related searches indicate that Mediterranean Cuisine (+160) starts gaining momentum (See Fig No.11).

Fig No. 12: *Google correlate: Mediterranean Diet search correlations 2015*



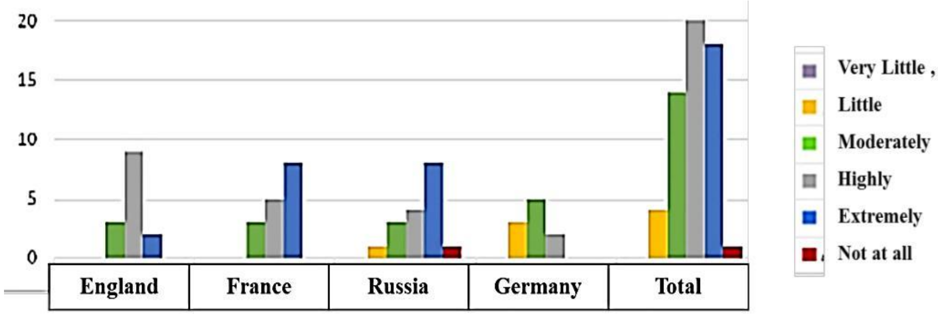
Turning our attention to Google Correlated[2] search statistics, it emerges that MD's correlated searches are those related to MD cookbooks (0.9079), MD breakfast (0. 8969), MD menu (0. 8715); MD food/foods appear to have lower but still significant

[2] Note: Google Correlate functions in a similar way as Google Trends, displaying the keywords search and related search terms over a time period for specific locations, but it also shows other search terms that have a correlation with the original searched keyword (Mavragani & Tsagarakis n.d.).

correlations (0.8504 respectively 0.8466). Perhaps "food" is a very broad term, since the linked pages opened through Google Correlate indicates the MD food groups rather than specific dishes (see Figure No. 12).

The results of our primary research with industry actors from England, France, Germany and Russia also showed that most of the industry players interviewed are generally aware of Mediterranean Diet, however there are great disparities regarding the levels of knowledge of the respondents, with more numerous respondents from France and Russia indicating that they are to a greater extend more knowledgeable that the respondents from England and Germany (note that German respondent were also fewer).

Fig No. 13: *Respondents' awareness levels regarding Mediterranean Diet*



A the same time, "*What is mediterranean diet*" as a search related term, appeals 5 times (the highest being at 0.9016) when using Google correlate, reflecting the increasing presence of MD in mass media and possibly indicating a continued lack of knowledge on the part of segments of the public (also indicated in our primary research – see chapter potential Markets).

As shown in the Fig No. 11 (p.3 3) there are two emerging parallel discourses related to MD, one dealing with nutrition the other with cuisine, this could further indicate both confusion but also interests. To some extend this can explain why this question appears numerous times. To answer it, one of the links we are directed through Google Correlate, leads us to the Oldways website[3], where the question "What is Mediterranean Diet?" is answered as follows:

> "*The Mediterranean Diet is not a diet, as in "go on a diet," even though it is a great way to lose weight or improve your health. Rather, it is a lifestyle – including foods, activities, meals with friends and family, and wine in*

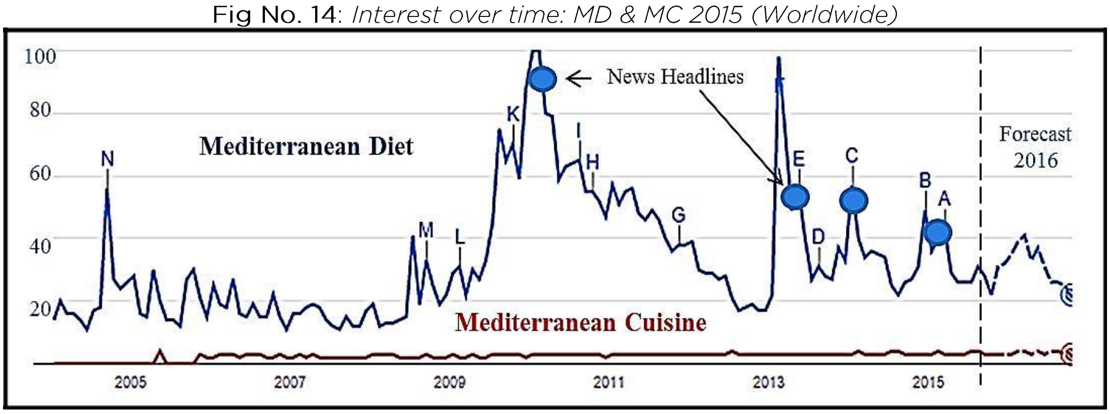
[3] As USC Digital Future Research report show, in "2008, 79% of internet users believed that 'most' or 'all' of their regularly visited websites were reliable".

moderation with meals. It has been studied and noted by scores of leading scientists as one of the healthiest in the world. Just as important, the Mediterranean Diet is full of wonderfully delicious, flavor-filled dishes and meals" (Oldways 2015).

This could also shed light on the increasing popularity of MC and its MD inherited health benefits. As Palma and Padilla (2012, pp. 147) note, the appeal of MD/MC is specifically the combination of hedonism and nutrition which overcomes the dichotomy between what is good and what is good for you"; while also allowing consumers to explore the variety of ingredients, dishes and cuisine of the Mediterranean region and make up for themselves which combinations they favor (which also explains why people look for MD cookbooks and menus).

In this new light, it is worth paying attention also to the "*unique mediterranean diet*" search term (45) occupying the 6th position of top related search terms (see Fig No. 10, p. 34), which as indicated in the literature review of this section, might communicate the interest of a group in authenticity of MC both in terms of ingredients and dishes, but also ethnic cuisines. To explore these findings further we used GT to compare the interest over time of MD & MC as shown in the figure below.

Fig No. 14: *Interest over time: MD & MC 2015 (Worldwide)*

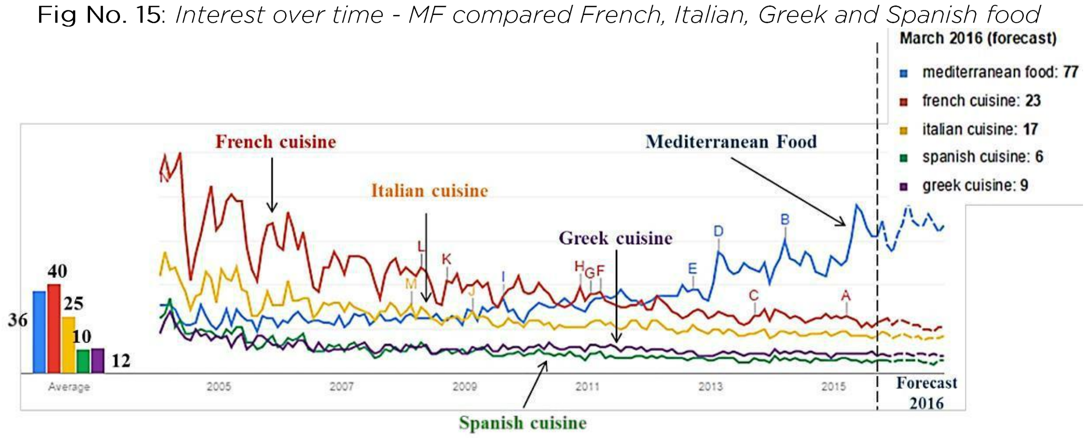


Perhaps the low levels of interest over time in MC, as justified by Papadopoulos, Arpasanu & Pavlovska (2014), are the result of the difference in the context of food related practices (e.g. dinning at home, dining in/out, cooking etc.), "how are consumers positioned in the range practices (e.g. traditionalist at home, experimentalist when dining out; cooking as a form of bonding), what kind of social 'careers' are built within practices (e.g. foodie, connoisseur, urbanite etc.)". As indicated in 2013, it appears that "Mediterranean Cuisine is mostly related in the mind of consumers to restaurants (dinning out), with the Greek restaurants featuring prominently in the searches. The term '*Mediterranean Diet'*, on the other hand, is mostly related to recipes, an indication of cooking and dinning at home practices" (Papadopoulos, Arpasanu & Pavlovska 2014).

To have an overall perspective on how MD/MC performs in comparison to ethnic cuisines, we used the search term "*Mediterranean food*" which incorporates both MD and MC. As we can see in the figure below, MF is by far outperforming national cuisines which make up the core of MD (including French). For a 10 year period (2005-2015) French cuisine, perhaps due to its reputation appears to be already established in the worldwide market, however just like the other national cuisines, it records a long term decline in interest. MF on the other hand, from 2010, started gaining increasing interest, to the extent to which the MF average (36) it is very close to the recorded average over time interest for French cuisine (40).

As we can see in the Fig No. 15, the interest in MF is forecasted to grow by 77% during the first quarter of 2016 (even when compared to the Food & Frinks category), leave far behind French (23), Italian (17), Spanish (6) and Greek (9) cuisine. Greek cuisine, starting 2009, has overtaken Spanish cuisine and it is forecasted to do so also in 2016. Though not included in this figure, the search terms "Eastern cuisine" (4) or "Middle Easter cuisine" (2) show considerable lower and constant average interest of 4% respectively 2%.

Fig No. 15: *Interest over time - MF compared French, Italian, Greek and Spanish food*



Interim conclusion:

" MD and MC appear to have gained increasing growth worldwide, specifically in the USA, Canada, Australia, Philippines, also Romania, Serbia and Croatia.

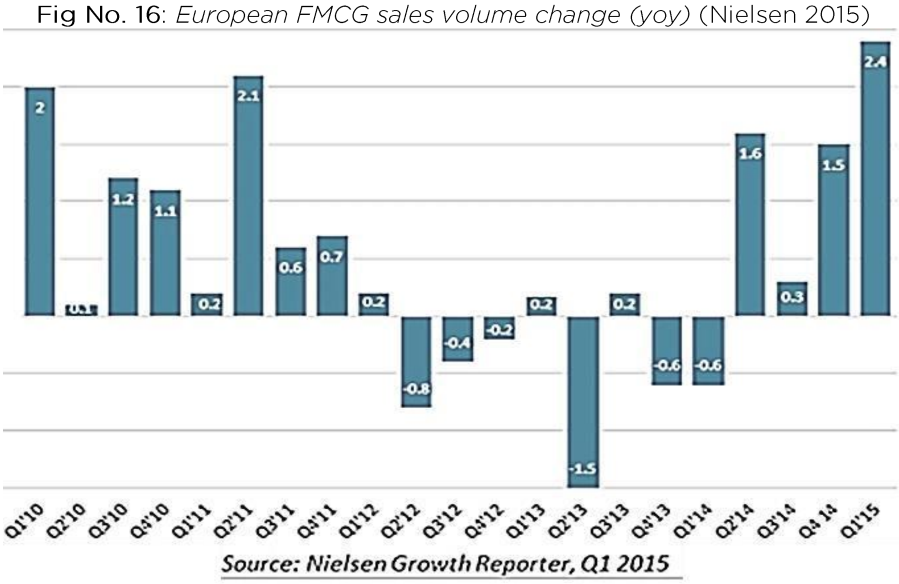
″ MD and MC appear to be two parallel discourses; MD is related to nutrition and health, while MC seems to be coupled in consumers' minds with dining out and the specialty food segment, related to hedonism and neophilia, where variety, natural and local traditional foods are as important as taste. Overall, MC and MD are outperforming Ethnic Food and national cuisines in terms of research interest. MF has outperformed ethnic cuisines and foods including the Food and Drinks category.

″ Contrary to previous findings in Papadopoulos, Arpasanu & Pavlovska (2014) findings, MD appears now to be decoupled in consumers' minds from other types of diets (e.g. Paleo diet), while it remains largely independent of Mediterranean national cuisines with the partial exception of the Greek cuisine.

POTENTIAL MARKETS REPORTS

In 2015, Fast-Moving Consumer Goods sales in European countries "has risen by its highest y-o-y level" since 2010, "overall volume sales increased by 2.4%,accompanied also by a 1.8% rise in prices paid" (Nielsen 2015). Germany, France, and UK are the largest European markets with the largest share of consumer spending, overall dominating the retail food industry in Europe (MarketLine 2015).

Fig No. 16: *European FMCG sales volume change (yoy)* (Nielsen 2015)



Among the top European markets, Germany recorded "the highest nominal growth (+2.8%)" (being also Europe's largest market for consumer goods with the highest total purchasing power and above average per capita purchasing power), followed by

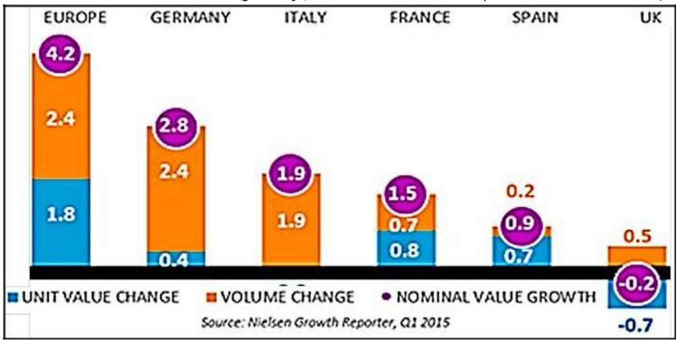
Italy (+1.9%) and France (+1.5%), "while UK was the only one to experience a decline (-0.2%)" (Nielsen 2015). Overall according to Nielsen (2015), "rising volumes and an upward change in price inflation show things are moving in the right direction" for European retailer; although "UK suffered a 3rd consecutive quarter of negative growth, France and Germany have now had encouraging quarters" (Nielsen 2015).

Table No. 3. *Purchasing power in Europe (2014)* (Lindel 2014, p. 11)

	Country	Inhabitants (per million)	Total purchasing power (in €bn)	Per capita purchasing power (in €)
1	Germany	80.5	1,705	21,179
2	France	62.8	1,248	19,881
3	UK	62.3	1,139	18,289

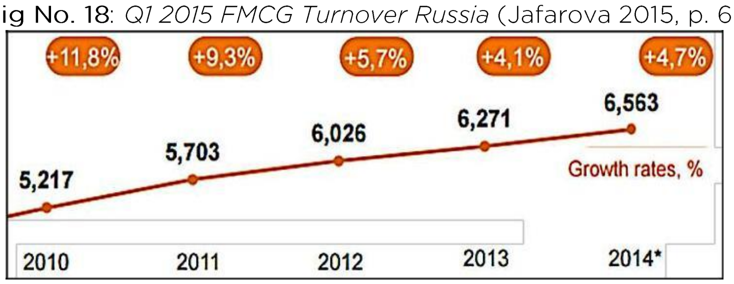
At the Same time "food prices in particular, look set for a continued period of low/negative inflation in most European markets in 2015, either due to supermarket/discounter price wars or pressure to improve volume sales as recession continues" (Eales 2015).

Fig No. 17: *Q1 2015 FMCG sales (y-o-y) selected European markets* (Nielsen 2015)



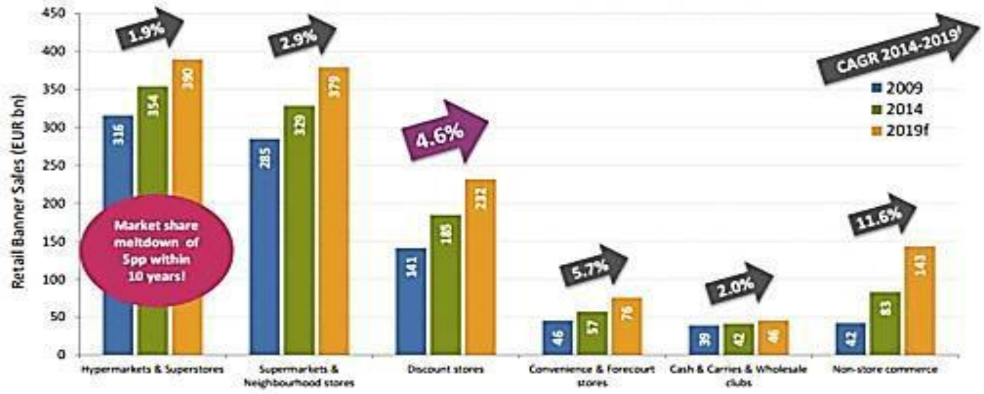
In Russia, the FMCG turnover in 2014 growth rate (+4.7%) was higher than in 2012 and 2013, "mostly driven by inflation, overall vulnerable economic situation and income dynamic". The average household expenditure on food & beverages was about €140/month (Jafarova 2015, pp.6).

Fig No. 18: *Q1 2015 FMCG Turnover Russia* (Jafarova 2015, p. 6)



In the next 4 years, big box stores such as hypermarkets and superstores will remain the dominant retail channel. But while their sales growth is slowing (1.9% CAGR mainly due to inflation), for convenience (5.7%) and discounter stores (4.6%) is another story. Over 2009-2019, the big box format store segment will drop from 33% to 28%, losing 5 percentage points of market share, "which is massive".

Fig No. 19: *Western Europe Channel size by sales 2009-10* (€bn)



Note: CAGR calculated in EUR. Data relates to retailers in the PR database only; f – forecast.
Source: Planet Retail

Big box won't be the format of the future, mainly due to changes in demographic and shopping preferences; therefore there will be a shift towards discount and convenience stores. Some big retailers are already implementing these changes, for example the Metro Group has recognized this and has completely different formats in the south and north of Italy (Eurofresh Distribution 2015; Statista 2015)

Fig No. 20: Europe's top discount store operators by total sales €bn (by 2017)

According to Planet Retail the Frankfurt-based retail analyst (in Eurofresh Distribution 2015), by 2019 discounter Lidl will see its parent the Germany's Schwarz Group (see Figure above), record sales growth of 4.8% (Aldi is expected to achieve 4.3% sales growth), well above that of Western Europe's next biggest retailers Carrefour (2.6%) and Tesco (3.9%) (Tackett 2014, p. 40; Ruddick 2015; Shand 2015).

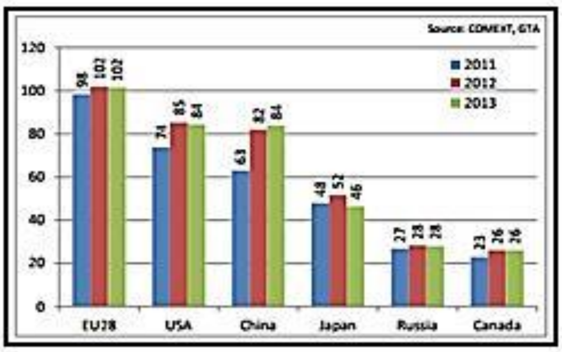
Historically, Germany, France, UK, USA are the among the top 10 (52% of total Greek exports) major importers of Greek food products, which in 2015 accounted for €32.96bn (Böwer, Michou & Ungerer 2014; Bastian 2014; Datamyne 2015). For example, among various well-known products, Greek wines are also taking center stage, enjoying growing demand despite increasing worldwide competition. Greek wines are shipped to more than 35 countries around the globe but Germany, France and the US - represent about 66% of the total volume exported (Daniels 2015). Despite Russia's ban of EU argi-food imports, in 2014, Russia was "the 3rd most significant importer of EU products" (€2.712bn about 40% of Russia domestic consumption) (Maler 2015).

Thought in the past years Greek exports to Russia were lower compared to its imports from other countries, this market is positive opportunity for Greek exporter. The added attractiveness of the Russian market for Greek exports stems to a large degree from the cultural proximity of the two peoples, a proximity that resonates well with the cultural role of food and tourism.

Fig No. 21: *Greece's Top Export destinations 2015* (Datamyne 2015)

Ranked by US$ FOB value

	Destination Country	US$	% of total
1	Italy	974,402,469	12
2	Turkey	662,231,284	8
3	Germany	554,026,375	7
4	Cyprus	448,634,706	6
5	Bulgaria	392,905,168	5
6	US	350,835,931	4
7	UK	300,759,935	4

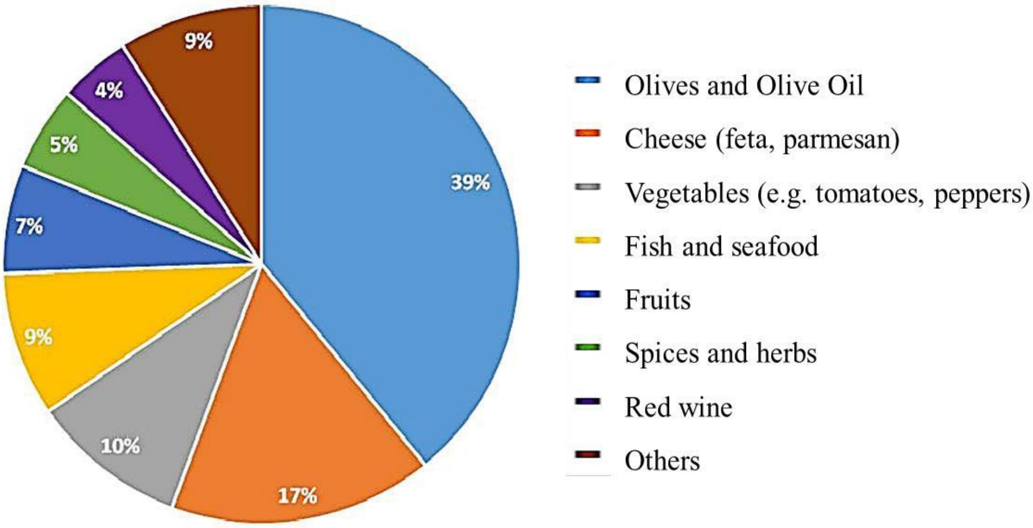


Overall consumer trends in these countries indicate that the growth of health related concerns coupled with increasing demand for variety, stimulated the overall purchase of health & wellness and ethnic food products and ingredient (including MC). This could present Greek producer with the opportunity to export premium food product labeled under the MD/MC umbrella. With the increasing interest in Mediterranean Foods, it is projected that Greek food exporters will face increasing competition from countries a stronger competitive position such as “Spain and Italy and Turkey” (Korlira 2014).

This can also be the direct result of large levels of exports of raw food products (e.g. unbranded olive oil exports to Italy) and low rates of specialization of the Greek food industry (which in 2013 occupied only the 54th position in the world, in terms of “specialized exported merchandise index”) (Tsiliopoulos 2014). In Greece no more than 27% of local olive oil is standardized, against 50% in Spain and 80% in Italy. Olive oil is strongly associated by the general public with MD and MC, and currently Greek olive oil export revenues amount to €310mn.

Overall the results from our primary research also showed that industry players identify Mediterranean Diet primarily with olives and olive oil (39%) and Cheese (17%). Vegetables and fruits as well as seafood seem to be less prominent overall.

Fig No. 22: *Foodstuff retailers and wholesalers identify with MD*



However, just as is the case with other commodities, Greece appears to be missing out, although global demand has risen more than 100% in recent years, the market share of standardized Greek olive oil has dropped from 6% in the 1990s to 4% in the last five years. In this sense, according to The TOC (2015) the Greek economy could enjoy additional revenues of €250mn/annually from olive oil exports if the commodity were utilized appropriately (e.g. not exported in bulk) and standardized in Greece with its own distinctive identity, according to a report by the National Bank of Greece published by Kathimerini news (2015).

Another example is Italy, the 4th largest European market (10.2% or €164.64bn), already marketing food products under the MD/MC umbrella (MarketLine 2015, p. 8). This extends beyond fresh food produce and ingredients (e.g. fruits and vegetables), to processed and packaged food products, using the Mediterranean product denomination (e.g. Mediterranean Pesto[4]) (Alexandratos 2003, p. 822 in Brauch 2003 Ed.).

As volumes sales are expected to show low or moderate growth, effective and efficient price and promotional strategies are a must (monitoring brand price positioning is imperative) to improve margins, revenue, category performance and competitive advantage. In these circumstances, new product development and assortment optimization is essential. Moreover, buyers are broadening their purchase options between more stores and formats, including online, which makes availability even more important. Moving to a shopper-centric model via the shopping basket analysis will optimize assortment and resource allocation.

European Food service Overview

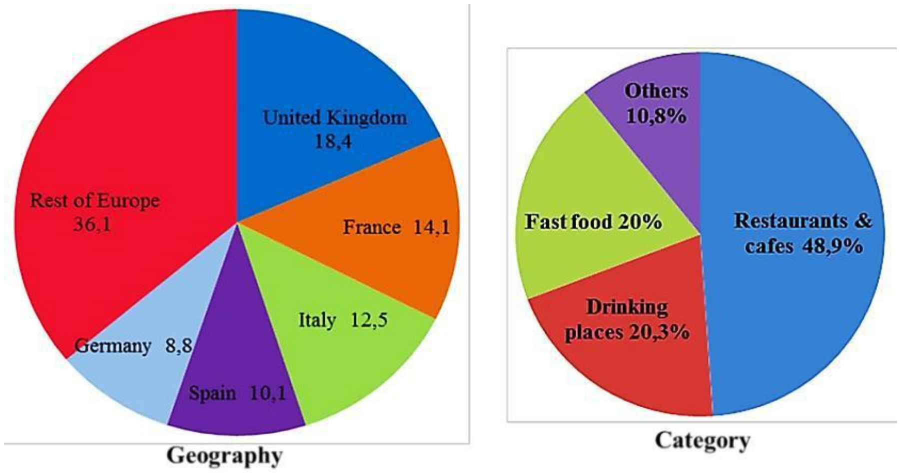
The European foodservice industry has experienced fairly weak growth in recent years with total sales of €387.4bn in 2014 (2.1% CAGR 2010 to 2014), forecasted to record a moderate growth of 3.8% CAGR by 2019 (€466.8bn).

The largest foodservice industry is the United Kingdom's, "representing nearly 20% of all European restaurant sales with 3.2% CAGR 2014 (€90bn) over the same period", considerably higher when compared to Germany's 0.6% CAGR (and values of €42.5bn in 2014) (MarketLine 2015, p. 7). Comparatively, the German and UK industries will grow with CAGRs of 1% (€44.7bn) and 2.1% (€99.22bn) by 2019.

4 http://www.mediterraneandirect.co.uk/Mediterranean-Pesto-200g

The restaurants and cafes segment (including full-service restaurants, commercial cafeterias and snack bars) total sales of €237.4bn equivalent to 48.9% of the industry's overall value in 2014, followed by drinking places (as bars, taverns and nightclubs) with sales of €98.5bn (20.3%), fast food worth 20% (consisting of all limited service restaurants, takeaways, street & mobile and leisure vendors) and others with 10.8% of the industry's aggregate value (home delivery/takeaway, catering, self-service, street stalls and kiosks).

Fig No. 23: *Europe Foodservice by % value (geography & category segmentation 2014)*



Consumer's confidence in the food industry was shattered by a series of scandals in recent years, this also extended to the foodservice segment which now is trying to adapt to the new consciousness of their clients. To do so, customers ask for transparency and they tend to visit more often those who are able to talk about the provenance of the food they serve and to prepare traditional recipes with a contemporary touch (e.g. New Nordic Kitchen) (Hauser, Bosshart & Muller 2013). Due to consumer's increasing health awareness and busy lifestyles, the Healthy Fast Casual segment is emerging as an important market attracting established and new players with healthy beverages, treats and liquid foods (e.g. Roti Mediterranean in US, "Only Spoons" in Russia or "Frischdienst Union" in Germnay who offers nutritionally balanced and convenient product, with optimal portioning and child adjusted taste profile) (Irish Food Board 2011). Industry experts project that in the coming years the demand for breakfast offerings is increasing. In this sense the breakfast market will record a positive growth offering potentially lucrative profit opportunities in the coming years (also due to the intense competition for other meals of the day) (The European 2014).

Another trend that shapes this segment is the "mass localization" which translates in "experimentations with new products and chains offering more choice in terms of specific flavors and add-ons, and giving the consumer the ability to tailor a meal to their preferences" (The European 2014). Overall the foodservice industry is "reassured by the fact that interest among ordinary people is becoming more intense with the years". Future generations are "foodies, from toddlers to teenagers" characterized by a heightened interest in food, and "they have been exposed to more interesting and fascinating food" which will certainly help the industry moving forward (The European 2014).

GERMANY

The German economy recorded a slow economic growth of 0.4 % in the 1st Q of 2015, matching preliminary estimates (Trading Economics 2015g). The economic expansion was mainly driven by strong nominal wage growth, an increase in public consumption and exports while the weakened world economy and reserved investment activities are acting as the main checks on economic development (BMI 2015g2). Generally, industry analysts "expect a positive market development in coming years, with growing demand for convenience, health, and wellness food products" (GTAI 2014, p. 3). Germany is also a net importer of food & beverage products; in 2013 the imports value for "processed foods and agricultural commodities accounted for €71.5bn", while overall imports of food and drink is projected to grow to a stable 3.8-3.5% (yoy) for the next for years, and reach about €68mn in 2019 (GTAI 2014, p. 5;BMI 2015g2).

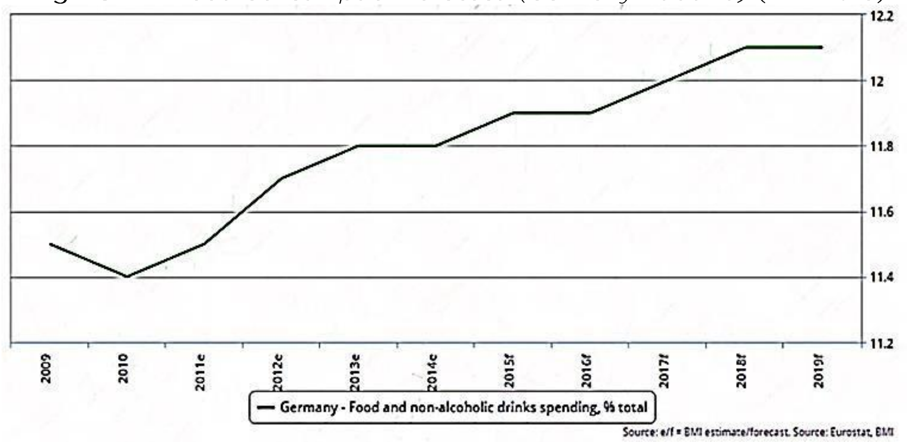
Germany's food and beverage industry is the fourth largest industry sector in Germany – generating production value of €175bn each year. The largest industry segments by production value are meat and sausage products (23.3% -characterized by strong competition and consolidation), dairy products (16.2%- one of Germany's most innovative sectors), baked goods (8.8% increasing focus on artisanal), and confectionery (10%- where new products entries have helped create a €12.5bn in 2013)" (GTAI 2014, pp. 4-10). The growth trend for foodservices in 2013 (2%) and

2014, is also projected to continue its upward growth over the next years "driven by a growing popularity of fast casual restaurants such as Mediterranean style and "better burger" concepts (GTAI 2014, p. 3).

With a population of over 80mn, Germany occupies the top position of the European Retail food industry in 2014, (€260.84bn) (The World Bank 2015). BMI (2015g1) estimated project that the F&D sector will expand at a CAGR of 3.6% over 2014-19, despite its relative maturity, with expenditure on food & non-alcoholic beverages projected to increase "from € 178.6bn in 2014 to € 2,137bn in 2019" (Nielsen 2015). Trading Economics (2015) estimates are even more positive, the F&D segment is expected to grow 5.6% by 2019 (€275.42bn). According to IRI's (2015) report, these positive changes in 2014 were "driven mainly by cheese (+6.2%) and dairy (+4.5%) categories" with positive projection for the coming years. Currently the German "households confidence in their financial outlook is at all-time highs".

The prevalent deflation projection clearly has not "been an obstacle to consumption growth, as the overall food consumption per capita is projected to record a growth of +3.6% (yoy) over the 2014-2019 period (while total expenditure on restaurant meals and hotels is expected to reach 6.3% by 2019) (BMI 2015g1).

Fig No. 24: *Food Consumption forecast–(Germany 2009-19)* (BMI 2015)



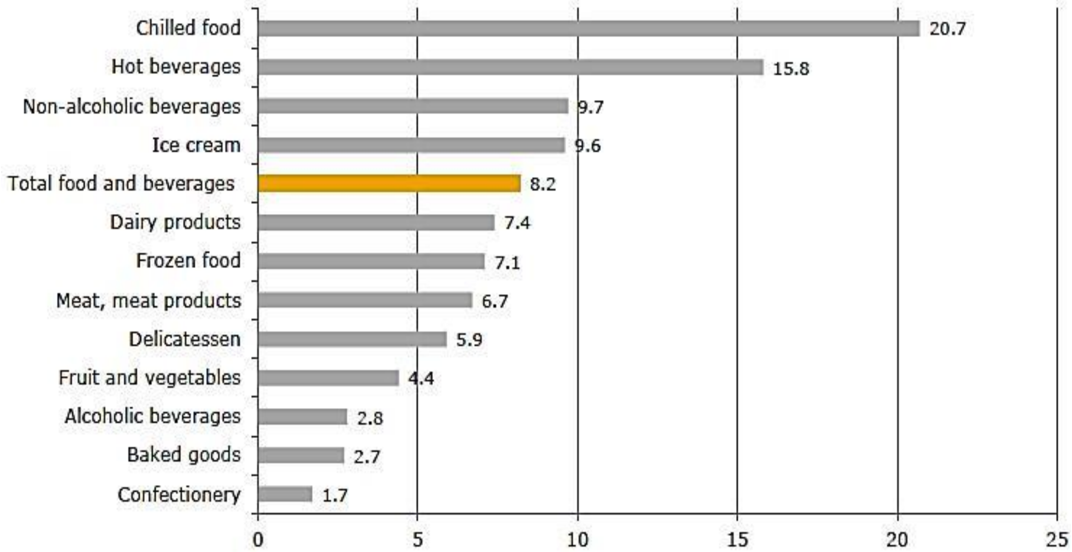
The projected volume sales (yoy) 2015 to 2019, for major food categories are as following:

Confectionery value sales (€) growth (y-o-y) in 2015: +0.2%; CAGR 2014-2019: +0.6% (a long term decline due to ageing population, increasing health consciousness and purchase of healthier products).

The **Fruit and Vegetable market** is of particular interest for foreign companies: just 1/5 of consumed fruits and a third of consumed vegetables are locally sourced. Consumer spending on fruit and vegetables (excluding juices) reached €16.2bn in 2012 (4.4% growth 2010-13, see Fig No. 25). Fresh fruits (€6.0bn) and vegetables (€5.7bn) make up more than 60% of the overall sales value.

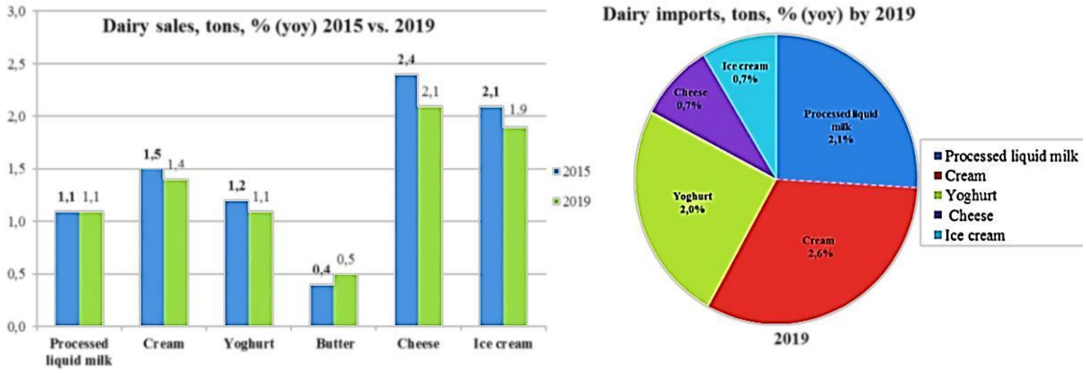
Current consumer trends include convenience products including pre-packed fruit and vegetable salads. **Frozen vegetable** sales (tons) growth (yoy) in 2015: +2.5% and **Frozen fruits** sales (tons) growth (yoy) in 2015 +0.9% (CAGR to 2019). The growth of both segments is projected to maintain similar % growth over the next 4 years. The overall consumption of frozen vegetable (11.5kg/per capita to 13kg by 2019) was much higher than that of frozen fruits (3.6kg/per capita) in 2014 (BMI 2015g1). The projected imports in tons% (yoy) for these 2 categories are expected to reach 0.8% (591,362.4tons) vegetables and 0.7% (330,910.0tons) fruits by 2019.

Fig No. 25: *Food segments with strong growth rates 2010-2013 (change in %)*



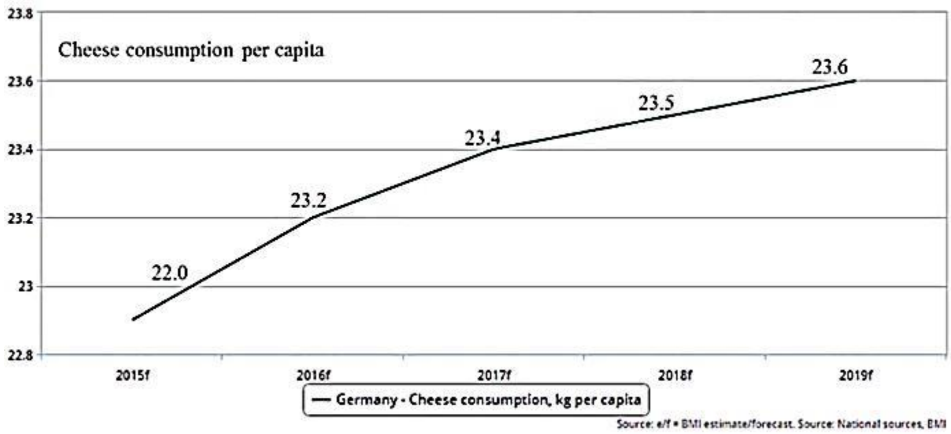
Within the **Snack foods** sector, bread products represent the major consumption category projected to grow by +1.8% (GACR to 2019) (55.7kg/per capita in 2014expected to reach 60.3kg by 2019). However, the fastest growing category in the snack foods sector will remain crispbreads (+3.4% GARC), while the forecasted sales volumes for sweet biscuits and jams/jellies are modest (+1.9% and +1.2% CAGR respectively to 2019) (BMI 2015g1).

Fig No. 26: *Dairy sales and imports growth tons %(yoy) by category* (BMI 2015)



For the **Dairy** segment, domestic production accounts for the majority share of local consumption. Processed liquid milk, the largest dairy segment, amounted to an estimated 102.4kg in 2014, forecasted to increase to 107.5kg by 2019, however projected sales growth are modest +1.1% (CAGR to 2019). Yoghurt is the second best-performing category with 26.5kg/per capita in 2014 is forecasted to reach 27.8kg by 2019, will also expand at a slow pace +1.2% (CAGR to 2019).

Fig No. 27: *Cheese consumption per capita (2015-2019)* (BMI 2015)



The projected volume sales for cheese is the strongest in the industry, estimated to grow by +2.3% (CAGR to 2019; from 23.4kg/per capita in 2014 to 26.0kg by 2019), closely followed by the ice cream category (+2.0% CAGR to 2019), while butter sales will remain largely stable with only +0.4% (CAGR to 2019). Among the top 10 suppliers of cheese in 2014, Greece occupies the 7th position, overpassed by France (2nd) and Italy (5th).

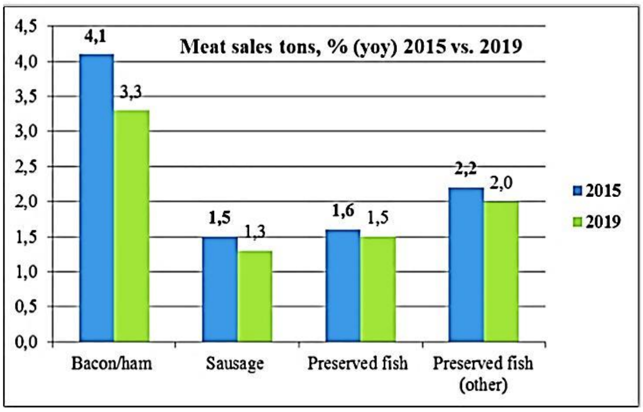
Table No. 4: *Dairy sales and imports growth tons %(yoy) by category* (CLAL 2015)

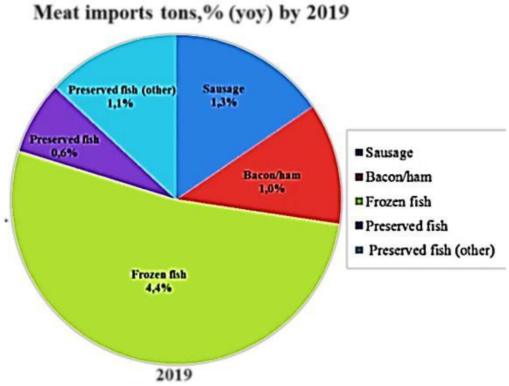
IMPORT GERMANY: Main 10 suppliers of Cheese in 2014 (Tons)							
Country	2009	2010	2011	2012	2013	2014	± % on 2013 *
Netherlands	231.526	236.941	230.728	240.736	247.318	265.737	+7,45%
France	115.565	127.232	137.245	131.389	132.339	135.541	+2,42%
Denmark	73.502	79.313	72.831	82.603	85.711	83.401	-2,70%
Austria	35.396	38.508	50.512	53.244	53.987	57.893	+7,23%
Italy	29.975	33.600	44.494	37.628	44.557	49.797	+11,76%
Switzerland	20.612	22.796	26.896	30.195	30.757	31.433	+2,20%
Greece	16.055	15.098	15.768	16.671	18.857	19.447	+3,13%
Luxembourg	33.349	33.303	33.522	33.649	30.589	19.177	-37,31%
Belgium	6.330	5.703	9.598	12.806	13.092	15.158	+15,78%
Ireland	6.898	9.740	9.269	10.106	11.335	12.940	+14,16%

The meat and sausage products industry is the largest segment in Germany's food industry. In 2013, it generated sales of more than €40bn. The major segments include pork (68%), chicken (18%), and beef (14%). With a total meat consumption of 88 kg per capita in 2013, including around 35 kg of sausage products, Germany is one of the most attractive markets in Europe. Per capita consumption of bacon/ham and sausages standing at an estimated 17.2kg and 16.5kg respectively in 2014, projected to increase 20.6kg for bacon/ham (+4.1% CAGR in 2015 and +3.8% by 2019) and 17.6kg for sausages (+1.4% GACR by 2019). In both sub-sectors, domestic production is important and accounts for the majority of local consumption. Consumption of Fish in Germany is relatively low. In 2014, per capita consumption of frozen fish stood at an estimated 0.7kg; dried smoked and salted fish at 0.8kg; and other preserved fish at 4.7kg. By 2019, the forecast per capita consumption of these categories is expected to present a moderate increase.

Although local production in the frozen fish and preserved fish segments accounts for the majority share of domestic consumption in Germany, in the dried, smoked and salted fish segment, imports play a much more significant role (+1.6%; CAGR to 2019). According to GTAI (2014, p. 6), "other product segments gaining in popularity include sausages in glass or can, pre-packed meat, pre-packed barbecue and poultry sausage variations are gaining in popularity". The overall demand for organic as well as halal will become more important in Germany.

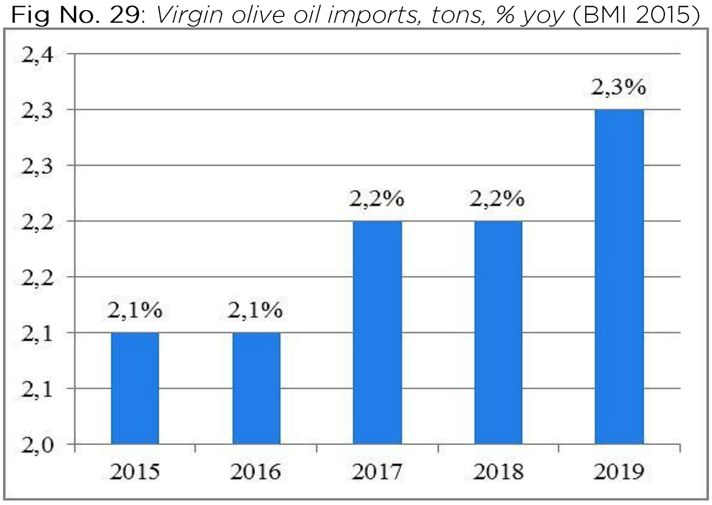
Fig No. 28: *Meat sales and imports growth tons % (yoy) by category* (BMI 2015)





In Oils & Fats segment, we note that German per capita consumption of virgin olive oil, is relatively very low (less than 1kg), Growth in virgin olive oil will be more moderate (+2.3% CAGR by 2019), while the sales of margarine will be the slowest. Per capita consumption of refined soya bean oil and margarine is much higher, estimated at 5.3kg and 5.8kg respectively. Crude soya bean and corn oil categories are projected to experience the strongest sales expansion CAGRs of 6.7% and 4.9% accordingly.

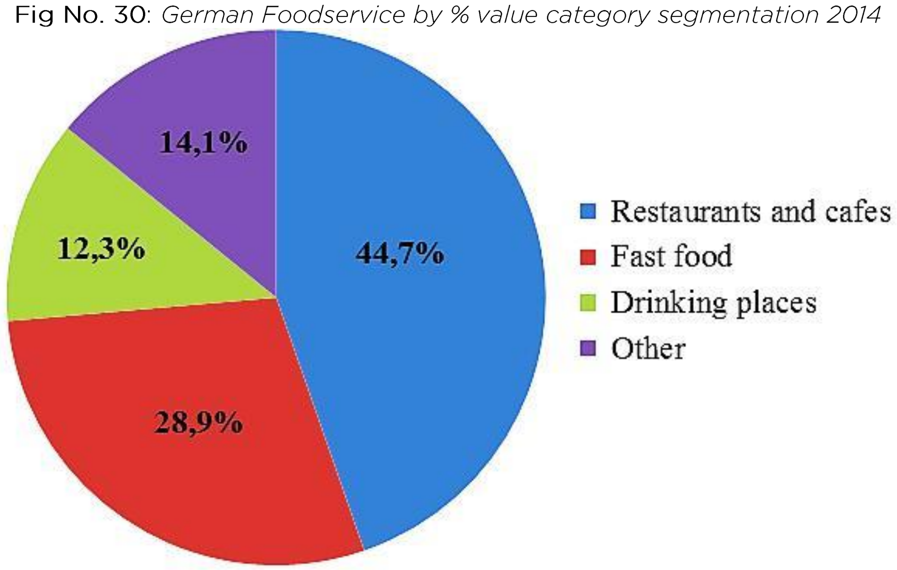
Fig No. 29: *Virgin olive oil imports, tons, % yoy* (BMI 2015)



German foodservice overview

In Germany the foodservice sector is large and highly fragmented, but can be divided into the commercial and institutional food service markets. Sales in this segment were led by full service restaurants with €18.88bn (dominated by independent restaurants and cafes), fast food €12.21bn (with McDonalds, Burger King, and LSG having leading sales in this segment) drinking places €5.17bn and other channels with €5.92bn (Mailander 2015; MarketLine 2015). In terms of consumer's demands, an aging population is fueling demand for healthy, nutritious and organic food in Germany. Many foodservice operators have already included, or are in the process of including, healthy and nutritious menus both in the full-service and fast-food and snacks formats. Increasing levels of disposable income are expected to positively impact foodservice transactions in key sub-channels such as restaurants and pubs, clubs and bars.

Fig No. 30: *German Foodservice by % value category segmentation 2014*

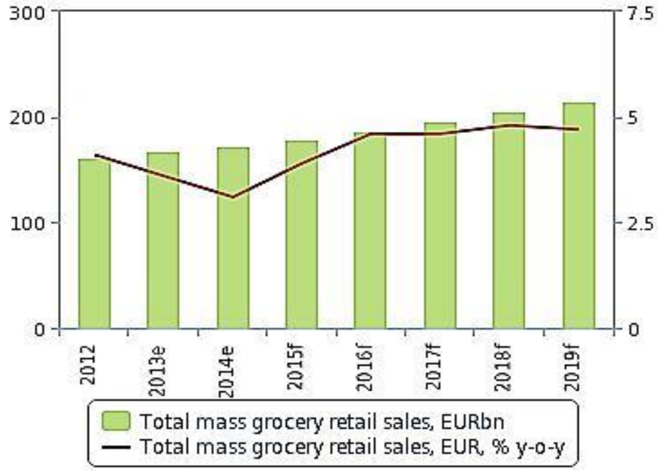


The performance of the industry is forecast to accelerate, with an anticipated CAGR of 1% to 2019, which is expected to drive the industry to a value of €44.61bn by the end of 2019 (MarketLine 2015). According to Food Export Organization (2015) products with good sale potential include fish & seafood, nuts (e.g. almonds, hazelnuts, pecans, pistachios, walnuts), highly processed ingredients, dried & processed fruit (cranberries, prunes, sour cherries, wild berries), fruit juice concentrates (cranberry, grapefruit, prune), vegetable oils (e.g. olive oil), beef & game (e.g. hormone-free beef, bison meat, exotic meat) and organic products.

Mass Grocery Retail Market Overview

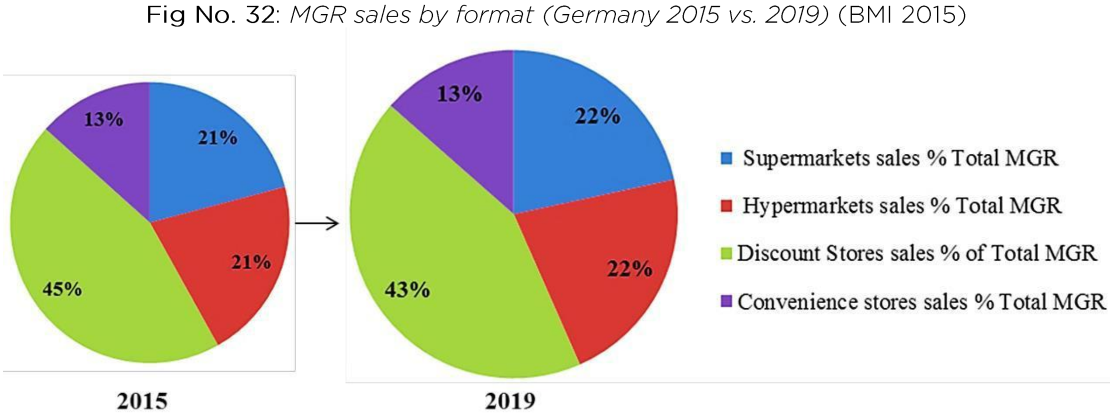
The German MGR sector is characterized by high level of concentration and consolidation (10^{th} largest operators represent 85% of total sales). The sales growth of the sector are projected to accelerate to 3.9% by the end of 2015, and continue to expand by "a healthy CAGR of 4.5%, reaching €215.5bn (24.7% increase on 2014 levels)" (BMI 2015g1).

Fig No. 31: *MGR sales (Germany 2012-2019 forecast)* (BMI 2015)



Discount retail purchases are the key segment for household spending on food, with chains such as Lidl, Aldi have seen improved sales compared to hypermarket and supermarket (e.g. Rewe and Edeka). This has, in turn, encouraged other retailers to develop their own discount lines and private labels (over 1/3 of all consumers spending) accommodating consumer demand for cheap but good-quality products (BMI 2015g1). According to IRI (2015, p. 25) in 2014, the "value sales for private label goods have risen by 1.4% compared to 2013, now accounting for nearly 35% of FMCG sales (private label cheese and dairy products sales increased by10.9% (53% of total sales for this category) respectively +5.7% in 2014".

Fig No. 32: *MGR sales by format (Germany 2015 vs. 2019)* (BMI 2015)



To enhance their competitive position, many discounters have sought to diversify their product range; increase their expenditure for in-store displays and labelling rather than just pursue growth through network expansion. While such diversification measures have boosted the image of discount stores, it is becoming increasingly difficult for discounters to avoid passing on the cost of store improvements to customers in the form of higher prices. In this environment, small independent operators are struggling to maintain their market share.

These trends, in conjunction with the rising demand for online grocery retail, are projected to result in higher overall food and drink through the e-commerce channels. According to BMI (2015g1) “the high levels of internet penetration (84%) provides important support for the growth of the e-commerce sector which continue to play an important role in influence the shopping patterns and habits of many Germany consumers, where shopping online is becoming a social norm”.

Germany it is also the main export partner for Greece accounting for 11% of total Greek exports in 2015 (Trading Economics 2015). According to Tsiliopoulos (2014), in 2014, the Greek exports of “fruit (fresh or dried)” to Germany were at the top of the Greek export list exceeding the €700mn recorded in 2013 (The Atlas 2015; International Trade Center 2015). Germany also accounted for 56% of imports of Greek legumes, frozen and provisionally preserved vegetable (31% respectively 19%) in 2013, while dairy products, e.g. cheese accounted for 36% of total exports in 2014, all of which are expected to grow in the coming years (The Atlas 2015; International Trade Center 2015). It is important to note that fruits, vegetables are dairy segments are generally identified as main food categories in MD.

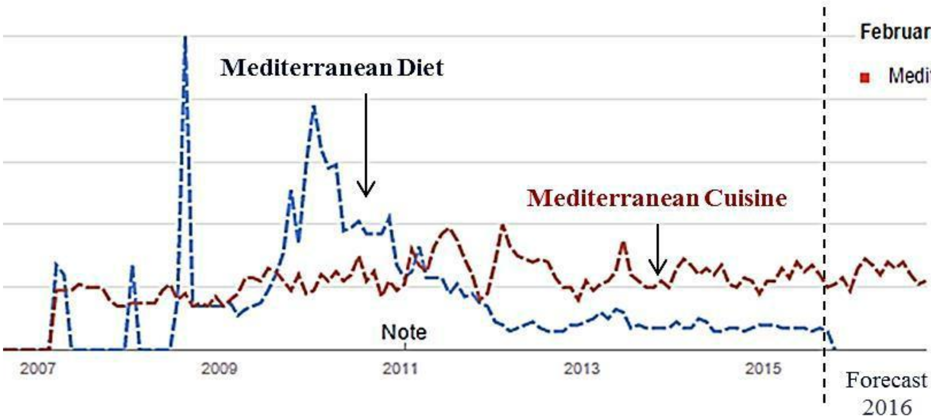
Google trends Germany

In Germany, MC emerges as being more popular over time when compared to MD. In terms of related search for MD, the top and rising are “*Saffron*” (+100/Breakout) and “*Kalamata Olive*” (+90/Breakout).

The Greek red saffron (Krokos Kozanis) is a registered PDO cultivated in the northern Greek prefecture of Kozani. Though it is growth in other four regions in the world, the Greek variety is considered of supreme quality (being also the largest organic producer), a distinction worthy of the attribute ‘flower of the Mediterranean cuisine’. Collecting, sorting and processing are done without any help from technology. Approximately 50,000 stigmas are needed to produce just 100 g of red saffron. Italy, Spain, the United States, and Australia are some of the main markets for Krokos Kozani (Hellenic Republic - Greece in the USA 2015). This could explain why saffron appears as the most popular in GT searches, at the same indicates that

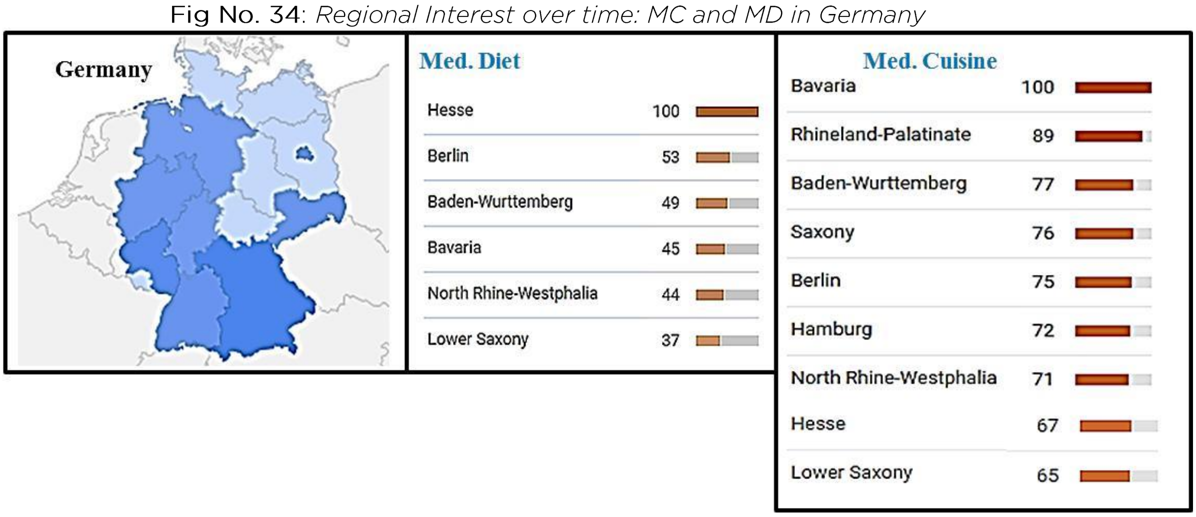
German consumers might look for premium ingredients (beside MD staple). Kalamata olives are well-known in the world and according to Olive Oil Times have been among the best Greek olives and olive oil in 2014 (Tejda 2014).

Fig No. 33: *Interest over time: MC and MD in Germany*



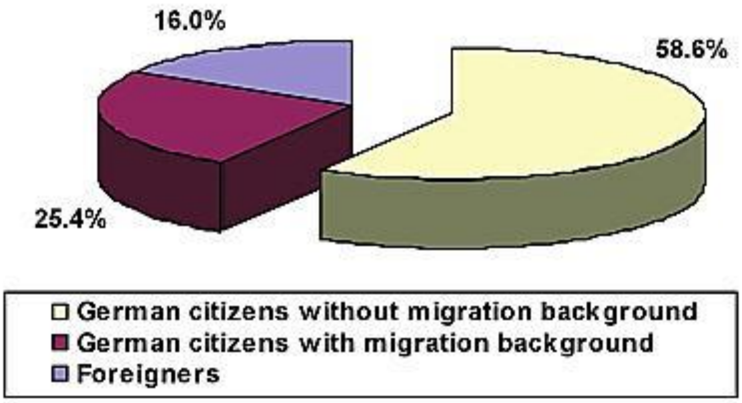
Regional Interest in MD and MC also differ (see Fig. No 34), overall MC records higher interest in more numerous regions in Germany. In Germany the interest in MC is growing, and it appears to be related to specific food categories, ingredients, recipes, and "eating out". The MC related search terms show us that MC is searched under the general term "*Mediterranean cuisine*", followed by "*Mediterranean cuisine recipes*" and "*Mediterranean food*". This might be explained by current changes in Germans lifestyle, which is now shifting to "fewer meals eaten at home and a shorter time being spent cooking", resulting in an increased sales volume for foodservices, with "the strongest growth for fresh food in 2014, outpacing even retail volume" (Euromonitor 2015; Heuer et al 2015).

Fig No. 34: *Regional Interest over time: MC and MD in Germany*



At the same time the regional spread of interest and popularity of MD and MC, differs by region, the increasing interest in MC of the Bavarian region (commonly described as having a "Mediterranean flair") could be the result of high percentage of inhabitants with intercultural heritage, for example in Augsburg alone 41% of the population have a multicultural background (mostly from Italy, Spain, Greece and Turkey) while "16% are foreigners" (Hildmann & Tunar 2011, p. 261). This region is also a popular touristic destination with numerous Greek- Mediterranean restaurants (e.g. Bistro Philippo in Hesse the selling Mediterranean-inspired "crossover cuisine").

Fig No. 35: *Augsburg Bavaria, Germany - population ethnic makeup 2011*



The interest of Baden – Wurttemberg, Rhineland- Palatinate, North Rhine-Westphalia region, in both MC and MD could be the result of the influence of its neighboring position with France, on the other in these regions we there are some of the biggest and cosmopolitan German cities such as Cologne, Essen, Dortmund and Düsseldorf, Frankfurt, Hamburg and Munich (in Bavaria). At the same time, in Düsseldorf (North Rhine-Westphalia) there are numerous cooking schools and over 400 advertising agencies, among them 3 of the largest in Germany which could also indicate the increasing awareness of local and national business in the MD/MC concepts and their increasing popularity in the food industry.

For example, the Germany - Düsseldorf based Nikolaou Bros. Ltd. ("Ilios")[5], one of the largest importers of Greek products in Germany, is selling various Greek delicatessen product, such as: Babaganoush of Zanae (produced in Greece, Thessaloniki by Zanae Nikoglou) promoted as "an ingredient in many Mediterranean dishes", ready-meals such as Lentil salads (produced by Palirria SA), or Masticha -

5 https://www.nikolaou.org/shop/

gum (produced by the Greek company Anatoli Spices SA), as well as German products such as organic olives produced by the German manufacturer Friedrich Bläuel & Co. GmbH.

On the other hand, the overall increasing interest in MC in Germany might be the result of the "limited level of product differentiation" in the German retail industry and the emergence of consumers' "demand for a mixture of domestic and international food", as well as the increasing receptiveness of the German consumers to new cultural influences and culinary trends (MarketLine 2015, p. 13). Moreover the 7bn foreigners (+9% by 2013) who live in Germany have made important contributions to the international culinary landscape of Germany, gradually encouraging more diverse cooking habits, by adding spicier and exotic foods to supermarket shelves (AAFC 2015, p. 6). Indicated also by the "34 new restaurants added in 2014 to Germany's Michelin fine dining list, making the total to 282, up from 237 in 2011 (Research & Market 2015). The foodservice industry is "expanding alongside a rising consumer confidence, with an estimated value of about €49bn in 2014". Growing consumer awareness towards health and wellness is driving innovations in the menus as well as formats in the Foodservice industry.

Another indication of MC popularity can be for example, the Metro Cash & Carry Group (2015), which considers that "Mediterranean specialties are very popular in Germany, evident in the gastronomic landscape, with restaurants offering a Mediterranean menu featured in almost every town". To close the existing gap between consumers demand for diversity and chefs' demand for "original products" to use in their kitchens in 2013 Metro "introduced its own Mediterranean product range" (over 300 items including private brands e.g. Horeca) coming manly from Italy, Spain and France "including fine oils and vinegars, original Italian pasta variations, pre-portioned amuse-gueules as well as tartelettes, macarons and an extensive selection of antipasti" (Metro 2015). In 2014, "the Mediterranean product range has been expanded since the beginning of 2014 to include a further 80 items from Greece and Turkey". Overall this segment recorded nearly 41.3% growth since being introduced (Metro 2015).

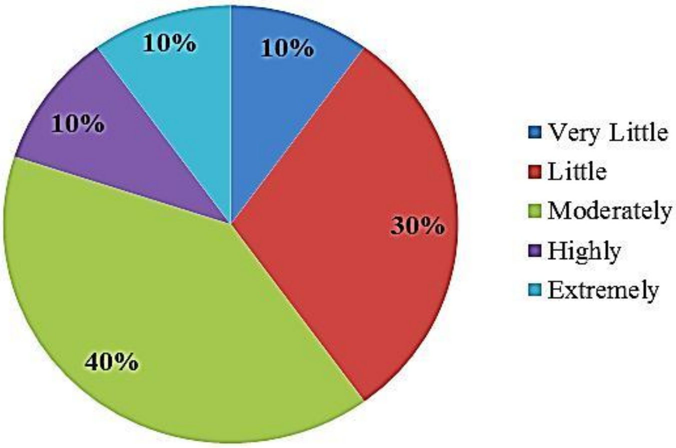
While MD is related to specific food ingredients such as "*olive diet*" and "*saffron diet*", but also to specific regions indicated by the search terms "*Cretan olive diet*", "*Crete diet*", "*Greek mediterranean diet*", *Greek Ionian diet*". Interestingly, Greece is the only country associated with MD. Increasing health awareness, an aging population (30.8% or 22.1 million by 2030), and the resulting demand for health and wellness products have helped a number of previously niche market actors to become significant industry players (e.g. the demand for functional and organic food segment experiencing an increase of some 250% in sales within a decade; while older consumers indicate a preference for low meat diet). The majority of the +65s pensioners are estimated to be among the wealthiest groups in Germany, indicating also that high end healthy products will increase (AAFC 2015, p. 4).

Primary research findings

Our primary research in Germany was done with retailers (e.g. 87.5% of respondents were from the foodservice and 12.5% delicatessen sector). When asked if they are aware and know about the Mediterranean diet, the majority of respondents (90%) knew about MD while the remaining 10% did not know, however 70% of respondents stated that their consumers consume Mediterranean diet products, and 30% answered negatively. Overall those the majority of German respondents believe that Mediterranean diet is not a fad but a trend that is here to stay and develop.

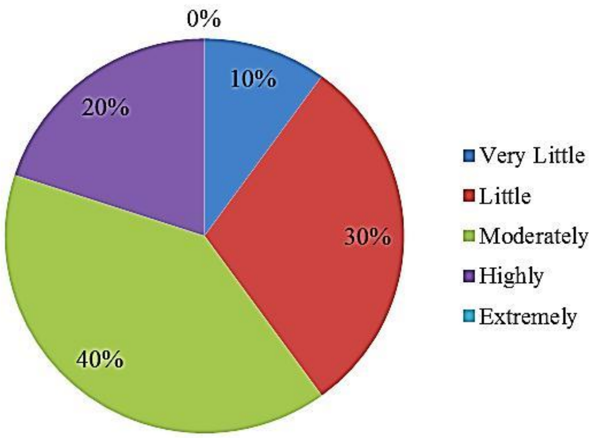
When asked how widespread of MD among the general public, the respondents answered as follows: 20% of them answered that it is very widespread, the 30% that is a little spread and finally 50% to be moderately widespread. This might meant that for the general public MD is currently a moderate trend still emerging in the German market, however putting this into perspective as presented in previous chapter, the "sales in the health & wellness category reach a total of €27.2bn" in 2014 (6^{th} in the world) which indicates that marketing MD (and MC) products in the German Market has positive prospect (AAFC 2014, p. 1).

Fig No. 36: *How widespread do you think is MD among your customers?*



When the German industry respondents were asked "how widespread do [they] think Mediterranean diet is among [their] customers?" (See figure above), 10% of the individuals interviewed think that their customers know very little about the Mediterranean diet and 30% think their customer know little. Moderate knowledge of the Mediterranean diet among customer was indicated by 40% of respondents; while 10% think their customer know a lot. Moreover, when asked if their consumers associate MD with longevity" (see figure below) only 40% believe that MD is moderately associated with longer life, 10% think the connection between the two is very small (10%) and only 20% of respondent think there is a strong connection between MD and longevity, these figures are surprising considering that there are numerous studies indicating the connection between MD and numerous health benefits including longevity.

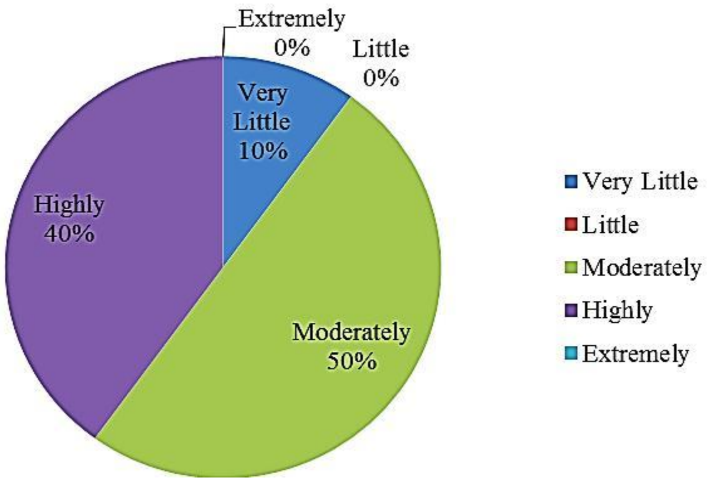
Fig No. 37: Do you think your consumers associate MD with longevity?



Similar answers (low to moderate) were provided by respondents when asked if their consumers considers that MD contributes to their well-being", where 10% believe that their customers consider the Mediterranean diet contributes **very little** to the well-being, 10% answered with **little**. 50% believe that their customers consider the contribution of the Mediterranean diet to their wellbeing **moderate**, and only 30% answered it as **high**. Nevertheless, most of respondents consider MD as a healthy diet with 40% and 50% answering that MD is moderately healthy.

As found in our Google Trends analysis in Germany, MC emerges as being more popular over time when compared to MD explained by the current change in Germans lifestyle, who eating "fewer meals eaten at home" as well as an increasing demand for "international food" (MarketLine 2015, p. 13).

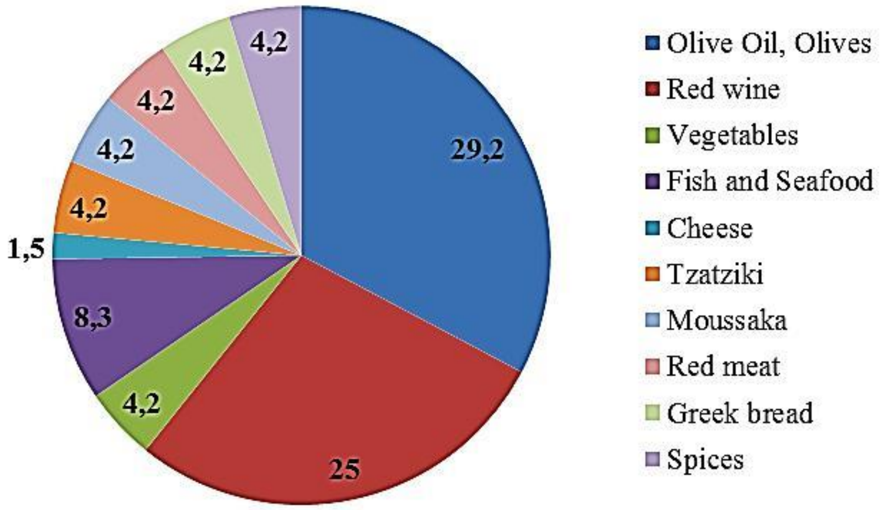
Fig No. 38: *Do you think that your customers believe that MD is healthy*?



Overall these answers indicates that even if the market has potential and industry actors are aware of the growing popularity of MD, investing in promotional activities which educate the consumer might be necessary, especially for products and ingredients which are less known. In fact there are very little products marketed as MD in the Germany as well as the global market (besides ingredients or food such as olive oil and olives, and feta cheese). This was also shown by the answers received to the questions "What products come to mind when [thinking] of Mediterranean diet?" where 29.2% of respondents reported that olive oil and olives are the two most prominent products associated with MD.

Surprisingly, 25% of respondents also considered that red wine is part of MD. As indicated by Cazacu & Papadopoulos (2015, p. 6) research on "German perceptions of Greek wines" where they note that German consumers "treat [the Greek] grape variety knowledge and terroir as an indicator of sophistication and propensity for exploration (neophilia)".

Fig No. 39: *What products come to mind when [thinking] of MD*?



Even though most consumers appear to have superficial knowledge of Greek wines, most of them (including some traders) "consider grape variety and [to some extend] the region as strength of Greek wines", partially because Greek wine reminds consumers of their pleasant vacations in Greece. However, the price-quality ratio is below the German consumers' expectations (convenient price is essential for the German consumers), even though internationally the Greek wines are becoming more and more popular "German consumers are uneducated as regards Greek varieties of wines" (Cazacu and Papadopoulos 2015, p. 7). In this sense, promotional material advertising Greek wines could benefits from associating this product with both MD and MC.

Staple products such as cheese (12.5%), fish and seafood (8.33%) and fruits and vegetables (4.17%) were less prominent (See fig below). Products which are specifically associated with Greece such as Tzaziki, moussaka and Greek Spices were indicated by 4.2% of respondents. Red meat also made a presence (with 4.2 %) which as indicated above in this section might align to German consumers' health and environmental consciousness.

Consideration should be given also the changing understanding of a healthy diet, as people are refusing to count calories or to give up "unhealthy" food, they would like to eat enjoyably, balanced, with high quality and diversified meals (Mailaender Marketing 2015).

- Besides being environmental conscious, German consumer are influenced by the unbiased product endorsement of consumer organizations (e.g. Stiftung Warentest), which are a used as a strategy in marketing communications (USDA 2015e, p.4).
- Another important factor to consider is the growing demand of German consumers for organic, "convenience, health, and wellness, as well as luxury products", which according to USDA (2014) will withstand in the coming years (Euromonitor 2015). More so since in 2014, as the German economy picked up, shoppers have shifter their attention "to mainstream supermarkets" (Viladon & Thomasson 2014). As a consequence the "market share of the discounters slipped to 43.4%" while smaller retailers (e.g. independent grocers) grew in popularity (Viladon & Thomasson 2014). This might also encourage those Greek producers who wish to make a small-scale entry to the German food market.

The food market in Germany continues to see a trend towards premiumization, as manufacturers extend their product ranges to include more sophisticated ingredients and packaging, thus also adding value. Overall the, "sales in the health & wellness category recorded an estimated growth of 5.6% from 2012 to 2014 to reach a total of €27.2bn; positioning Germany as the 6thlargest health & wellness market in the world by Euromonitor's rankings" (AAFC 2014, p.1).

Table No. 5: *Heath & Wellness segment ($)* (AAFC 2014, p. 5)

Category	2009	2010	2011	2012	2013 E	2014 F
Health and Wellness by Type	26,000.9	26,471.9	27,399.8	27,974.9	28,673.3	29,534.3
Better For You (BFY)	6,977.3	7,197.7	7,456.2	7,491.3	7,682.1	7,889.3
Food Intolerance	573.2	603.6	628.4	652.2	621.8	642.3
Fortified/Functional (FF)	4,879.4	4,929.4	5,015.7	5,044.6	5,152.7	5,275.8
Naturally Healthy (NH)	10,865.6	10,902.7	11,285.6	11,640.5	11,935.4	12,300.8
Organic	2,705.4	2,838.5	3,013.9	3,146.3	3,281.3	3,426.0

Though Germany might be a difficult market to enter, due to the aggressive retail marketing and pricing policies (especially from private labels) as well as the presence of well-established brands other than private in big retail chains, as a consequence of increasing buyer's mobility; its potential rest in the unmet consumer's demand for product differentiation. Greek producers and exporters can take advantage of this by entering the German market with differentiated and convenient products with focus on the specialty food segment, which overall it is not as price sensitive as other product categories" (MarketLine 2015). The baked goods category (including Mediterranean niche) it is expected to increase with 6% by 2017 (GTAI 2015a, p. 4). Producers should be able to provide a constant supply of quality products (including new products).

Trends in the German food industry

- Taste is important with 96% of consumers believe that food must taste good, otherwise it is not good quality ("Consumers' Choice 2011" study).
- Increase in consumers' focus on quality with 49% of Germans say that the quality of food they purchase is the most important thing.
- Increased interest in products with added health benefits with a sharp increase in lactose-free and gluten-free products (UMPR 2015).
- Curated food - The consumer of tomorrow – according to the trend forecast from Food Report 2014 – will value a curated selection more than an infinite choice. Many providers are responding to this trend.
- Locally sourced - Retailers are now offering a greater selection of local German products and have implemented various concepts on this topic on the shop floor (UMPR 2015, p. 9).

Market entry considerations

Economic reforms, low levels of unemployment and real wage increase recharge the spending power and confidence of German consumers, combined with worn-out price wars places Germany back on the list of potentially interesting markets. More so since the traditional German mindset characterized by thriftiness, moderation (perceives as virtues) are slowly replace by openness to international trends and lifestyle, in particular for younger German consumers. According to USDA (2014), some of the products that "are present in the German market with good sales potential" are:

- Wine
- Processed fruits and vegetables & Fruit juices (concentrates)
- Snack foods
- Health food, organic food, sustainable food products
- Ingredients for the natural and healthy foods industry
- Dried fruits
- Fish and seafood

- Beef and game
- Vegetable oils

Products Not Present In Significant Quantities but Which Have Good Sales Potential

- High quality beef , Game and exotic meat
- Cranberries and cranberry products
- Seafood and seafood products
- Innovative sauces, condiments and confectionary products
- Products featuring ‘sustainable’ or other social issue-based marketing theme

In these settings, the most successful market entrants are those that offer innovative products featuring high quality, added value novel products (e.g. specialty, premium product offerings), innovating and functional packaging. That is not to say price is not important but is not necessarily the determining factor for the German buyer. E-communication and E-commerce over this channel is growing in its importance as Germany possesses one of the highest Internet access rates in the EU (over 85%). The German market is decentralized and diverse, with interests and tastes differing from one German state to another. Successful market strategies take into account regional differences, also shown by GT findings. Experienced representation is a major asset to any market strategy, given that the primary competitors for imported products are domestic firms with established presences. Greek firms can overcome the stiff competition by offering high-quality products and services at competitive prices, and locally based after-sales support.
More than 80% of German enterprises use direct marketing to sell their products and services. The most frequently used formats are email and Internet marketing (65%), telephone marketing (31%), direct mail (24%) and inserts in publications with a response element (18%). Other important marketing tools are consumer reporting agencies and reputable trade fairs which are attracting thousands of consumers and market representative, in this sense there is no other venue where Greek companies can get so much product exposure. Trade fairs thrive in Germany because they are true business events where contracts are negotiated and deals are consummated and which act as a strong entry platform for new products. Germany's regulations and bureaucratic procedures can be very complex and can pose as a challenge. While not directly discriminatory, government regulation by virtue of its complexity may offer a

degree of protection to established local suppliers. Safety or environmental standards, not inherently discriminatory but sometimes zealously applied, which can complicate access to the market, as are the relatively high marginal tax rates.

Potential communication measures include:

- Media work (media mailings, media partnerships, maintaining close contacts, etc.), B2B & B2C, print & online, social influencers (including food blogger relations)
- One-voice communications. If applicable, publishing (magazine, website, video or film material such as explanatory films, promotional films or similar).
- Organizing trips for journalists and bloggers to the production facilities
- Establish Food From Greece as a brand and launch it on the market as a complete offering and push the brand via a package of communication measures and generate attention for Greek food

Distribution Channels

Most food retailers buy from central buyers/distributors specialized in the import of food & beverages. In general, these wholesalers have specialized in products or product groups; some are even experts in food products from a specific country of origin. These specialized importers have in-depth knowledge of all importing requirements (product certificates, labeling and packaging). It is advisable that foreign exporters find a local representation in order to place and promote their products successfully within Germany. In addition, more and more retailers, but also some food producers itself launch online shops, especially niche segments (wines or food supplements).

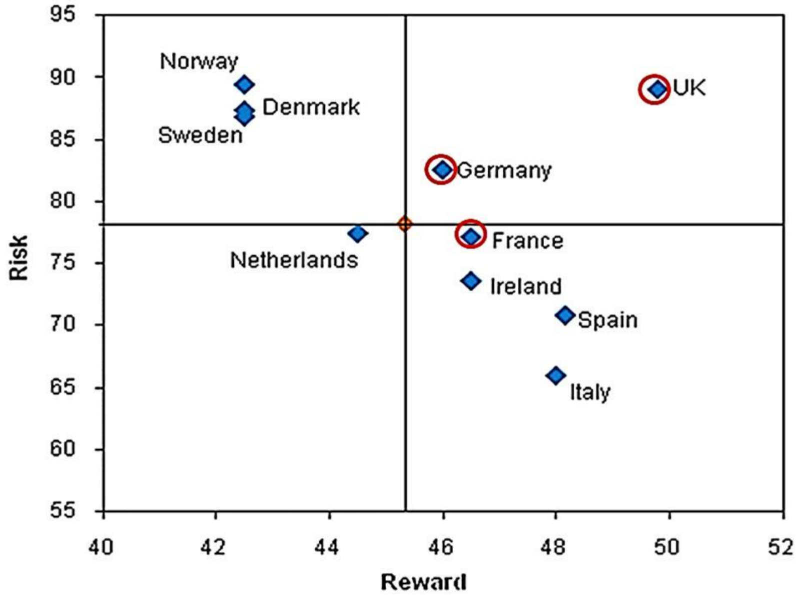
Especially for foreign food and beverages companies, another useful way of finding the right distribution channel for their products is to visit or participate in the various food trade fairs taking place in Germany. Trade shows like ANUGA, INTERNORGA (restaurant & catering sector), or ISM (confectionery) enjoy an exceptional reputation among industry experts worldwide would facilitate the direct contact with German food retailers, importers and wholesalers (Ixpos 2015).

Logistics: Local distribution in some regions is more costly/more difficult to achieve, (e.g. in eastern Germany) (UMPR 2015).

" Larger retailers are more decentralized than in neighboring countries - requires logistics solutions
" Traditional logistics routes:
  o Direct (deliver to the central warehouse of the food retailer/delivery to the regional warehouse of the food retailer/third-party delivery (directly to individual stores)
  o Indirect (via wholesalers/brokers/distributors/importers). In the case of niche products, indirect delivery to the retailer is often the most appropriate option

Industry Risk/Reward Index

Fig No. 40: *Western Europe Reward/Risk Index* (BMI 2015)



Food & Drink Risk/Reward Index assesses a market's attractiveness to industry investors in comparison with its peers. The reward part of the index takes into account market size, consumption levels, industry growth prospects (5-year forecasts), market fragmentation (greater fragmentation indicating higher opportunities) and the size of the youth population. Meanwhile, the risks taken into account are the legislative environment, the development levels of the retail sector (with higher development leading to lower risks), as well as relevant aspects of the economic and political environment.

Germany has risen to the third position in our Western Europe Food & Drink Risk/Reward Index for the 1st Q of 2016. The country attracts a fairly mediocre rewards score, suggesting that the market is fairly mature and that food consumption levels are not expected to grow very quickly. However, given the large size of the German market, the existing opportunities in the food and beverage sector are very attractive. Especially the increasing demand for health & wellness and organic products are large potential market segments. Barriers to entry are low due to the industry's fragmentation and the presence of various companies at all stages of the food chain. Depending on the market segment, new entrants should have no difficulties in finding suppliers, distributors and other relevant partners.

Industry Rewards

While the German food and drink market is large and well-off, as reflected by high scores for GDP per capita and food consumption, it is also one of the most consolidated and competitive in Western Europe. The rewards score is also suppressed by the country's relatively low food consumption growth rates. Moderate growth was recorded in the meat and sausage products, confectionery, baked goods, and non-alcoholic beverage segments.

Industry Risks

Germany's strong risks score stems from its well-developed MGR sector, favorable regulatory environment and low barriers to entry. The country is judged to be free of restrictive food and drink industry regulations that may hinder a company's progress in this market, and it is also considered to be free of industry-specific barriers to entry that would make it difficult for an outside investor to compete against local firms. Germany's standing in this section is also buoyed by a stable currency and banking sector and the low risk of inflationary pressure. However, the score is suppressed by the country's high cost of labor and complex legislation governing employment. Germany also has complex safety and recycling standards in addition to those of the EU, which are all zealously applied and make trade more difficult and costly.

Supporting Institutions

- Federation of German Food and Drink Industries (BVE)
- Federal Association of the German Retail Grocery Trade (BVL)
- Federation of German Wholesale and Foreign Trade (BGA)

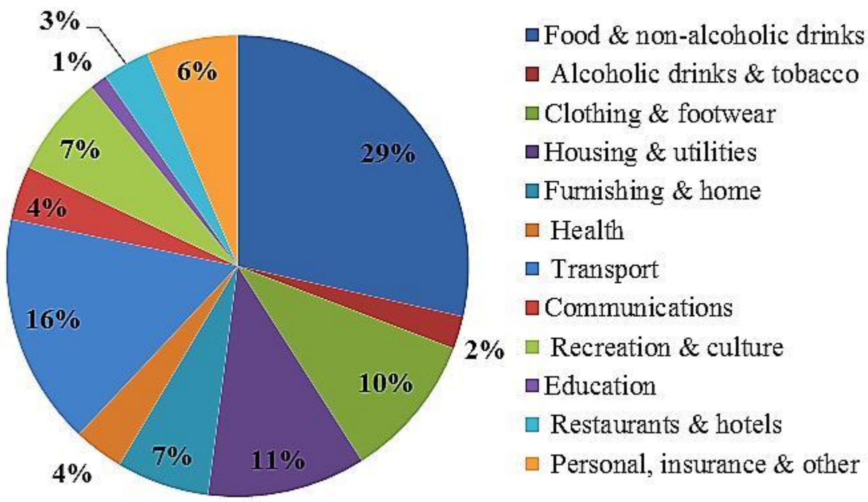
Germany SWOT (adapted from BMI 2015g)

Strengths	Weaknesses
" German consumers are prepared to pay for high-quality goods and product innovations, with health, wellness and functional foods, as well as organic products, having significantly increased in popularity. " Germany is the largest economy in Europe and the largest market for many food products. " German food and drink sectors are innovative and forward-thinking. " Per capita beer consumption is one of the highest in Europe. " The German mass grocery retail (MGR) sector is highly developed, offering a modern retailing experience throughout the country.	" High costs across the manufacturing base, coupled with a relatively high-value currency, the euro, can erode company profit margins. " The German food and drink markets are fairly mature, which reduces the prospects of significant growth across a majority of segments. " The food and drink markets are highly competitive and consolidated. " German population is ageing, which presents hindrances for growth in sectors such as confectionery. " The beer market remains very fragmented, while beer sales are facing multi-year decline. " The German MGR market is one of the most competitive and consolidated in Western Europe. " Supermarket and hypermarket sales have been losing ground to discount retail outlets.
Opportunities	**Threats**
" Value-added convenience foods continue to experience strong growth rates as they cater to the busy lifestyles of German consumers. " Health consciousness is influencing food and drinks sales. " Organic and fair-trade product ranges have enjoyed considerable success in Germany, creating opportunities for development in these categories. " Germany is the largest market for organic products in Europe. " Consumers remain extremely price-conscious, showing a marked preference for shopping at discount outlets. " Our positive outlook for Germany's economic growth and consumer story over the next several quarters could boost sales.	" The rise of discounting threatens the margins of manufacturers, with retailers passing these costs down the supply chain. " The increasing premiumization of retailers' private label product ranges, together with higher consumer acceptance of private label products, threatens to undermine brand-name goods. " Protracted conflict between the EU and Russia continues to affect Germany's food trade volumes.

RUSSIA

The impact of international sanctions, monetary deflation (inflation rates of 14.5% in 2015), and overall reduced revenues resulted in low to moderate economic development for Russia, with few indicators suggesting an upward recovery by mid-2016 (Murray 2015). Decreased household incomes and higher unemployment rates (expected to decrease by 2016) are making imported goods less affordable to Russian consumers, hitting hard the consumption of more expensive non-food items, while expenditure on food and drinks accounts for about 30% of the total household expenditure and it is expected to remain the same for the next four years to 2019 (BMI 2015r; Trading Economics 2015r).

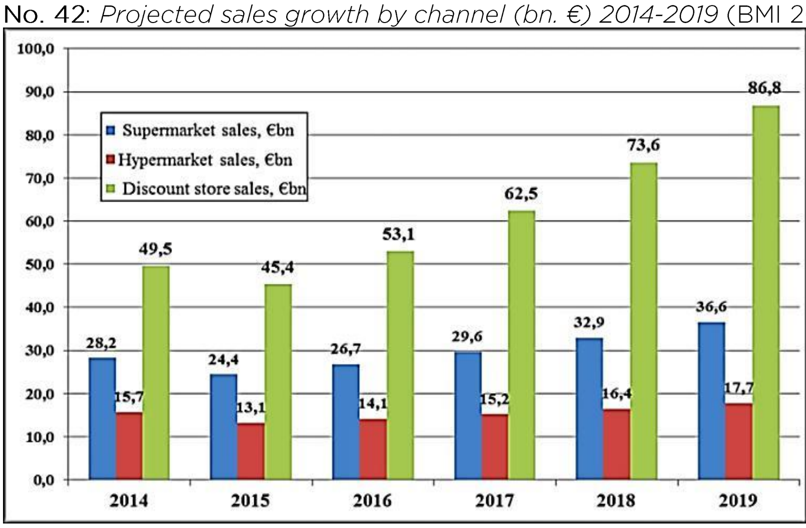
Fig No. 41: *Household expenditure by category % of total* (BMI 2015)



However other sources estimate that the share of food costs in household spending is expected to increase to more than 40% if economic conditions remain unfavorable (RT-Novosti 2015). Nevertheless this market continues to attract significant interest from multinational corporations seeking to establish themselves in urban areas where the economic development is concentrated.

Another attractive feature of this country is it large number of citizens accounting for about "143mn consumers", this can translate in a one of the larger customer base in Europe (USDA 2015d, p. 3). According to Hansen (2014, p. 3) retailing has been one of the fastest growing industries within the Russian economy over the last decade, within this sector "the rapid rise of modern grocery retailers has led to major changes in purchasing habits of Russian people stimulating demand for high-quality products and motivating consumers to abandon traditional grocery channels such as open markets and kiosks". It is evident that modern trade in Russia is growing at the expense of traditional retail, with sales through supermarkets and hypermarkets expected to grow in the coming years.

Fig No. 42: *Projected sales growth by channel (bn. €) 2014-2019* (BMI 2015)



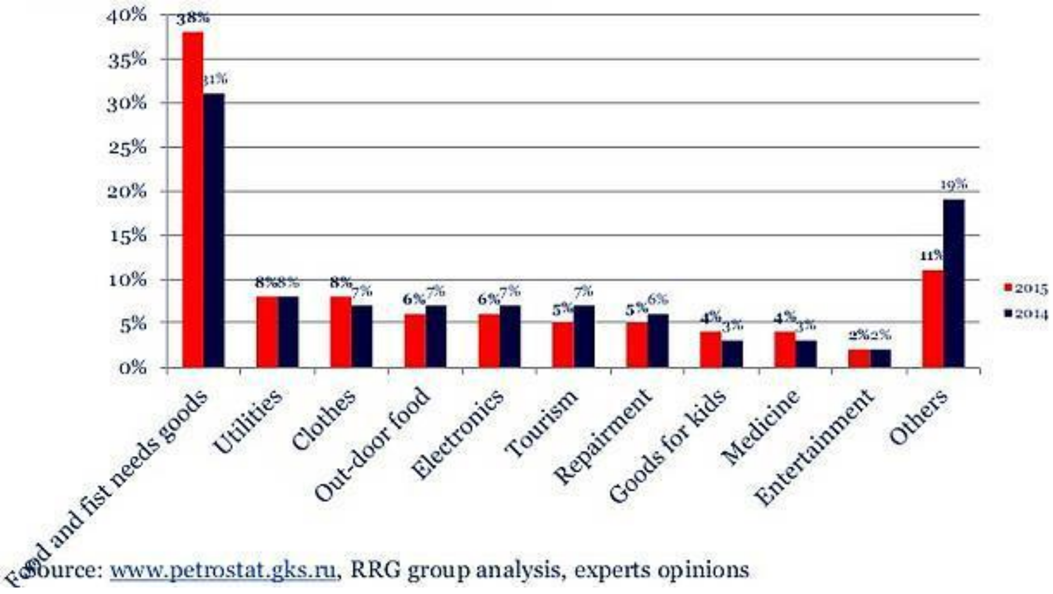
By MarketLine's (2015r, p. 7), estimate "Supermarkets & hypermarkets accounted for the largest proportion of sales in the Russian food retail industry in 2013-14, equivalent to 52.8% of the industry's overall value". However, this is favorable balance for Supermarkets & hypermarkets are changing for the time being. The economic downturn and lower consumption power, is shifting consumers attention toward other retail formats (being discounter for the average consumers of specialty stores for those with higher incomes and a need for differentiation). For example, sales through independent & specialist retailers have generated greater revenues in 2014, equating to 28.3% of the industry's aggregate revenues (MarketLine 2015r, p. 7).

Moreover, the estimated growth of total grocery sales in 2015 (€82.90bn) is considered to be the results of the "rapid expansion of the leading retail chains (different store formats and expansion into rural regions) and the steady demand for basic groceries especially from discounter stores" which grew in their importance during the past 2 years as Russian consumers seek more convenient offerings (Hansen 2014, p. 3). However, with a Gini coefficient of 40.1, Russia's income inequality is one of the highest in Europe which on one hand means that a large portion consumer will still be looking for product offerings they can afford. On the other hand a smaller but considerably more affluent part of the population will turn their attention to specialty and premium food offerings which can promote their "westernized" or cosmopolitan identity (BMI 2015r).

Russia already boasts a substantial population with extra high income and middle “of 500-3000€/month” which live in urban areas such as Moscow, St. Petersburg and several other large cities which have proven to be great locations for expensive consumer goods (including food) (Solonova 2015, p. 8). In Moscow and the surrounding region (which is administratively separate), “the average GDP per capita is about 45% above the national average, and approximately a 1/3 of consumers have sufficient income and access to funds to even acquire a new flat, according to official statistics”(BMI 2015r). Russia has 12 cities with urban populations exceeding 1mn, mostly in the European part, who collectively they generate the largest share of total household spending. “The recent mall construction boom in Moscow exemplifies the confidence that both domestic and foreign investors had about the growth prospects of household income” (BMI 2015r).

This large newly-affluent urban population in Russia’s cities provided a big boost to the development of the retail market in the country (Thomas White International 2011). In 2014, for example “20% of the urban customer” (who spend most of their income on food) and the emerging Russian middle-classes look for premium and specialty food products to indicate their social and economic status (USDA 2015d, p.10). Even though the purchase frequency and visits to stores declined by 17 % (in a trial to avoid impulse purchasing and unnecessary expenditure), “the average grocery bill in this group increased by 23% in 2014” (USDA 2015d, p.10).

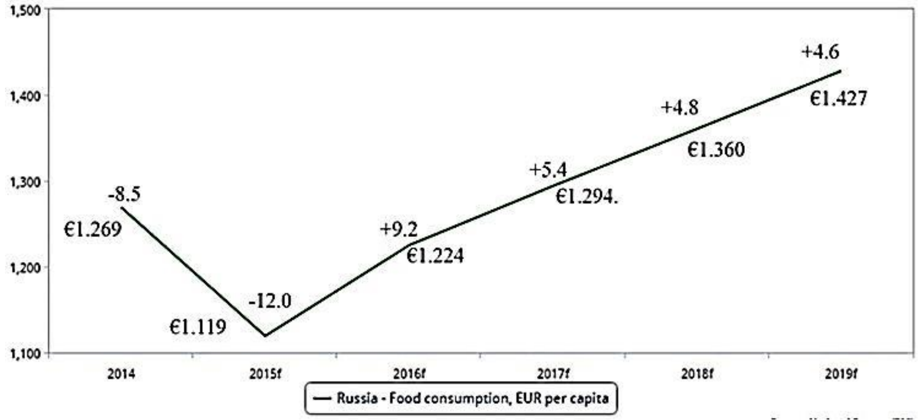
Fig No. 43: *Urban consumers: expense breakdown 2014/15 forecast* (Solonova 2015)



Moreover, the Russian middle class is fast growing, forecast to reach 40% of population by 2020 (Kolchenikova & Konstantinova 2013, p. 1). Overall this growing middle class of consumers feel more financially secure and are more willing to spend on food products, with a focus towards health-conscious eating and convenience food. Young people are the main consumers of healthy meals while busier lifestyles are driving the preference for convenience products, frozen processed food and ready-to-eat meals for working professionals.

According to Kolchenikova & Konstantinova (2013, p. 3) these "shoppers love new products and innovation", to satisfy their demand over 7,000 new products were introduced in 2012. Thought the average Russian consumer is not brand loyalists in most product categories and private-label seemed to have had less success in the past (73% of consumer were still not purchasing them in 2012), it is hard to predict if this will stay the same in the future years of will be reinforced as income levels rise. According to Hansen (2014, p. 25) "the share of private label in packaged food in Russia remains between 3 to 4%, as most consumers consider private labels as low-quality alternative to branded goods".

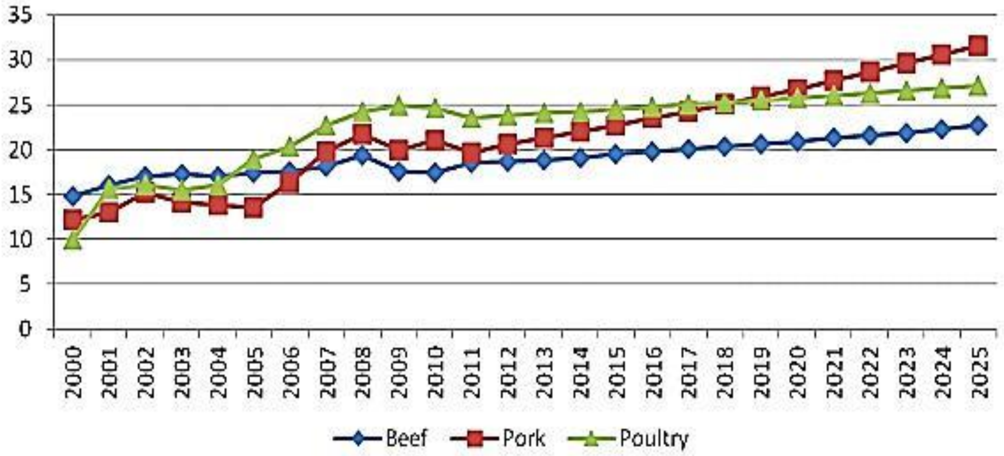
Fig No. 44: *Food consumption per capita (€) & yoy 2014-2019 forecast* (BMI 2015r)



However, with leading players investing more capital in promotional activities and product assortment expansion (particularly for basic products), and prolonged economic depression might influence consumers views on private labels. Overall food consumption it is expected to record +7.1% growth to 2019. The highest expenditure within F&D basket was noted amongst Dairy (+12%) & Meat (+17%) products that showed the biggest average price increase last year. Russia is likely to face shortages of meat and dairy products in 2016 due to import restrictions, according to a report by the country's National Accounts Chamber. The report claimed Russian consumers are unhappy as they have lost the ability to buy quality imported products, and are not willing to switch to Russian alternatives (Vorotnikov 2015)

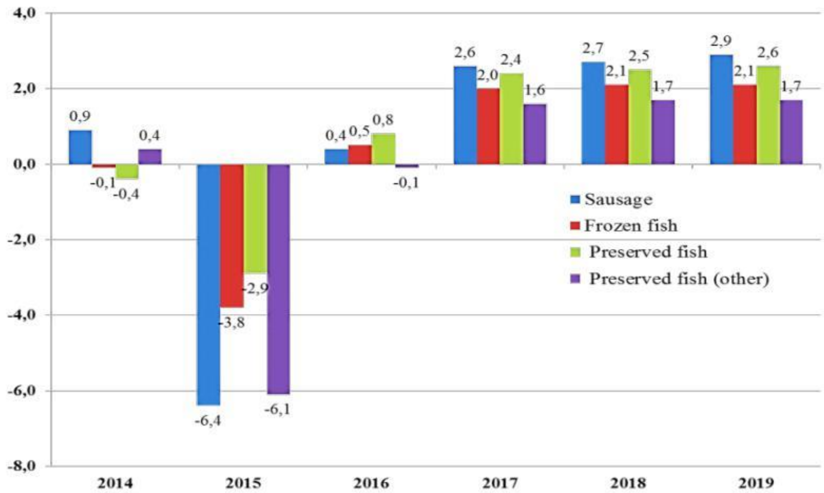
Meat & Fish. Per capita consumption is projected to increase for all meats in Russia influenced by projected income growth, higher demand and a focus on self-sufficiency in meat production (BMI 2015r). Due to lower prices, currently the purchase of poultry is higher (20kg in 2010), however, over the next period, per capita consumption of pork is projected to exceed poultry consumption.

Fig No. 45: *Meat consumption kg/capita to 2025* (Salputra et al 2013, p. 27)



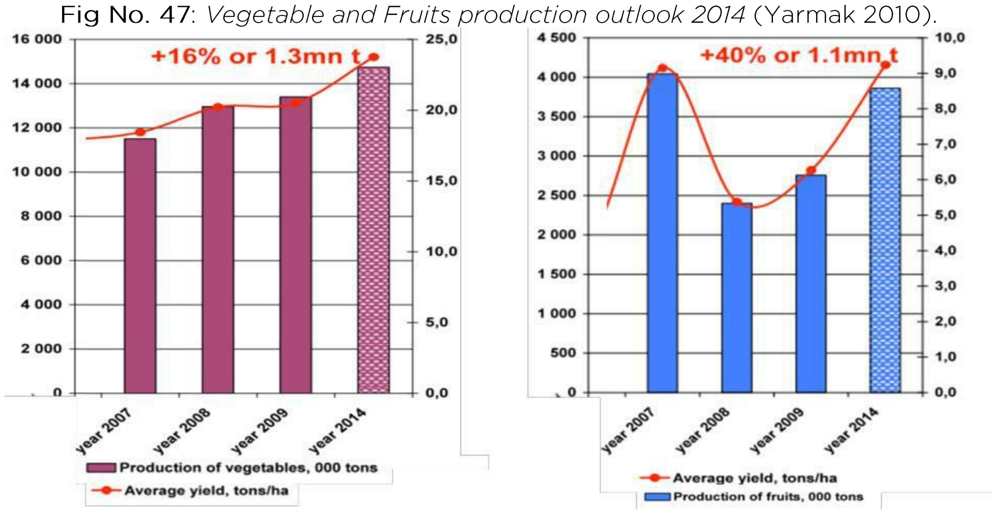
Overall per capita consumption of meat, particularly beef (15kg in 2010), is half of that recorded in US. According to Vorotnikov (2015a) in 2014 "the volume demand for canned meat products (€29mn) rose by nearly 4%, expected to grow by 10% in 2015. As we can see in the figure () the sales in tones, % yoy for sausage (20kg/capita by 2019), frozen fish (25.6kg/capita by 2019), preserved fish and other are expected to pick up in 2017.

Fig No. 46: *Meat & Fish sales in tons % (yoy) to 2019* (BMI 2015)



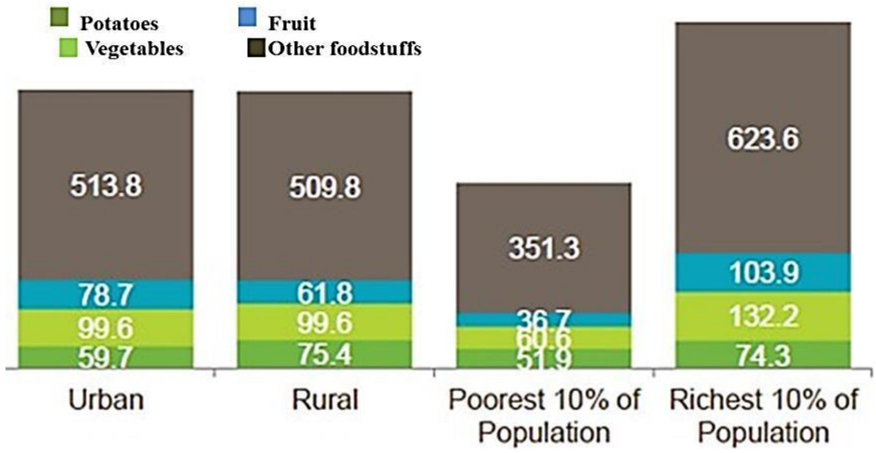
Vegetable. In 2014, Russia produced 15 million metric tons (MMT) of fresh vegetables which covered around 86% of total domestic consumption needs. According to Hansen (2015c, p. 1) "the import restriction, in combination with a depreciating ruble, resulted in a 43% price increase for fruits and vegetables in February 2015". Thus, EU exports of "cauliflower and broccoli were down by 61%, heads lettuce -47%, cabbage – 29%, eggplants -28%, tomatoes and bell peppers - 21%" and were replace by domestic produce and imports form non-EU countries (Hansen 2015c, pp. 4-5).

Fig No. 47: *Vegetable and Fruits production outlook 2014* (Yarmak 2010).



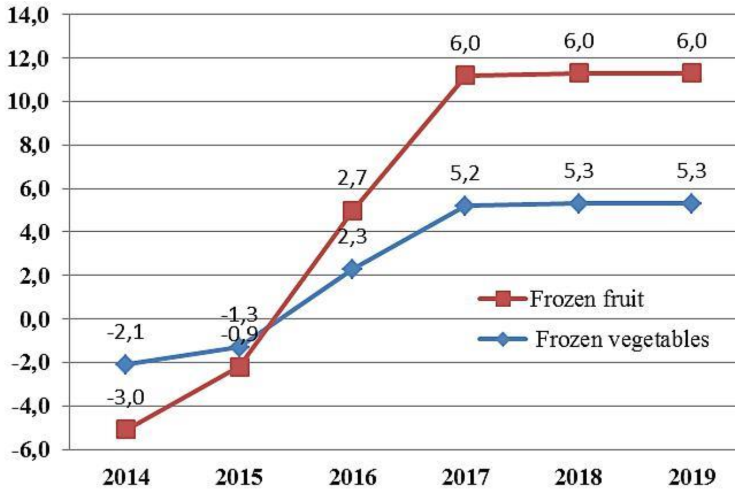
The most popular vegetables for Russian consumers are cabbage (21% of total vegetables volume), tomatoes (34%), onions (15 %), carrots (11%), cucumbers (10%), cabbage (9%), pepper (7%), beets (6%) pumpkin (4%), based on USDA's (2015d, p.10) data review of Russia's domestic production and import data (EC 2014; Hansen 2015c, p.13).

Fig No. 48: *2012 Annual consumption/capita by socio-demographic factors* (Slot 2014)



Higher income Russians consume more fresh produce than lower income ones, "richer Russians consume up to 50% more potatoes; more than twice as much as other vegetables and almost three times more fruit than poorer Russians" (Slot 2014). Consumption of frozen fruits and vegetables is also expected to increase in coming years especially for fruits.

Fig No. 49: *Frozen fruits and vegetable sales growth % tons (yoy)* (BMI 2015r)

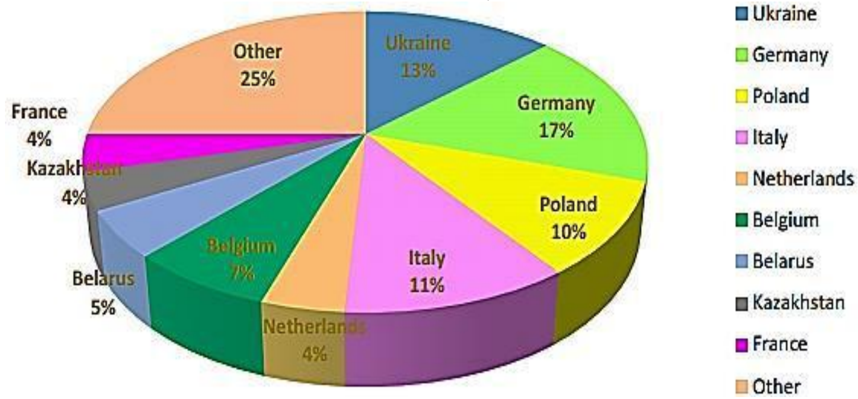


Confectionery. According to McCormack (2014), "Russia continues to remain the second largest confectionery market globally", with 6kg/capita (65% spent on chocolate and chocolate based product), women make up about 57.1% of consumers of confectionery by volume, while men account for 42.9%" (Flanders Investment & Trade – Moscow 2015). Strong indigenous chocolate producers such as Krasnie Oktyabr retaining popularity, however increasing incomes will lead to increasing demand for premiumization, innovative brands, artisanal style products, different flavors and experimentation within the category which will create entrance opportunities for foreign-based producers. Convenience stores account for the greatest share of confectionery bought in Russia (46% of the market), followed by hypermarkets and supermarkets (29%) and department stores (11%) (McCormack 2014).

The sales volumes in tons for sweet biscuits sales is expected to grow +2.7% (CAGR yoy by 2019), for Jams/jellies +5.6% (CAGR yoy by 2019), crispbreads +5.6% (CAGR yoy by 2019), while other bread based product is expected to decline by - 4.1% (CAGR yoy by 2019) (BMI 2015r). In 2014, the import of confectionery to Russia was reduced almost by 25% in volume against 2013, the largest foreign supplier of confectionery was Germany with 17% of import value (Flanders

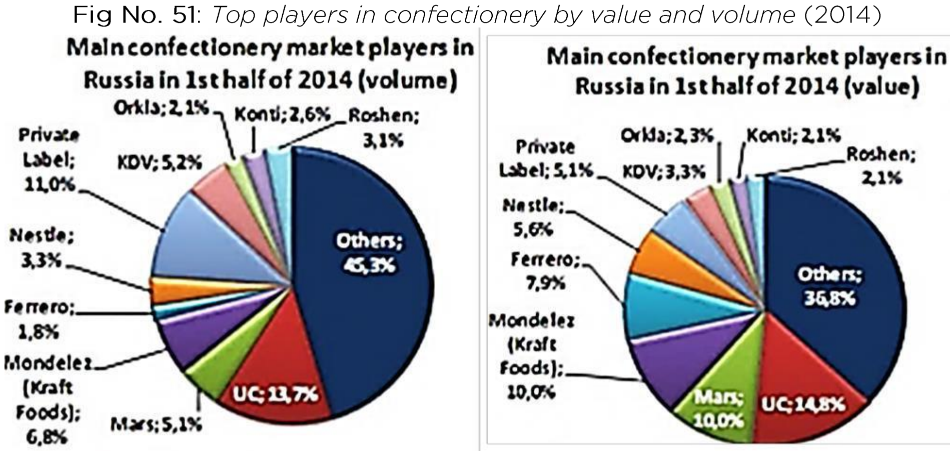
Investment & Trade – Moscow 2015, pp. 5-10)."The maximum increase of prices was registered in the most expensive categories: chocolate and chocolate sweets (by 13% during 2014)" (Flanders Investment & Trade – Moscow 2015, p. 15).

Fig No. 50: *Confectionery import structure by value (2014)* (Flanders Investment & Trade - Moscow 2015. p. 13).



Key players in the market by value in 2014 were UC with 14.8% of the market, followed by Mars and Mendelez both with 10%, Ferrero with 7.9 and Nestle with 5.6%. Private labels are also picking up, in 2014 private labels accounted for 5.1%, however this might be influenced by the ban on imports of some vital production ingredients "for chocolate, for example, almonds, may lead to less significant assortment sophistication, which might restrain the development of chocolate confectionery" (Euromonitor 2014r).

Fig No. 51: *Top players in confectionery by value and volume* (2014)



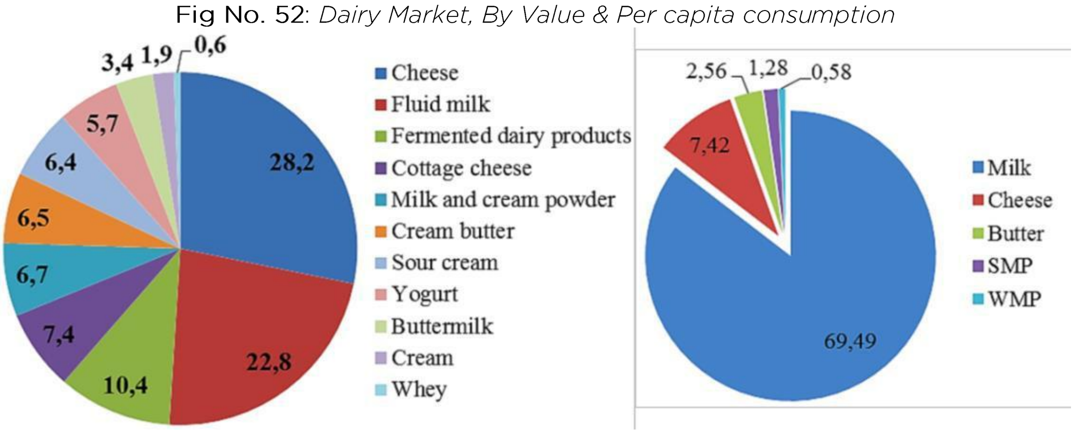
Dairy. The increasing demand for dairy product is a consequence of healthier lifestyles, interest in natural foods, and promotion of functional and new/innovative dairy products (including kefir and baby food). Hansen & Maksimenko (2013, p.9) citing "a survey by the PIR Food Company", indicate that the Russian customers consider the following factors when buying the dairy products:

- 43% good for health
- 37% taste qualities
- 13% habit
- 8% price
- 4% convenience

Drinking milk products in Russia continued with positive development in 2014, posting a 12% increase in current value sales (+3,2 CAGR % yoy sales tons in 2019). Despite the fact that drinking milk products are very traditional within Russian nutrition, its development is due to constantly appearing new product launches with new sophisticated flavors and solutions (Euromonitor 2014). The strongest brand for this category is Danone with 25% value share in 2014 followed by Wimm-Bill-Dann Produkty Pitania OAO with 22% (Euromonitor 2014).

Despite the saturation of yoghurt and sour milk products in Russia, it still showed healthy current value development in 2014 (+4 CAGR % yoy sales tons by 2019). This is explained by the constant development of new products with sophisticated nonstandard solutions and Russians' willingness to taste them. Increasing health concern in Russia, "the promotion of yoghurt and sour milk products as healthy breakfast or lunch items defines the higher popularity of dairy types of dessert rather than sweet snacks" (Euromonitor 2014).

Fig No. 52: *Dairy Market, By Value & Per capita consumption*



For yoghurt and sour milk market, Danone brands are the most recognized by Russian consumers, in 2014 "Danone's value share of this segment was 18% and 22% for other dairy products, facing strong competition from Wimm-Bill-Dann Pitania which was the second leading player with a value share of 16% in other dairy in 2014" (Euromonitor 2014).

According to Euromonitor (2015) value sales of cheese in Russia increased by 9% in 2014 (+5 CAGR % yoy sales tons by 2019), due also to consumers demand for new and interesting flavors which was provided by "an increasing number of international brands and sophisticated types of cheese". Overall sales/per capita (5kg) are still low compared to Western Europe (9kg), outlining positive prospect for cheese development in Russia. According to Sgarro (2015) consumers increasing health awareness quality coupled with increasing appreciation of quality and taste have increased their appetite for different authentic tastes. "With cheese supply cut almost overnight, grocery stores and restaurants have turned to local producers to satisfy Russia's appetite" but what convinces them to buy a particular product is producer's transparency is, in this sense, the Russian consumer "would rather spend more on something they know and trust" (Sgarro 2015).

Table No. 6: *Russia's 10 main Cheese suppliers in 2014* (tons) (CLAL 2014)

Country	2009	2010	2011	2012	2013	2014	± % on 2013 *
Belarus	119.935	117.130	120.425	133.394	110.742	130.709	+18,03%
Netherlands	16.427	24.509	29.138	35.972	57.565	24.953	-56,65%
Lithuania	29.420	29.174	34.362	39.402	34.829	22.639	-35,00%
Finland	25.524	31.731	34.027	32.150	37.076	21.867	-41,02%
Argentina	5.042	6.544	7.414	8.268	7.372	18.562	+152%
Poland	6.321	14.173	12.121	21.897	29.345	17.905	-38,98%
Denmark	7.523	6.889	8.077	10.602	18.787	14.989	-20,22%
Germany	49.692	83.007	66.173	72.916	40.186	14.153	-64,78%
Ukraine	61.567	66.430	68.978	56.156	50.055	11.334	-77,36%
Serbia	-	-	442	3.646	5.055	7.453	+47,44%

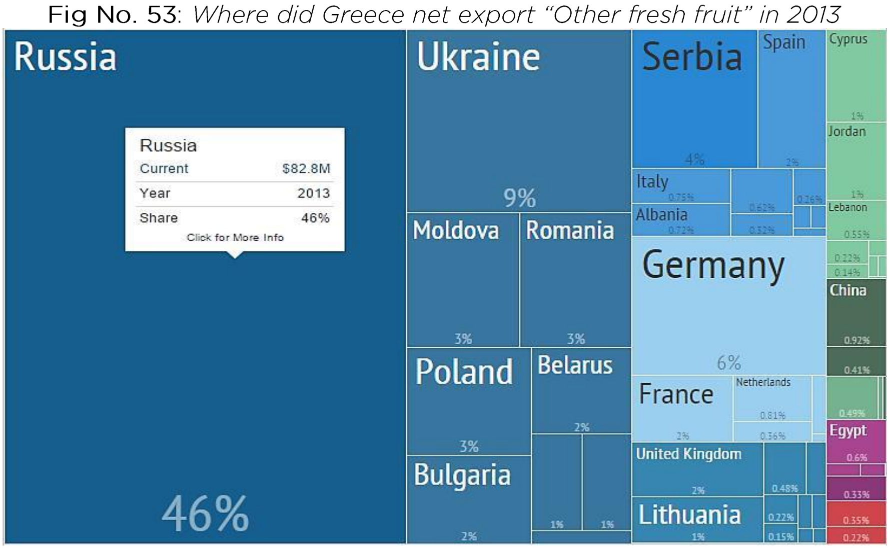
The leading domestic actor in this segment is "Valio St Petersburg ZAO accounting for 9% of 2014 value sales" expected to maintain its position due to its "diversified brand portfolio (e.g. lactose-free cheese), convenient packaging, effective marketing promotions, high quality and high trust in its brands" (Hansen & Maksimenko 2013, p. 13). "What is more, the product is perceived as healthy nutrition and thus will continue its development along with rising health concern (Euromonitor 2014).

Despite the ban of argi-food imports, according to Maler (2015), Russia "remained the 3rd most significant importer of EU from August-November 2014" (€ 2.712bn), imports which in 2013 accounted for 40% of Russia's domestic consumption (Liefert & Liefert n.d.). EU exports of dairy products in Russia in 2014 accounted for €2.8bn, with €2bn from imports of curd and cheese (Khan 2015), being also "the 3rd largest global importer" of fruits and vegetables (30% for EU) (USDA 2015d, p. 2).

Russia is the world's second largest **tea** market in terms of both value and volume sales, and the drink has a long-established status as a national drink, similar to the UK. Although demand for coffee has increased in recent years, the tea industry has benefited from consumers switching to more expensive, premium products.

"Overall EU agri-food exports to Russia between August 2014 and July 2015 decreased from € 11bn to € 6.3bn (-43 %)" (EC 2015). According to Mulderji (2015) Russia's imports went down by 27 % in the first quarter of 2015, and imported products were replaced by domestic produce, however "households spend the same amount on imported products, but they are buying lower numbers". Countries such as Turkey benefited the most from Russia's boycott on EU imports, for example in the last quarter of 2014, "almost 140,000 tons of Turkish fruit and vegetables were shipped to Russia, up 25% yoy" (especially for soft fruit, grapes, lemons, oranges and cucumbers). Other countries that have considerably increased their exports to Russia are: China (+10%), Belarus (+35% especially for apples, tomatoes, pears, carrots and head cabbage), Serbia (+36%), Argentina (+68%), Macedonia (+228%) and other neighboring countries (USDA 2015d, p.3; Mulderji 2015; Boon 2015).

Fig No. 53: *Where did Greece net export "Other fresh fruit" in 2013*



According to International Trade Center (2015) in 2014, Russia was the second most important importer of Greek fruits amounting for: $94,543mn (8.6%), which in 2013 make up almost 50% of Greece's fruits exports; $29.6mn for 'Vegetable/fruit preparations'. During the same period, Russia imported also about 4% of Greek export of specific spices (e.g.: ginger, saffron, turmeric, thyme, bay leaves) (World Richest Countries 2015; The Atlas 2015).

Fig No. 54: *The Greco-Russian fruit trade 2013* (Karaian 2015)

Russia "amounted to $474.2mn or 1.3% of Greece's its overall exports" in 2014. Before the food ban, Greek overall agricultural exports to Russia made up 41% (€200mn annually) of all Greek exports to Russia (Esipova & Ray 2015). Greece was "the largest supplier to the Russian market strawberries, oranges, peaches, grapes, kiwi and seafood" (ZIC 2015).

Russia foodservice overview

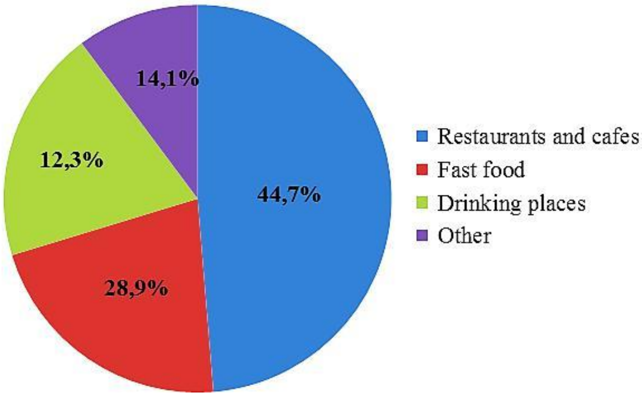
The foodservice market in the regions of Russia is still relatively underdeveloped and has strong potential for further growth. The Russian restaurant market can be broken down into the following segments:

- Fine-Dining/Full-Service Restaurants: higher priced/exclusive outlets;
- Casual-Dining Restaurants: affordable, family dining outlets;
- Quick and Casual Restaurants, which include coffee shops
- Fast-food/Quick Service Restaurant (QSR), which is divided into two separate segments: Stationary fast-food and street/mobile fast food (kiosks, stalls, etc.)

According to Robin & Hansen (2014, p. 4), the number of foodservice outlets in 2014 are about 88,000 and almost 88% of outlets are independent (non-chain) cafes and restaurants, with 370 restaurant chains operating in Russia, each of which manages between 3 - 900 outlets. Total number of chained restaurant currently is about 11000 outlets. Franchising and sub-franchising has become a very popular tool for multinational and local players in Russia (because of the lower level of investment, since the materials required for the setting up of outlets and apparatus are often included as part of the franchise agreement, cutting expenses and bringing about profits more quickly).

The Russian restaurants industry has experienced strong, double digit growth in recent years with total sales of €30.52bn in 2014 (12.5% CAGR). The restaurants and cafes segment was the industry's most lucrative in 2014, with total sales of €14.84bn (48.7% of the industry's overall value), followed by drinking places with €6.57bn (21.6%), fast food €5.92bn (19.5%) and others with €3.10bn (10.2%) (MarketLine 2015). NPD (2014) reports that in 2014 visits to major restaurant chains increased by 9% (4% traffic increase in independent restaurant), driven by young consumers, mainly 18–24 year-olds consumers loyal to the chains because of their consistency in food quality and service.

Fig No. 55: *Russian Foodservice by % value category segmentation 2014*



Moscow and St Petersburg are the two largest restaurant cities in the country, with over half of all consumer foodservice chain outlets located there. Most businesses prefer buying whole foods that are later prepared on site for sale. Although they are interested in innovative and quality products, they also are sensitive to the price (New Zeeland T&E n.d.). With foreign tourism arrivals are increasing with annual estimated arrival figures of around 25 million in 2012, Russia's hospitality market is facing dynamic growth in its catering segment, particularly in Moscow, which has over 60% of the market. The lunch catering business in Moscow was estimated at around €113mn in 2012 (New Zeeland T&E n.d.). However in in Moscow and St. Petersburg, the operational costs are high and the market is highly saturated, forcing the main players to consider regional expansion in order to sustain their share.

A loyal customer base among young Russians is a key factor in foodservice chain growth. In addition, young Russians are open to global foodservice trends and are showing growing universal food offerings and less-familiar ethnic cuisines. Chains now represent over 65%t of all commercial foodservice visits in Russia, and dominate the quick service/fast food and coffee shop segments. Chains represent 85% of fast food visits and 70% of coffee shop traffic. In the full service segment, however, independents hold greater traffic share than chains (NPD 2014). The performance of the industry is forecast to decelerate, with an anticipated CAGR of 8.8% to 2019, which is expected to drive the industry to a value of $49.5bn by the end of 2019 (MarketLine 2015).

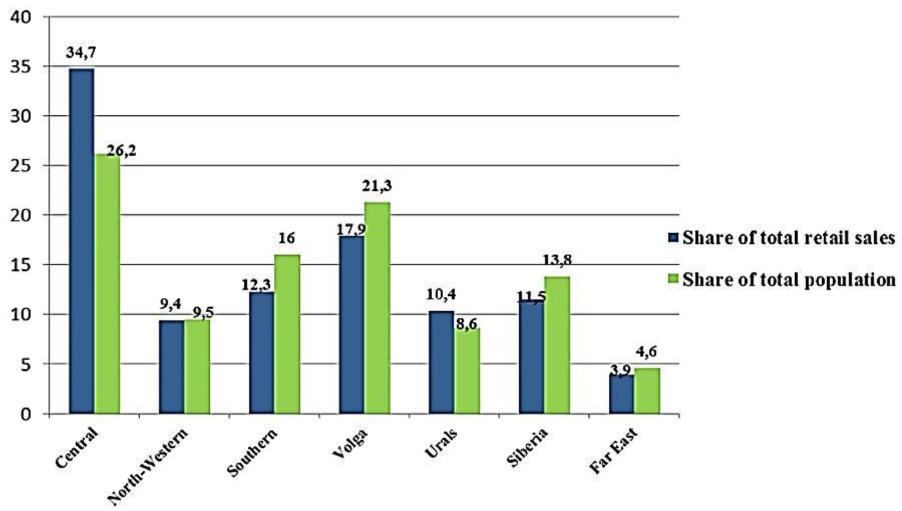
MGR Market Overview

Russia remains a complicated market in terms of regulatory environment, financial structure, and in terms of its market size and diversity, with a challenging environment, where big players are much better positioned to thrive than smaller chains and stand-alone stores, as they have gained the size and reach that poses as key ingredients for their success. “Their economies of scales and lower distribution costs enable them to offer cheaper goods which are likely to prove a tempting proposition for Russian consumers looking for value for money in tough economic times” (Moreau 2015). According to D’Auria & Moreau (2015), thought Russia is not “an obvious investment target, it is an opportune moment to take a strategic look particularly at the retail sector”, where exporter and investors ca “benefit from structural change during current economic and political uncertainties, as well as in the long run when the conflict will be ultimately resolved” (Moreau 2015).

On the other hand, the strong competition from established local players and high concentration in urban areas could pose as significant barriers to entry this market (USDA 2015d, p. 3). More so since in less developed regions, consumers’ habits and income levels are overall far behind from Western European and even some of the Central and Eastern European countries. This means that geographically distribution of sales in Russian FMCG retail sector is quite spotty, with almost 50% of retail sales were provided by Central region and Volga in 2013. The Central district (which includes Moscow) “is most populous region in Russia and the largest retail market in the country accounting for over 34% of sales, accommodating both leading domestic operators as well as foreign retailers seeking to establish their presence in Russia" (Hansen 2014, p. 5).

As "most of the residents are based in the cities", from a logistic point of view, it would also be easier for exporters and retailers to focus on the urban population (BMI 2015). At the same time, for instance Siberia accounts for close to 80% of Russia's land territory and about 25% of its population, and it is likely to become increasingly important to companies as incomes rise over the coming years.

Fig No. 56: *Retail sales by region (population)* (PMR Publications 2012)



Unlike in other countries, where intense competition have resulted in price wars, driving down profitability, "in Russia these pressures are kept in check because the country's vast geography and harsh climate represent significant logistical barriers to entry. Western food retailers have largely decided to stay away. Though highly profitable, the challenging business environment, economic sanctions and their unfamiliarity with the local market have persuaded potential entrants not to target Russia" (Moreau 2015).

Table No. 7: *Russia's Top Food Retailers 2012* (BMI 2015)

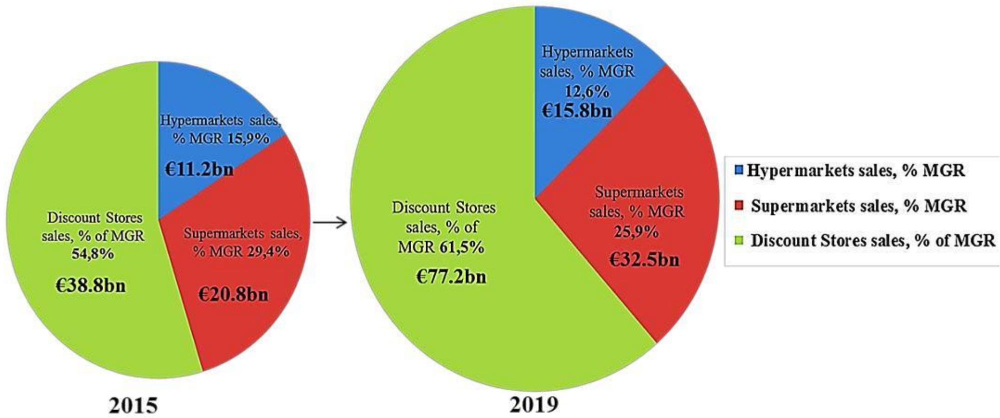
Company	% Market Share In Top 10	% Market Share Overall
X5	25.3	5.6
Magnit	22.8	5.1
Auchan	13.4	3.0
Metro	9.9	2.2
Dixy	7.6	1.7
O'Key	6.0	1.3
Lenta	5.2	1.2

The exponential growth of Russia's MGR industry with around 18,000 stores is one of the most promising in Europe (+16.5% CAGR to 2019), with leading players such as Magnit and X5 Retail Group recording over 40% growth (BMI 2015r). Overall the top 10 industry players account for about 50% market share of total retail grocery.

Contrary to the pessimistic expectations sparked by the Western sanctions, the Russian MGR market is set to become increasingly dynamic over the next years. For example, Magnit plans to open almost 1,300 new units in 2015 alone (mostly convenience store, which will allow the company to penetrate more remote and under-saturated regions). Magnit's strong market position, the scale of its business and its low-cost model will allow it to strengthen its market position further, despite the weak state of the wider economy. Its capital expenditure/sales ratio was 7.3% in its most recent financial year, which was much higher than the 4.45% and 3.5% at local retailers X5 and Dixy (BMI 2015r).

By 2019, the discount segment is expected to be the strongest grower, posting a five-year CAGR of 20.0% (CAGR to 2019). It is widely established in Russia and is expected to play a pivotal role in the transition from independent to organized retail over the next decade. Supermarket (+13% CAGR to 2019) and hypermarket sales are also expected to continue growing strongly over the period to especially in urban regions, influenced by the growing newly affluent population, whose diversified needs these chains seek to cater to. X5 will also expand its *Pyaterochka* network by at least 170 stores by 2016, followed by Lenta with 40 new stores. The other notable Russian retailers include Dixy with 1875 retail units, Monetka (623) and RegionMart (166).

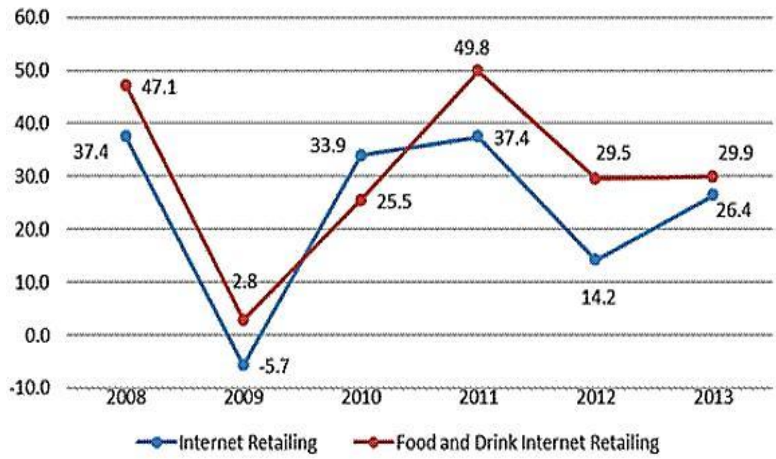
Fig No. 57: *Projected share of sales revenues by channel (bn. €) 2015/19* (BMI 2015)



Largely a fragmented market, the presence of foreign retail conglomerates thought concentrated mostly in Moscow, St. Petersburg and other large cities, has brought dynamism to a Russian retail market. The MGR sector is seeing more openings in 2015 than in the previous year despite the clear effects of foreign sanctions, weaker economy and buying power. Dutch retailer SPAR plans to build 45 stores in the Moscow region in cooperation with Azbuka Vkusa, Austrian Billa (95 stores), German Metro (73) and French Auchan (25) are other notable foreign players in country's MGR market. The expansion of leading players in rural areas (where a quarter of the Russian population still relies mostly on the traditional, family-owned retail) is expected to drive positive developments in the sector with long term effect.

Online retailing could be an interesting opportunity for foreign player, as the sector is rapidly expanding with growth figures of 20 to 40% in the last couple of years (57.3% of the Russian population was regular Internet users in 2013 mostly under 35 years old) (RT 2015). Hansen (2014, p. 27) citing Euromonitor data, note that in 2013, "internet sales in Russia grew 26.4%" (€13.81bn), with 30% growth in online buyers, "70% of which are located outside Moscow". Overall internet sales turnover grow in 2014 was estimated at 21% (10% of GDP). However, significant annual growth of F&D internet sales in recent years shows that online grocery retailing has great potential. In 2013, online grocery market in Russia was worth €427mn (3.1% of total internet sales), and is expected to rising to €36bn in 2018 (Hansen 2014, p.28).

Fig No. 58: *Internet Sales % (yoy) 2008-2013* (Hansen 2014, p. 24)



At the same time, the online grocery retail market will see a divergence of powers favoring larger players who can take advantage of their developed infrastructure and economy of scale and compete directly with other retailers. Moreover, the complicated customs procedures, inefficient postal service and consumers distrust in e-payments have prevented foreign retailers, from entering the market, which led to the emergence of current domestic leaders such as Utkonos. Online retailing is an attractive market for domestic store-based grocery retailer which could be hard competitors in this segment. Another major obstacle is also the "30% tax levy being considered by the Russian state on all goods valued at over €200 imported by foreign online retailers, which the government announced in early 2014" (Hansen 2014, p. 29).

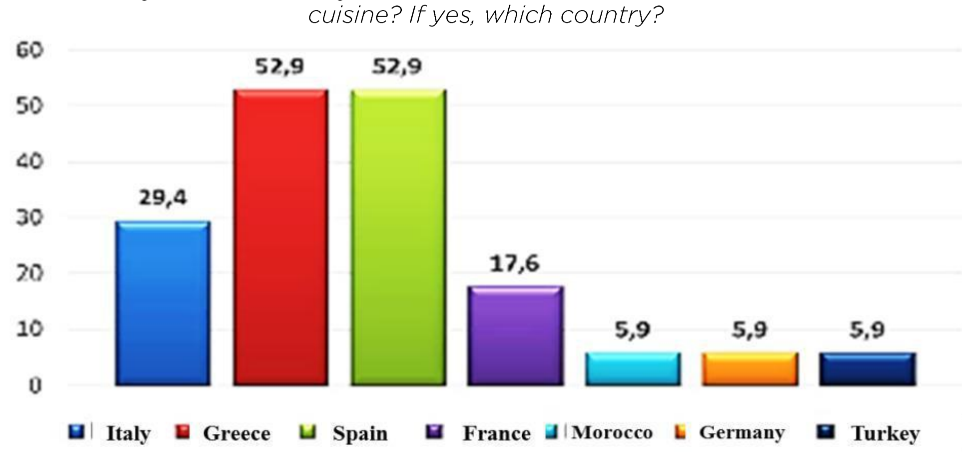
Google Trends Russia

In regards to Russia, thought the GT findings are limited, it is clear the MD, in the mind of Russian consumers is associated with Greece, indicated by the rising interest over time for "Greek Mediterranean diet", possibly promoted by growing popularity of Greece as a touristic destination among Russians, and their familiarity with Greek sociocultural habits and products.

Fig No. 59: *Top and Rising MD Related searches – Russia*

However, according to Subbotina (2014) when it if comes to Mediterranean cuisines, Russian consumers have a varied interest in the culinary differences among those countries associated with MD such as "Greece, Spain and Italy".

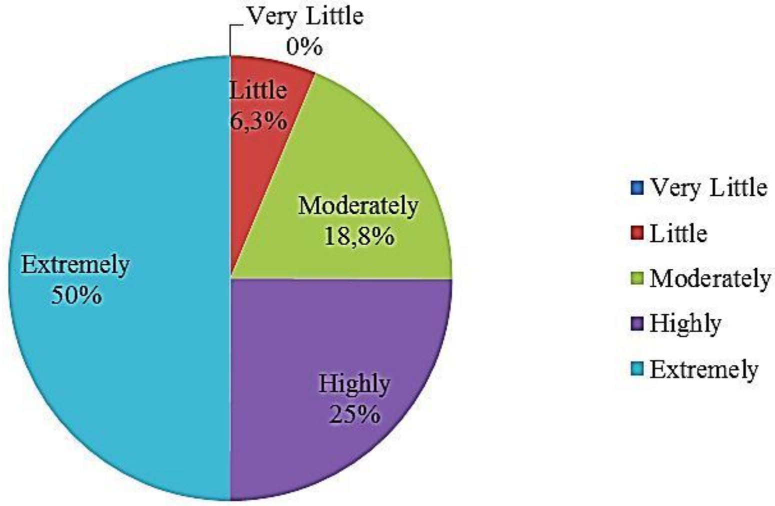
Fig No. 60: *Do you believe that your customers consider Mediterranean diet as a national cuisine? If yes, which country?*



These findings are also supported by the findings of our primary research (see figure above) with Russian industry actors which identified MD with Greece (53%) and Spain (53%), followed by Italy (29%) and France (18%) as well as Morocco, Turkey and Germany.

Moreover when asked if the aware of MD 100% of industry actors replied positively, and as we can see in the figure below the 75% of respondents indicated that the general public has high and very high levels of knowledge regarding MD.

Fig No.61: *How widespread do you think that knowledge regarding MD is spread among the general public?*

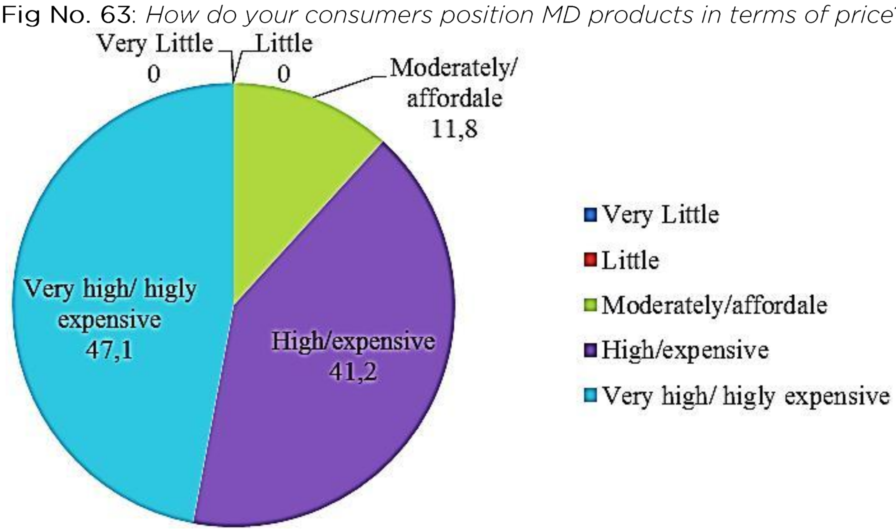


When introducing the Russian translation of MD ("***Средиземноморская диета***"), we have a fuller picture regarding MD, with a relatively high interest in MD in 2014 and the first quarters of 2015 (See figure), especially in Saint Petersburg and Moscow two of Russia's cosmopolitan hubs. Though there is not enough data to perform a deeper Google Trends research for this country, the information available shows relatively stable interest over 2013 to 2015 in *Greek food* used as translated "***Греческая кухня***".

Fig No. 62: *Interest over time: MD & Greek food (Russia)*

The popularity of MD and Greek food (associated with Mediterranean cuisines) appears to be more prominent in Moscow and Saint Petersburg, which is not surprising given that those cities are cosmopolitan hubs where most of the economic and socio-cultural transactions take place. At the same time, as previously mentioned above in this section, urban regions are the most affluent in the country, with the highest purchasing power and higher flow of information (e.g. internet use) compared to the rural Russia. Similar views were shared by the Russian industry actors we interviewed - with 88% of respondents considered that their consumers see Mediterranean diet products as expensive and very/too expensive, only 11.8% of respondents considered MD products affordable (moderately priced), and none of the respondents considers MD cheap or very cheap.

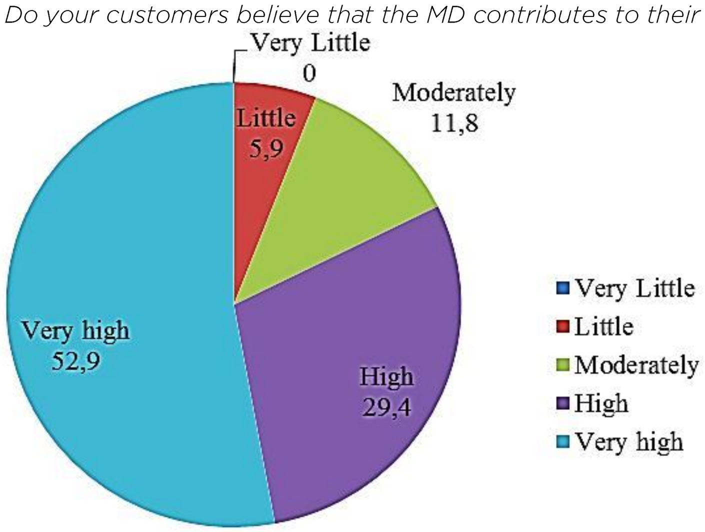
Fig No. 63: *How do your consumers position MD products in terms of price*?



An overview of the indicated news headlines, present the MD food categories and guidelines associated with "higher quality of life in terms of physical and mental health" (Subbotina 2013). Other associated benefits of MD discussed in Russian new media, indicated a wide interest in MD as maintenance of "genetic youth" among the older consumers and the reduced obesity rated among teenagers and children (UNIAN 2014, Subbotina 2014).

Our primary research confirm these findings with 82.3% of respondents (industry actors sample comprised – 7.1% restaurants, 23.5% Fast Food, 11,8% Pastry and Super Markets, 5.9% Delicatessen) indicating that their consumer believe that MD contributed to the wellbeing, 94.2% (82.4% very high, and 11.8% high) also believe that their consumers associate MD. Moreover 8 out of 10 respondents (82.4%) answered that their consumers associate MD with a healthy and promotes a balanced diet (68.8% of respondents also think their consumers associate MD with longevity).

Fig No. 64: *Do your customers believe that the MD contributes to their well-being*?



According to Miller & Suwannakij (2015) olive oil an MD staple, which until recently was considered an 'elite product' in Russia, is now becoming more readily available. Due to a shift in consumer interests towards cheaper options such as Greek olive oil (usually sold at a price of €6661/metric ton), promoted by an almost doubled growth of olive oil prices coming from Italy (Nikolouli 2014; Olive Oil Market 2013). To take advantage of this opportunity, Greek exporter should consider promotional campaigns in supermarkets, food exhibitions and cooking shows, as well as organizes tours to producers which "have become very popular among Russian officials, business representatives and journalists" (Miller & Suwannakij 2015).

One good example can be the "BOURGES[6]" a Spanish based multinational company, who offers Russian consumers a varied range of 'Mediterranean' products closely related with MD food groups, from olive oil, nuts and seeds to sauces and dressings, and fresh salad mixes, some of which bear the MD "***Средиземноморская диета***" denomination.

6 http://borgesrussia.com/

This company goes beyond selling the traditional MD products, presenting also tips and recipes, nutritional advices and communication with consumers through other channels (e.g. blog, YouTube[7]). Another noteworthy aspect is the focus on innovation through packaging (e.g. double cap as “the best way of serving olive oil”) and food products clearly aimed at those consumers looking for healthy premium products and snacks.

Considering the growth of Russian middle classes, MC products and dishes could gain popularity, as these consumers are looking for distinction through their food consumption.

Market entry consideration

Urbanization rate is expected to increase slightly from 74.5% to 75.3% during our forecast period. Having in mind stark differences in spending patterns between urban and rural areas in Russia, retailers can expect increasingly Western European consumer behavior in the country's retail market. Well-established brands, ecological products and new innovations have highly positive prospects. Russia has 12 urban areas with populations more than 1mn; long-term urbanization trends will extend the urban share of total population for these urban regions by 2019. Moscow remains the key city in diversification and growth of Russia's retail sector. First, as Europe's largest city with the population of almost 12mn and secondly the home to the country's richest people, which fuels the sales of consume high-end items. Meanwhile, the city's upper middle class will be more cautious. Middle-class households are likely to not cut spending completely but a shift in their spending patterns can be expected (BMI 2015r).

The expansion of leading retailers such as Magnit and X5, in mid-sized urban areas solves the possible logistical challenges and minimizes demographic risks. Mid-sized cities, meanwhile, have a more stable population outlook and little exposure to modern retail. On the other hand, there are vast regional differences throughout

7 https://www.youtube.com/user/CanalBorges/feed

Russia, so a ‘one market’ entry strategy is unlikely to be successful in multiple areas. It is important to focus on one region or city, and it is imperative that exporters conduct market research on the product's prospects in terms of preferences, incomes, competition, and sales channels before entry (New Zeeland T&E n.d.).

A prospective entrant is advised to estimate beforehand the prospects of the market for their product with respect to regulations and tariffs, consumer preferences and incomes, local competition and sales channels (marketing research is highly indicated). One challenge to exporters entering the Russian market is product promotion. Marketing and advertising is important for product success in Russia since consumers are becoming more brand conscious and are choosing Western brands over traditional brands. Collaboration with a local business partner in product and brand promotions is advisable. The use of local media agencies, advertisements in magazines are good venues. A cost-effective alternative might be the participation in World Food Moscow trade show (held annually in September) and regional food exhibitions aimed at local consumers and retail food chains

Distribution Channels

According to Hansen (2014, pp. 20-31), another important consideration is “selecting the right local trade partner”, because there are more familiar with market conditions and the regulatory environment and this can “significantly expands business opportunities, and minimizes the need to establish direct contact with multiple retail chains”. Moreover, when choosing a local company it is important not only its reputation, but also its experience in working with foreign suppliers, customs clearance, good storage facilities and a developed distribution network.

Russia's business environment is complex with a high level of bureaucracy and occurrence of corruption. Therefore, working and maintaining good personal contact with a reliable local business partner is highly recommended. Although the performance of due diligence and credit checks are recommended, these may be difficult to do due to limited information and transparency issues. Partnerships are a better option compared with joint ventures. In terms of distribution, some companies have used multiple distributors to target multiple regions (New Zeeland T&E n.d.).

Despite its vast size, Russia has developed large road and railway networks which serve the key transport routes in the west and south of the country. It also benefits from the longest network of inland waterways in the world, and strong international maritime and air trade connections. Consequently, Russia is placed highly in the region for the Extent of the Transport Network, ranked ninth with a score of 68.4 out of 100. However, the quality of roads, airports and seaports continues to lag behind its regional peers, causing disruption to supply chains. The country is therefore placed 17th (with a score of 52.4 out of 100) out of 29 Emerging Europe states for the Quality of the Transport Network (BMI 2015r). Imported food products for Russian retail chains and food service establishments come through importers, distributors, and wholesalers (large suppliers are importers). Most consumer-oriented food and beverage products enter through St. Petersburg or Moscow for customs clearance.

Industry Risk/Reward Index

Russia ranks second in BMI's Q415 Food & Drink Risk/Reward Index for Central and Eastern Europe despite ongoing economic challenges, due to the size of its population and outstanding long-term growth opportunity in Central and Eastern Europe. Russia's particularly strong industry rewards score (65.00) reflects room for strong growth across key indicators such as per capita food consumption. Although Russia does not score as well in terms of risk when compared to other Central European economies (e.g. Czech Republic), these markets do not come close to matching Russia's rewards profile. With a score of 60.72 (out of 100) Russia occupies the first position in BMI's (2015) Retail Risk/Reward Index. If the current geopolitical and economic situation extends further, the overall economy, including the retail market, will experience detrimental effects, which could not be removed by the end of the forecast period in 2019.

Industry Rewards

Russia's status as the largest retail market in the CEE remains undisputed scoring 50.00 for industry rewards. While tapping into the whole population may not be logistically easy for the retailers, with urbanization rate of 74% indicates that retailers can largely concentrate their operations in large and mid-sized urban areas. Russia's ageing population (low pension levels) might pose future challenges for retailers operating in the country, as the 21+ population is forecast to see an average 0.6% drop in size through to 2019, with -1.9%/annum for consumer aged 20-39 1.9%, being the biggest spenders and market shapers, their decline will have a negative long-term effect on the retail market (-0.5%/annum for consumers aged between 40-64) (BMI 2015r). Overall BMI (2015r) score Russia's country rewards at 80.00.

Industry and Country Risks

Due to a worsening economic situation, Russia's overall risks score stands at a low 50.73 (15th position in the region), with country-specific risks are becoming a major concern for most retailers (BMI 2015r). According to BMI (2015r) "the regulatory environment and barriers to entry, two key pillars of this category, are mediocre in the country. Russia is plagued by corruption and unpredictability of law enforcement continues to discourage foreign retailers". The political environment is relatively stable and infrastructure is sufficient for widespread retail activities (including online retail), which influences Russia's country risk score of 51.21.

Challenges

Tight regulations, consumer habits and corruption limit the operations of Western retail chains. Increasing anti-Western sentiment means the situation is unlikely to change in the near future. Amendments to the Russian Federal Law on trade, aimed at creating transparency and boosting competition in the retail sector, will have harsh consequences for retailers (fines for regulation violation of €30,000-76,000).

According to Bullion (2015)Though import demand will continue to rise, moving into this market may largely depend on Russia's "foreign policy pronouncements" as the current government gains in popularity stirring "animosity against the actions of the West, and the siege economy mentality seem to be working so far", change is hard to predict but night not be surprising if food prices continue to escalate and economic conditions worsen even further" as the agri-food imports are set to continue in 2015 (Hutchison & Maler 2015; ZIC 2015).

Russia SWOT (Adapted from BMI 2015r).

Strengths	Weaknesses
" One of the largest emerging retail market with a population of over 142mn " Urban concentration of High and Middle classes, with existing demand for premium products. " Westernized tastes in urban areas with	" Smaller annual income levels compared to EU average, as only 1/4 of households earn more than €9.290. " "Made in Russia" food products are preferred over imported goods outside Moscow and St. Petersburg.

increasing demand for food products to express the population's cultural heterogeneity; allowing also for effective and consolidated marketing efforts ″ Considerable scope for growth in wider regions. ″ The supermarket and discount segments are particularly well developed.	″ Widespread corruption burdens business development, especially in rural areas. ″ Absence of adequate social policies fails to prevent the decline of population ″ Russia has a very challenging regulatory environment, particularly for foreign companies. ″ Overall spending power in the regions outside Moscow and St Petersburg remains quite low. ″ Slowing economy, a high inflation rate and a volatile currency are huge concerns for consumer goods companies, particularly those domiciled outside Russia. ″ The convenience store segment is underdeveloped ″ Sanctions imposed on a number of Western markets make Russia inaccessible as an export market as things stand.
Opportunities	**Threats**
″ Household incomes and spending are expected to narrow the gap with the EU average in the long run. ″ Increasing appeal of imported goods over the coming years ″ Rural consumer who still relies on traditional groceries will also welcome food offerings variety and accessibility, after the economic and geopolitical situation stabilizes. ″ Retaliatory ban on Western food imports is an opportunity for domestic manufacturers to claim market share ″ Food consumption is expected to grow considerably over the coming years. ″ The ongoing development of the mass grocery retail industry will allow producers to bring products to the market more efficiently. ″ Dairy consumption is expected to grow considerably over the coming years, boosted by strong competition between domestic and multinational companies ″ Steady demand for novel and functional foods, both in terms of domestic and export markets. ″ The Russian government has committed to spending billions on infrastructure over the next 10 years, particularly railroads and highways, which will most likely translate to better logistics for expanding retailers.	″ Prolonged economic isolation could push the country into a long recession affecting the whole retail sector. ″ Further international conflicts could harm the appeal of foreign retail brands in Russia. ″ Considerable sell-off in the ruble over the past year and uncertainty could see the final quarter of 2015 remaining challenging for food and drink companies. ″ Further decline in Russian ruble can significantly reduce the affordability of imported goods to the Russian population ″ The regulatory environment is uncertain and challenging. ″ Russia can be a difficult market for foreign brands to penetrate. As the key gateway markets, Moscow and St Petersburg feature high entry costs, intense competition, a lack of available facilities and rising advertising rates. ″ Despite huge potential, regional markets require substantial upfront investment in infrastructure and facilities.

FRANCE

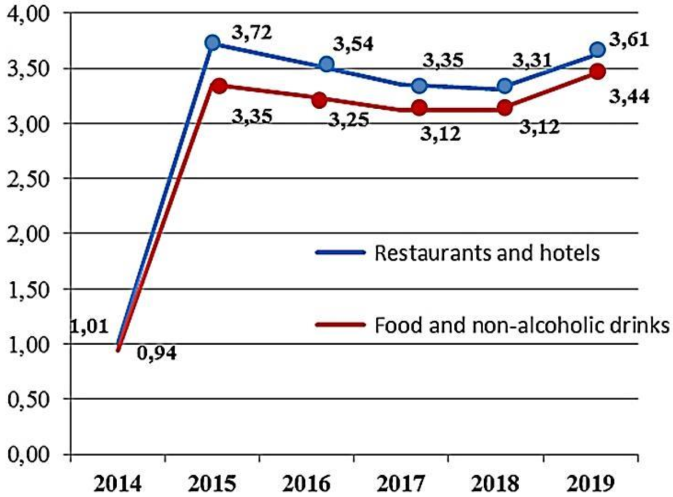
Following 3 years of stagnation, during which headline GDP growth averaged just 0.3%, French economy is poised for moderate consumer-led growth acceleration over the next 2 years (Chang 2015; Inman 2015). Economic growth is projected to rise gradually to 1.3% in 2016 and 1.6% in 2017, with a rise in GDP of 1.3 % in 2015 and 1.4 % in 2016 (OECD 2015). Consumer confidence has also picked up since early 2015 initiated by real wage growth. The importance of the food industry for the economy and the fact that France is one of the few European countries with a growing, young population will leave food consumption growth relatively steady over the coming years (+1.2% CAGR to 2019) (BMI 2015f).

France is the 2nd largest European market, (€205.76bn, forecast to reach €210.36bn, an increase of 1.9% by 2019) with the highest per capita food spending rate in the world (15% of consumers' total spending) (BMI 2015f). Unlike in other countries France's shrinking economy, turned consumers attention towards better quality products, in consequence, FMCG "national brands saw an increase in volume sales of 2% in 2014 (Eales 2015). While private-label decreased by more than 2%", even if promotional activities increased widely accord the sector, "national brands benefited most" (also because they offer wider range of products) (Eales 2015). With "3.7% yoy growth, French retail sales were stronger than Germany, Italy, Spain or the United Kingdom's in August 2015" (Bird 2015).Well-managed click-and-collect services also helped boost in-store sales, as well as services such as home delivery, where sales are typically generated in-store.

France is the second-largest exporter in Europe after its largest trading partner Germany. In particular, France consumes large amounts of imported consumer goods, which are less expensive than products "Made in France." France is one of the world's largest exporters of agricultural products, renowned for its wine, spirits and cheeses (for which the French government provides significant subsidies). Tourism is a key export and France is the most visited country in the world. The largest share of its imports (68% of total) is made from European countries (Focus Economics 2015). According to BMI (2015) research, because of the high sophistication of French consumer's food culture, their expenditure on food products is expected to remain high in the coming year at 1.6% CAGR to 2019, estimated to reach a value of

€1144.5bn compared to €133.3bn in 2014. Per capita consumption is expected to increase by a CAGR of 1.2% in over the period, reaching €2.207.While total volume trade at retail 2015 level is expected to reach €158.7bn (with 2.3% CAGR) by 2019.

Fig No. 65: *France - Food Consumption yoy growth by 2019* (BMI 2015f)

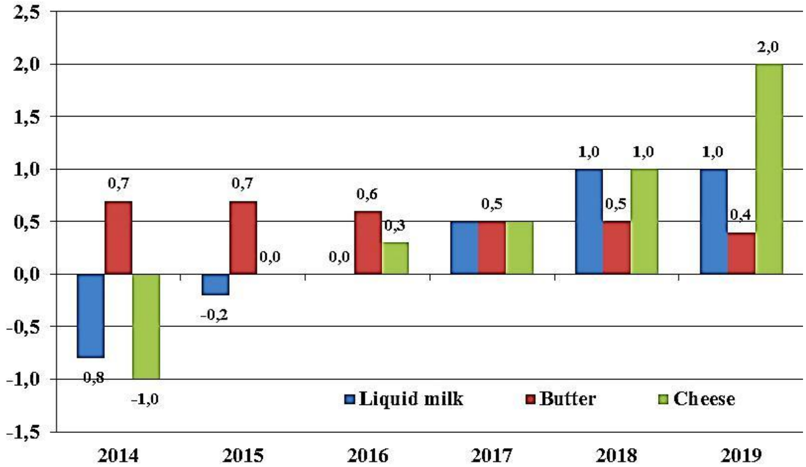


In 2014, "Greece's exports to France amounted to $842.7mn or 2.4% of its overall exports", accounted for $62.3mn (13%) of total (International Trade Center 2015; World Richest Countries 2014). Greece is a very small trading partner for France, representing about "0.5% of French exports, and 0.1% of imports", about €2.8bn annual trade value, fresh and frozen fish, fruits and vegetables (and table olives) accounted for the largest share with €58.69mn and €49.93mn respectively (Michalopoulos & Barbière 2015; Gatopoulos 2015) Meanwhile, French exports of agricultural and food products to Greece for the same year were worth €586.7mn. According to Fresh Plaza (2015) "traditional Greek exportable agricultural products and foodstuffs have little penetration in the French market, with the exception of aquaculture products and processed fruits and vegetables. This is due to the strong competition faced by domestic products and those imported into the French market from third countries".

In the processed fruit and vegetables category, the value of shipments in 2014 amounted to €40mn Euro, while the main fruit processed products were canned peaches (€14mn) and apricots (€6.6mn). In the fruit category, the best results were achieved by kiwis (€3.1mn), and nuts (€3.4mn). While Greek fruits are very competitive in every respect, access to the French market is not easy, as the trade ties between French importers and distributors in Spain and the North African countries are traditionally strong (Fresh Plaza 2015).

Consumption levels of dairy products in France are relatively high, cheese remaining a star category for French consumers (24.0kg/capita in 2014; or 14% of all food expenses), benefiting from the long term traditions of eating cheese after a meal and as a snack (Turley 2014). Even though the category is mature, product innovations (e.g. spreadable cheese) are expected to continue to foster new consumption occasions (e.g. snacks and cooking) and increasing penetration amongst French households (Euromonitor 2014)." A large population of working mothers seeks on-the-go snacks and meal solutions for them and their families" (Food Manufacturing 2014). Part of the value growth will be driven by increases in milk prices, and another part can be attributed to a phenomenon of premiumization and regionalization of products, such as the generalization of AOP. Groupe Lactalis with a 21% value share and sales of €1.7bn is expected to remain the leading player in cheese. Fromageries Bel and Bongrain, the other players in the top three in cheese, are expected to increase their sales in 2014, whilst maintaining their shares in a growing category.

Fig No. 66: *Dairy consumption % growth (yoy) by category to 2019*



Milk comprises over 40% of the French dairy market volume (Weston 2014). Drinking milk products are the most popular for children under 14 years old (Coxam et al 2015). "Consumers aged between 25-34 years old are under-consuming dairy products, while those aged 55+ continue to over-consume" (Weston 2014). The preferred time to drink milk products remains breakfast, the changing lifestyles of French consumers are expected to have a detrimental effect on drinking milk Movement will occur for non-dairy alternatives, as the offer widens and products boost sales in value terms thanks to product and packaging innovations (Raso & Rippe-Lascout 2015).

In 2014 per capita consumption of yoghurt was 22.1kg/capita and is forecast to rise to 24.2kg, while for cream per capita consumption in 2014 was 12.6kg, expected to reach 14.0kg by 2019 (BMI 2015f). In France consumers are much more likely to mainly consume spoonable than drinking yogurt (just 2.6% of French consumers reported mainly consuming drinkable yogurt), while the French, who enjoy yogurt primarily as a dessert, have a very marked preference for eating it on its own (73%) (DSM 2015).The yoghurt is mainly dominated by Danone (36% market value share in 2014), followed by Yoplait (24%) brands which benefit from extremely high awareness and penetration amongst French households. Private label have limited value shares (e.g. Michel & Augustin and Triballat-Noyal who saw the biggest increases in value sales in 2014, thanks to their innovative positioning and increased marketing efforts) (Euromonitor 2014)

Meat. Consumption levels of sausages and bacon/ham were relatively stable in 2014 (6.1kg and 3.2kg/capita) and will remain relatively stagnant by 2019. Consumption of dried, salted and smoked fish is relatively underdeveloped in France, standing at an estimated 1.0kg/capita in 2014. Per capita consumption levels of other preserved fish are higher, standing at an estimated 7.7kg in 2014, forecasted to rise to 9.1kg/capita by 2019 (BMI 2015f). Imports play a more important part in the other preserved fish sector projected to growth by an average 2.1% CAGR to 2019.

In the snack foods sector, the major sub-segment in France is bread products, with an estimated 45.7kg/capita in 2014. Consumption levels of other snack foods are much lower, standing at around an estimated 7.1kg/capita for jams/jellies and 5.8kg for sweet biscuits. By 2019, the consumption of bread products will rise to a forecast 52.9kg/capita and that of jams/jellies to an estimated 8.6kg/capita. In contrast, consumption levels of sweet biscuits are expected to fall, to 5.3kg/capita. In both the bread products and jams/jellies sectors, domestic production accounts for the majority share of local consumption. In contrast, in the sweet biscuits sector imports represent a much more important share of the market.

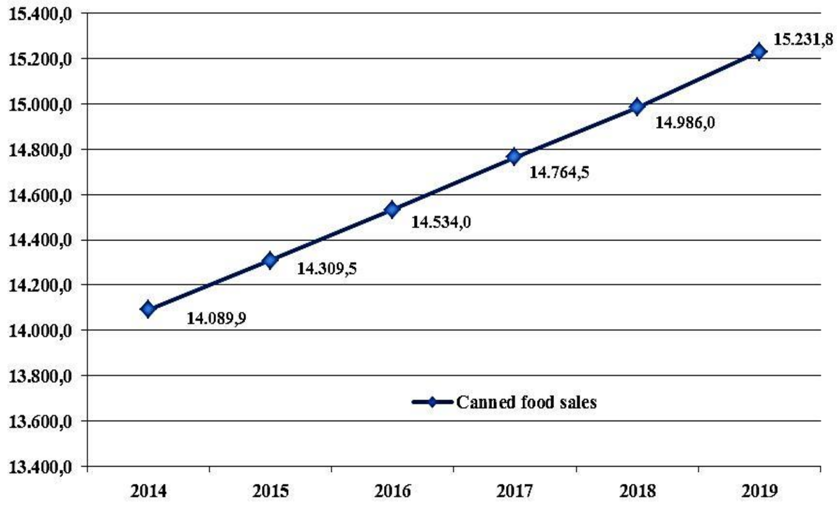
Within the oils and fats sector, the highest consumption levels in France are found for margarine, standing at 3.3kg/capita in 2014 (3.7kg/capita in coming years).

Consumption levels for other oils are slightly lower, standing at an estimated 3.0kg and 2.0kg per capita in 2014 for refined soya bean oil and virgin olive oil respectively. Within the margarine sector, imports represent a significant share of the market, with an estimated growth of 2.5% on an annual basis.

The France is among the largest importers of **fruit and vegetable juices** and **frozen vegetables**. Consumption of frozen fruit in France remains remarkably stable. BMI (2015f) estimates that per capita consumption of frozen fruit stood at 2.4kg in 2014 and reach almost 2.7kg by 2019. Imports play an important part in the frozen fruit sector, accounting for more than 95% of local consumption in 2014, forecasted to grow on average by 3.0% per annum by 2019. Trends and increased consumption indicate a growing demand for dried and prepared vegetables (washed and cut) and many supermarkets have a special section for these types of products.

Demand for canned, chilled and frozen ready meals has increased fairly rapidly in France in recent years, driven by longer working hours (and less time for cooking) an increase in young singles in the population, a relative decline in traditional family meals and the growing quality of the convenience foods being sold (Euromonitor 2014). Though the prepared/canned segment (the 4th largest in West Europe) is estimated to record a 0.9% decrease in volume sales in coming years (as these products are considered less healthy, e.g. horsemeat scandal), its overall growth of 1.6% CAGR to 2019 will have as a key driver premiumization.

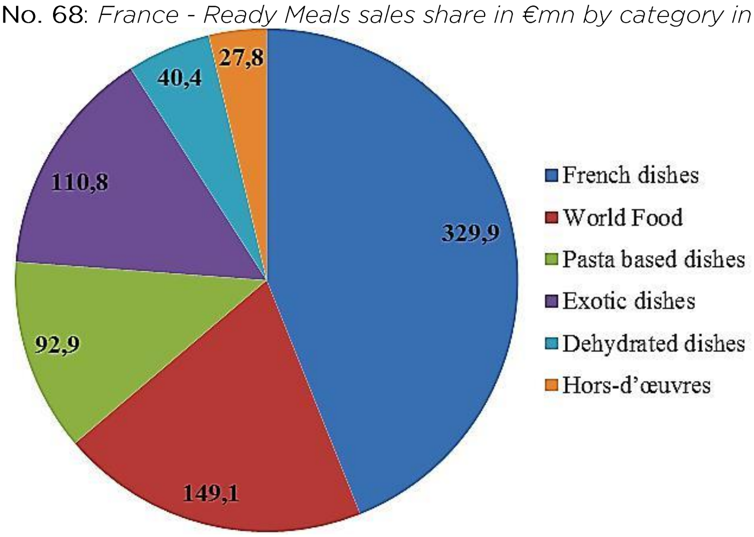
Fig No. 67: *Canned food ales (€mn) by 2019*



BMI (2015f) projects that the interest in this segment is likely to speed up over the next few years as many ready-manufacturers are focusing their attention on the health appeal of convenience foods (e.g. increasing the quantity of vegetables) and high-quality with offerings following French-based recipes based. For example Fleury Michon Groupe (with11% value share) leads the market "thanks to its strong position in chilled processed meat, prepared salads and the offering of single-portion microwaveable dishes of traditional French and ethnic food" (Euromonitor 2014).

In 2013 France imported about €500mn in ready meals from Italy, Germany, Belgium, the Netherlands and Spain (ITC 2015; Scott-Thomas 2014) This segment will have to overcome the challenge posed by the demand for higher quality and accessible prices in ready meals, as the fad for food trucks continues to spread in France and chained foodservice players (e.g. McDonald's and KFC) in fast casual dining are gaining ground.

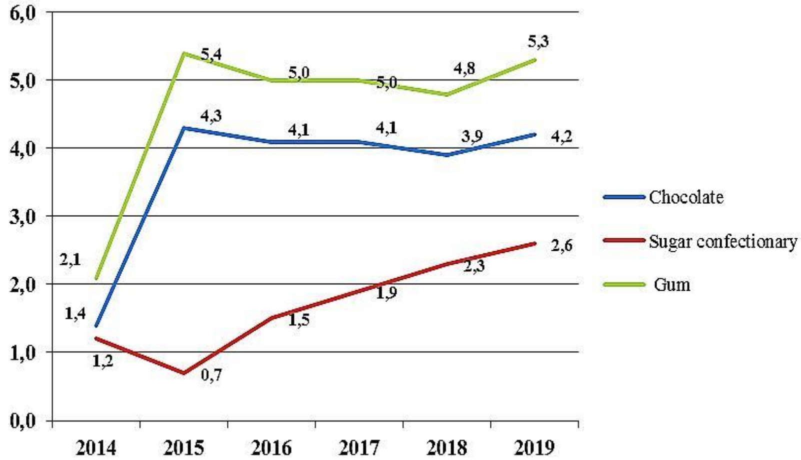
Fig No. 68: *France - Ready Meals sales share in €mn by category in 2013*



Pasta consumption levels in France continue to rise, with 9.0kg/capita consumption of uncooked pasta and 6.1kg/capita prepared pasta in 2014. Through to 2019, BMI (2015) is forecasting that per capita consumption of prepared pasta will rise more quickly than uncooked, reaching an estimated 6.9kg, compared with 9.4kg for uncooked pasta. In the uncooked pasta sector, imports represent a more significant part of the market estimated to record on average more than 2.3% yoy by 2019. In the prepared pasta sector, domestic production accounts for around 90% of local consumption in France.

France's confectionery market remains the seventh largest in the world and the third largest in Europe. The 3.6% (CAGR to 2019) growth in the confectionery sector is expected to be driven by the increasing market share of higher quality premium products (e.g. chocolate) and the growth of functional varieties in the chewing gum segment. Volume sales will increase only marginally, by 0.6% annually, highlighting the increasing momentum of premiumization also across this segment (BMI 2015f). Prominent payers in this segment are: Barry Callebaut, Ferrero, Nestlé, Lindt & Sprüngli Group, Mondelez International and Mars. France is one of the Western European countries traditionally associated with quality chocolate, which remains the key confectionery segment.

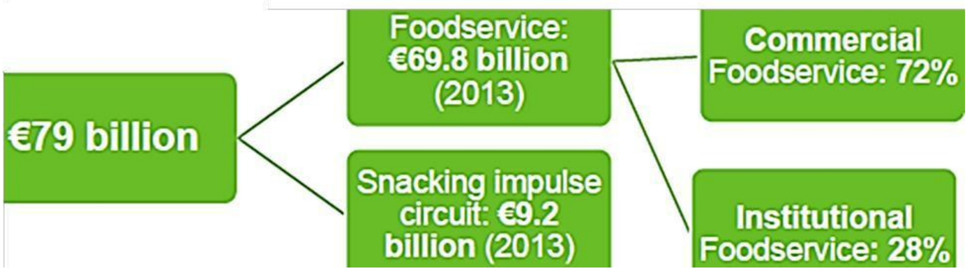
Fig No. 69: *Confectionery sales % (yoy) by category to 2019*



France foodservice overview

French food service market is 1st in Europe (2014 turnover was valued at €68.08bn; with an anticipated CAGR of 1.3% to 2019, €72.50bn), supported also by strong international and domestic tourism (Irish Food Board 2014). The largest value share in the sector comes from restaurants and cafes (59%), flowed by fast-food (19.5%), drinking places (15.4%) and others (6%) (MarketLine 2015).The undisputed leader of fast-food segment is McDonald's "with 44% share of value sales in GBO terms" (followed by Subway), which despite being well-established it continued growth, due to a progressive shift towards sustainability, promotional operations and discounts (Euromonitor 2015).

Fig No. 70: *French Foodservice Overview (2013)*

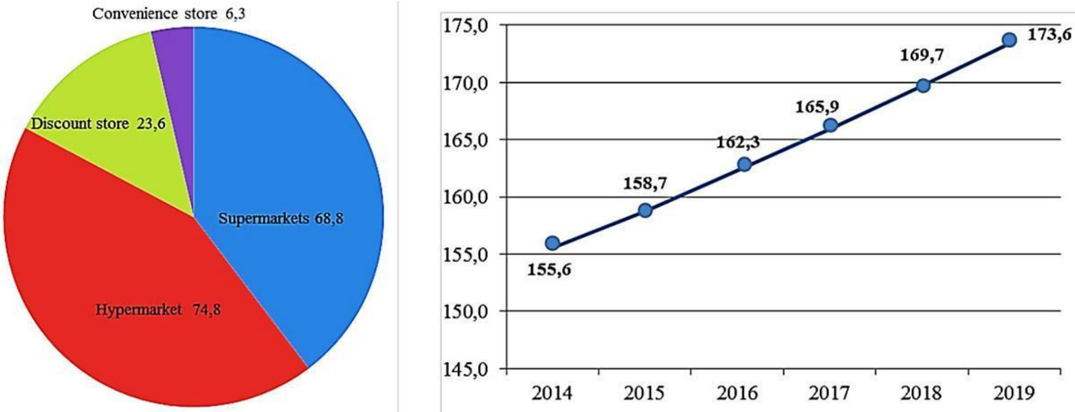


In France 2015, Foodservice offering is becoming increasingly international and adapting to new modes of consumption (practical, fast, on-the-go) (Unigrains 2015). Traditional and gourmet French cuisine remains popular, as French consumers are proud of their culinary tradition, but French consumers are starting to have a taste for foods from around the world. In consequence the demand for suppliers of reasonably-priced, high quality and innovative products, including seafood and specialty meats, fresh (organic/exotic) fruits and vegetables, sauces and dressings, spices and ethnic food products, as well as gourmet products and confectionery is projected to increase. These developments indicate possibilities for foreign companies to get involved and serve this segment (Transfer LBC 2011). However, in terms of entering the market we should consider that in 2013 French Agents requested over 8% commission, only for handling commercial representation and invoicing.

MGR Market Overview

The sector is characterized by the presence of a number of large players, namely Carrefour, Auchan, Leclerc, Intermarché and Casino which strengthened their position through consolidation, mergers and takeovers (as well as high bargaining power). As a result France's MGR is relatively concentrated as well as the most diverse and sophisticated in Western Europe Overall the total sales for the French MGT are projected to reach €173.6bn (2.2% CAGR) by 2019 (BMI 2015f).

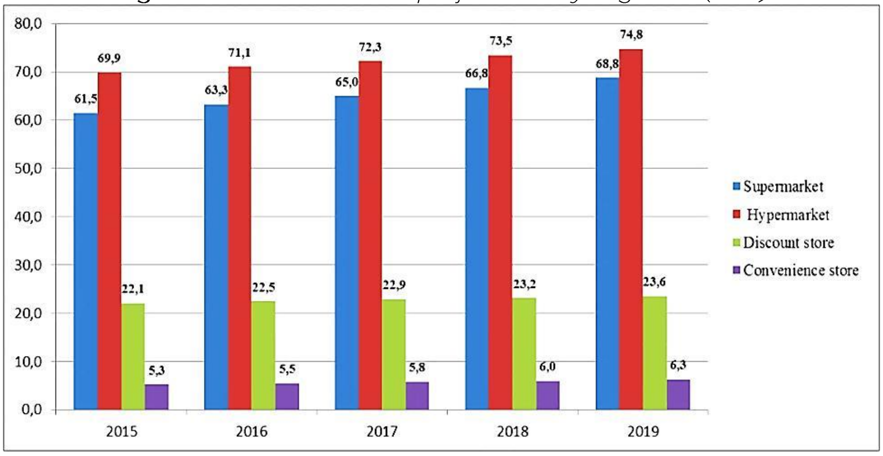
Fig No. 71: *2019 projected sales by category and MGC total sales to 2019 (€bn)*



The hypermarket sub-sector is by far the most consolidated, with the top-five hypermarket accounting for around 90% of total hypermarket sales. With an 18% share of value sales, Carrefour remained the leader in grocery retailing in 2014, "its acquisition of new outlets (e.g. Coop Alsace), progressive remodeling of its ageing 8 à

Huit outlets and the positive image of its supermarkets and hypermarkets seemed to in terms of price" (Euromonitor 2015f). The French MGR sector has been influenced by growing consumer busier lifestyles, combined with the smaller size of households, have driven the demand for convenience and discount store format.

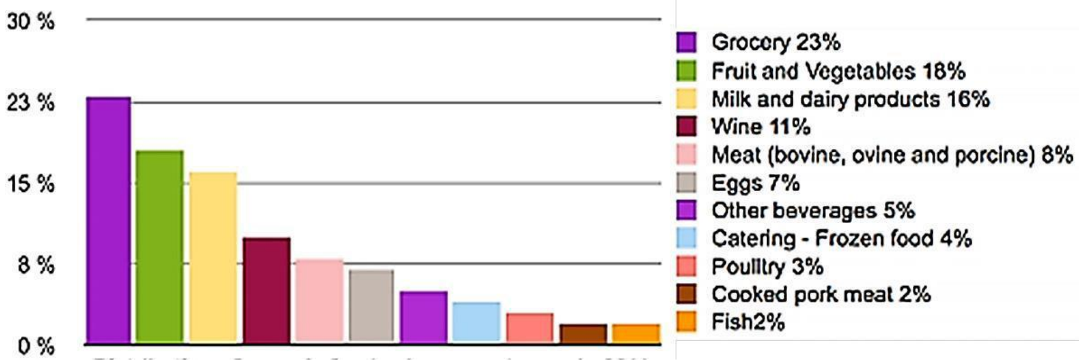
Fig No. 72: *France: Sales projections by segment (€bn)*



French retailers, such as Carrefour, E. Leclerc, and Auchan, have managed to halt the expansion of German discounters Lidl and Aldi by offering lower prices and improving the quality of their services. For example, in 2014, a basket of budget goods was, on average, 12.8% more expensive at discount stores than at hypermarkets (BMI 2015f). Despite discounters' efforts to improve the quality of their products and to expand their range of services the growth of this sector is projected to be 1.7% CAGR to 2019, against 2.2% for total MGR sales for the same period. However the presence of discount retailers will continue to put pressure on local retailers. For example by 2017, Lidl is expanding its range of fresh fruits and vegetables and improving the quality of its product portfolio. BMI (2015f) projects that traditional retailers will continue to step up efforts to offer low prices, in order to halt the progression of discounters such as Lidl and Aldi (Klimes 2013, The Guardian 2015, Statista 2015).

This market it is also characterized by increasing sales for "health & wellness and organic food products" (19% of consumer purchase at least once a week and 9% every day). France was an early pioneer of organic farming, and since 2000 there has been a considerable growth in the number of new products. Roughly 2/3 of these products are of plant origin, including fresh and processed fruit and vegetables, while dairy products, poultry and organic meat are also growing in popularity. In 2012 the market for organic food in France was worth €4.17bn, up 6.6% (yoy). Organic farming will most likely double by 2017 in order to meet growing consumer demand through local production.

Fig No. 73: *Distribution of organic food sales by category in 2011* (Switzerland Global Enterprise 2013)



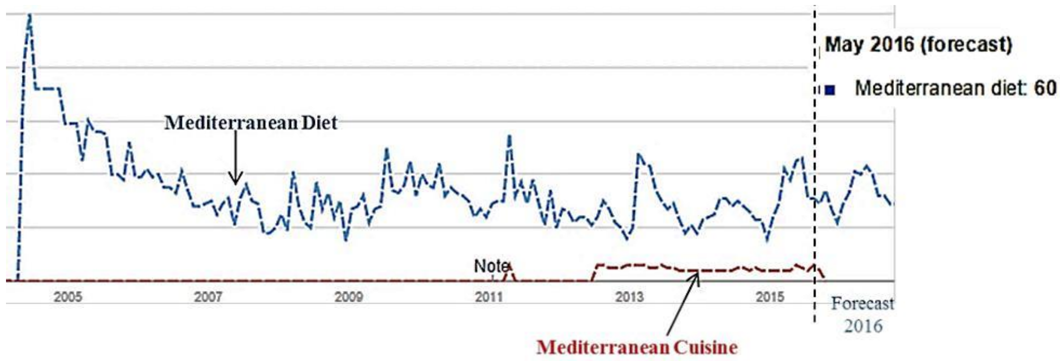
Health & wellness packaged food are projected to account for €23.57bn in 2015 (€7.70bn for beverages). Food products with attributes such as food intolerance, fortified/functional, naturally healthy, and organic food and beverage products experienced positive growth in 2010 (Agriculture and Agri-Food Canada 2012, pp. 10-16). Generally, French consumers are interested in health and wellness products that are easy to understand as a consequence, since 2008 'better-for-you' products have experienced a decline in sales, attribute to consumer mistrust and confusion regarding labelling and claims (Euromonitor 2011). French consumers are increasingly seeking to purchase convention, easy-to-prepare and ready-to-eat products (vegetable, meat and fish dishes), which according to BMI (2015f) "are likely to see a boost in volume sales" over the coming years.

Google Trends France

In France, MD appears to be more popular than MC. The overall rate of growth in interest over time in MC is small (6%), with interest limited to "Provence Alpes cote d'Azur" (100 the highest search index volume) and "Ile de France" (46) which includes the cosmopolitan capital Paris.

The popularity of MC in "Provence Alpes cote d'Azur" is the result of its Mediterranean climate but also it's very distinctive Mediterranean style cuisine which is different from the rest of French cuisine or cooking (Eastbourne Herald 2010). In this region hot spices, seafood and goat cheeses are predominant. Garlic, olive oil and olives are the leitmotif, and the abundant "herbes de Provence" are the spirit of this regional cuisine (Provencale is a cooking system that uses olive oil tomato, mushroom, herbs and garlic) (David 1998; MacVeigh 2008).This huge Mediterranean region is widely renowned to be a perfect balance between Italian, Spanish and French gastronomies which could explain further explain the high volume of MC searches (Bistro Provence n.d.).

Fig No. 74: *Interest over time: MC and MD in France*



France has been a strong hold for traditional cooking, alongside countries like Spain and Italy, with consumers demonstrating strong preferences for fresh ingredients. However, it has gradually shifted over the last decades, with consumption of meat and fresh products declining at the expense of prepared meals, sugars and non-alcoholic drinks. These trends are driven by consumers spending less time to cook, which is driving sales of packaged food (spending on food in restaurants will also benefit from this trend) (BMI 2015).

At the same time, young French consumers are increasingly interested in the "ethnic concepts, preferring 'everything in one box' simple products at ambient temperature" (Frozen Food Europe 2014). Such concepts could be developed by Greek producers using Greek ingredients (e.g. spice mixes, tea assortments, ready-made product) which French can consume "wherever and whenever" (Frozen Food Europe 2014). As Scott-Thomas (2014) indicates, French consumers (as well as German, Italian and Spanish) are looking for "premium food (which they can experience at home) with "emphasis on health, exotic recipes, with a focus on quality marking and provenance".

As mentioned in "France country report" section, French consumers are increasingly interested in gourmet offerings including ethnic assortments, and "box" concepts.

Such offerings are already available for consumers on the online store igourmet.com[8]. For example "*Mediterranean*" gift basket which includes: "Artisan Grissini" (Italy), "Spanish Orange Blossom Honey" (Spain), "Extra Virgin Olive Oil" (Italy), "Fruit Jam" (Turkey), "Spanish Chocolate Bar" (Spain), "Stuffed Grape Leaves" (Greece), "Greek Olives" (Greece), "Sicilian Cherry Tomato Sauce" (Italy). Another example is the "*Authentic Flavors of Greece*" gift basket which includes among others "Barrel-Aged Feta", "Manouri", "Greek Mountain Tea", "Taramosalata", "Glazed and Roasted Figs" and "Mt. Vikos Taverna Meze". Though these are gift baskets it might indicate the broad identification of MC with different cuisines or specific ingredients.

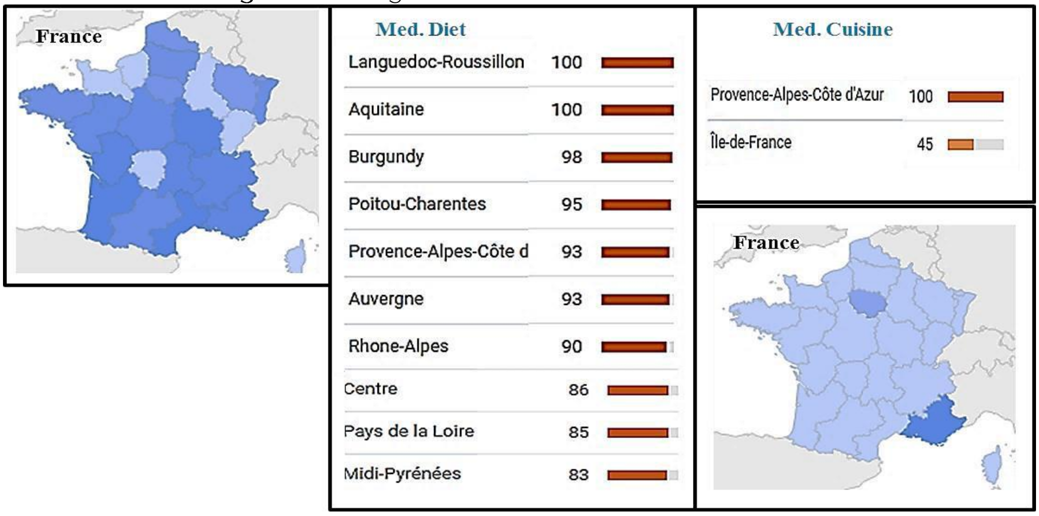
Authentic Flavors of Greece Gift Basket **Mediterranean Gift Basket**

Over time interest in MD though irregular it is forecasted to reach a 66% growth rate in 2016, while regional interest extends to various regions within France, with the highest search volume index (100) for areas such as "Languedoc-Roussillon" (the second most popular French region for the production of olive oil, and the leading region for the production of table olive), "Aquitaine". These two regions and adjacent districts, also known as the Mediterranean French coast, which can be justified by the influence of neighboring Mediterranean countries Italy and Spain.

While in other regions it could be attribute to regional association of wine and food consumption with MD's health benefits. "Sud de France" (n.d.) associates its local food industry with MD which "fits naturally into the model of the Mediterranean diet by combining good food, health, and a nutritional balance…this diet consists predominantly of seasonal fruit and vegetables, as well as cereals, olive oils, pulses… an entire range grown in Languedoc-Roussillon and which is synonymous with good health and well-being".

8 http://www.igourmet.com/greekfood.asp

Fig No. 75: *Regional interest: MC and MD in France*

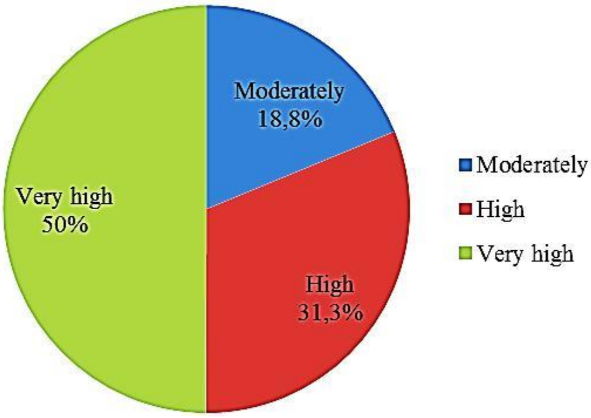


Other regions in which MD present high search interests are also a common reference for academic and scientific research studies which explored the "French Paradox" or MD's health benefits and its impact on food related chronic diseases. For example Languedoc-Roussillon, Poitou-Charente, Midi-Pyreness, Aquitaine, Auvergne was used as research areas by Corder (2008) in his "The Wine Diet" book. Midi-Pyreness, Aquitaine, Languedoc-Roussillon and Provence-Alpes-Cote-d'Azur (and others) we also used to investigate obesity rates and health benefits related to MD in the "Health in France" 2002 report (Haut Comité de la Santé Publique 2002). There are numerous other studies performed and published each year by the University of Bordeaux.

The top related search terms in France, reflect a specific interest for Cretan diet (cumulative +200%), MD (+100%) and Greek MD (+15%), while rising searches indicate that MD is predicted to be at the top, followed by Greek MD, Cretan diet, and Cretan Diet recipes.

Our primary research in France (which included interviews with industry actors from delicatessen 31.3%, retail 18.8%, foodservice 12.5% and patisserie 6.3%) showed that all respondents (100%) know what MD is, with over 80% also indicating that they believe that the general French public is High/Very Highly informed about MD (see fig below).

Fig No. 76: *How widespread do you think is MD among the French public?*



To a great extent MD seems to be associated by French consumers with Greece and particularly Crete (see figure below).

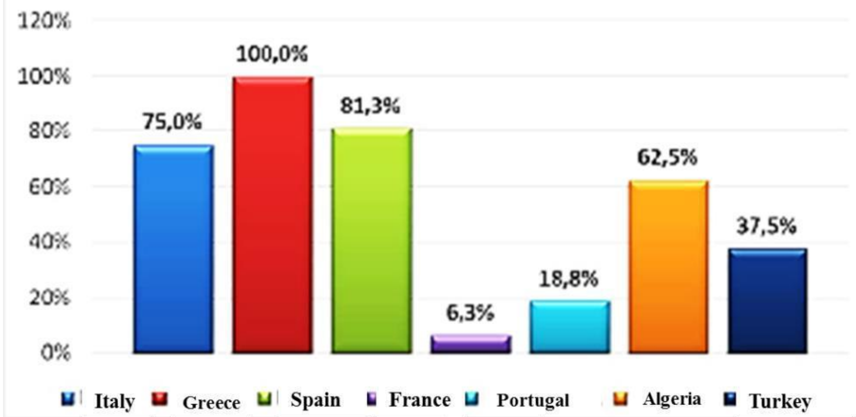
Fig No. 77: *MD - Top and Rising queries MD in France*

Top	
regime cretois	100
Cretan diet	65
Mediterranean diet	50
mediterranean diet	30
Cretan diet	15
greek mediterranean diet	15
Mediterranean diet	15

Rising	
Mediterranean diet	Breakout
greek mediterranean diet	Breakout
le regime cretois	Breakout
the Cretan diet	Breakout
mediterranean diet	Breakout
Cretan diet recipe	Breakout
Cretan diet recipes	Breakout

In fact when the French industry participants in our primary research were asked with which country they think their consumers associate MD, 100% of participants ranked Greece first (see figure below), followed by Spain (81.3%), Italy (75%), Algeria (62.5%) and Turkey (37.5%), interestingly only 6.3% of respondents believe that their consumers associate France with Mediterranean Diet.

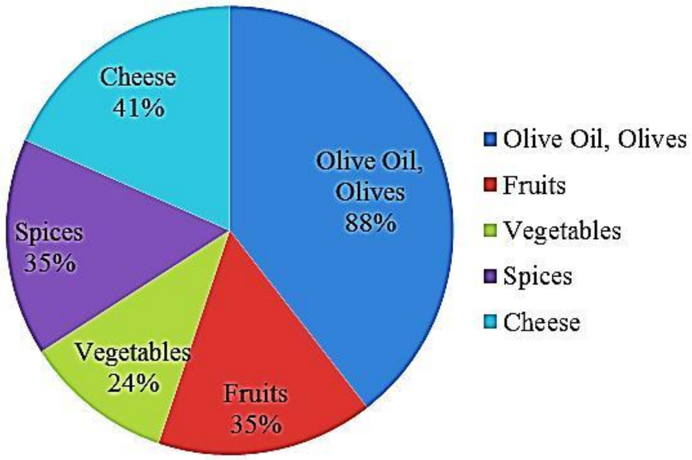
Fig No. 78: *With which national cuisines do your consumers associate MD*?



The popularity of MD might be the result of a "rise in general health and wellness consciousness, which has driven a growing demand for nutritional and functional food products with trendy flavors, including organic foods (accounting for 33% of food imported from the EU - e.g. fishery and meat products, Mediterranean vegetables, medicinal plants)" (SUTRALIS 2013, p. 16-23). The results of the primary research confirm these findings with 50% (very high) of respondents also believe that the Mediterranean diet is very healthy (75% also believe that their clients associate MD with overall wellness), and the remaining 50% answered with "high" and "moderately" in regards to the levels to which their consumers consider that the Mediterranean diet is healthy.

The most popular MD products, according to the interviewers are: Olives and olive oil (88.2%) and cheese (Feta)(41.2%), followed by Fruits and vegetables each with 35% and 24% respectively, and spices with 35% (see figure below).

Fig No. 79: *What is the product that comes to mind when thinking of MD*?



MD's popularity presents both short and long term positive prospects:

" On one hand, the "increased workforce participation" snaking between meals becoming more prominent, 'diet', 'light' and convenience food products are now increasingly popular among consumers, and it is expected to increase in the coming years (SUTRALIS 2013, p. 16-23). This was also indicated by all (100%) French industry participants interviewed who answered positively when asked: "Do you think a Mediterranean diet meal could take the form of ready- food?".

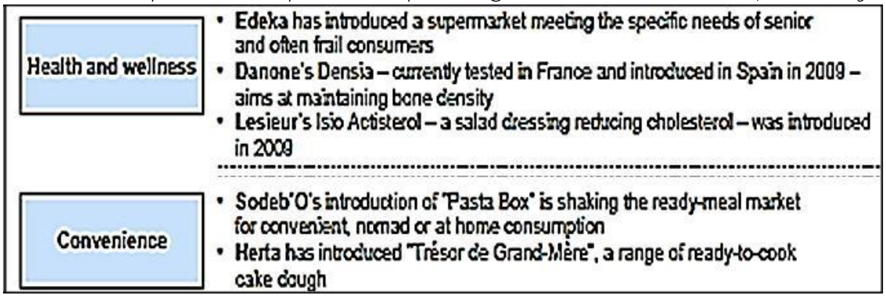
" 86% of French industry players when asked if they think that "Mediterranean diet is a trend that will disappear in the future", replied by saying that consumer's interest in MD will not disappear in the future (considering also that +75%

consumers include Mediterranean products in their everyday meals or consumer on a weekly basis).

″ On the other hand, according to McKinsey & Company (n.d.) by 2030 the mature consumer segments (50+) are projected to account for 2/3 and will dominate consumption. The main concern of these consumer groups is "remaining mobile and independent" and will also translate in purchases of health and wellness food offerings; a positive long-term prospect for MD producers (McKinsey &
Company n.d., p. 7).

To enter this market, Greek producers should be offering a nutritionally enriched product, attractive packaging with French labels, easy to use and practical (frozen or ready-meals with little preparation). The main focus of such products should be innovation and health & wellness (SUTRALIS 2013; USDA 2012).

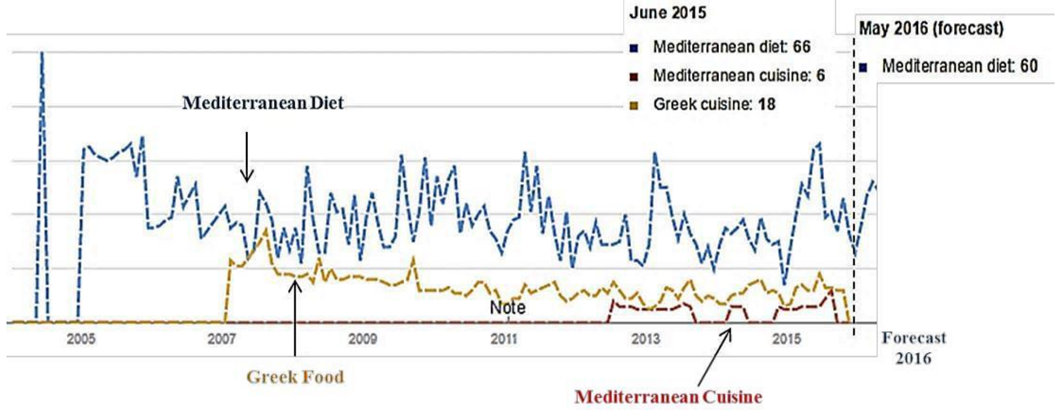
Fig No. 80: *Examples of companies responding to consumer trends (McKinsey 2010)*



In France, there are not enough search volumes for MC to make confident assertions; it appears however that interest for the cuisine is localized around the capital and in one Mediterranean region. At the same time Mediterranean cuisine might also be understood as being too generic and all-inclusive definition for the sophisticate French consumers for whom regional specificity (including their own cuisine) seems to be more important, as Michail (2015) mentioned, though 66% of French consumers eat for pleasure, all of them like to know the origins of their food.

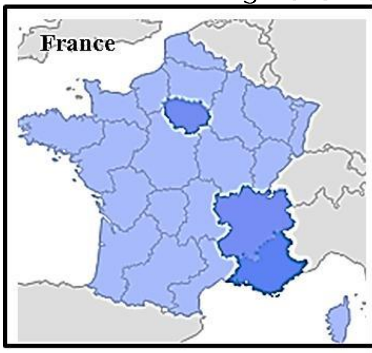
This could also explain which the search term "Greek Food" outperforms MC. Interest in Greek food is limited to 3 regions Provence-Alpes-Côte d'Azur (100) , Ile-de-France (72) and Rhone-Alpes (68) all of which have relatively high search volumes. While Ile-de-France is a cosmopolitan are which explains the high search volumes, Rhone-Alpes and Provence-Alpes-Côte-d'Azur are part of the Mediterranean French region (also neighboring Italy), as well as the home of numerous Greek restaurants, for example there are over 40 Greek restaurants in Provence-Alpes-Côte-d'Azur (TripAdvisor 2015).

Fig No. 81: *Interest over time in MD, MC and Greek food*



Considering all the above, it would be recommended for Greek producers and exporters to market their product using regional Greek designations rather than MC when marketing their products in France. Moreover, among GT searches per country as well as worldwide, in GT for France is the only time where a reference is made to a specific dish, in this case "*stifado*".

Fig No. 82: *Greek food - Top and Rising related searches*



Top	
Greek cuisine	100
Greek cooking recipes	20
Greek recipe	20
greek restaurant	15
Greek cooking recipes	15
stifado	15

Rising	
greek restaurant	Breakout
Greek cuisine	Breakout
Greek cooking recipes	Breakout
Greek recipe	Breakout
Greek cooking recipes	Breakout
stifado	Breakout

Market entry considerations

France's food & drink industry is one of its leading industrial sectors in the country. In general France has followed general worldwide market trends as far as demand and consumer behavior is concerned. Amongst which we can mention less time spent on traditional cooking, and more on leisure, the growing habit of eating at work and a growing interest for "exotic" dishes. Meat, dairy products and beverages account for more than half of total food and drink production, with other key sectors including bread, pastry and other baked goods (12.4% of the total) and the processing and preserving of fruit and vegetables (4.3%).

Convenience and frozen foods do not generally sit easily alongside traditional French gastronomy. However, results from several leading manufacturers suggest that an increasingly large proportion of the French population is starting to regularly forego traditional cooking methods in favor of the ease of convenience and frozen foods. This trend presents opportunities for both manufacturers and retailers as convenience products generally sell at a premium compared with raw ingredients and command higher margins. France's leading ready-made meal producer is Raynal et Roquelaure. Other important producers in the sector include convenience food producer Uniq and the Bonduelle Group.

Fig No. 83: *French household changes to 2030*

		1980	2007	2030
Demographic change/ageing	Number of households	19 million	27 million	33 million
	Individuals are on average…	36 years old	40 years old	43 years old
Societal change[1]	Out of 10 individuals	1 has attained a tertiary degree	2 have attained a tertiary degree	4 have attained a tertiary degree
	Out of 10 households	7 are coupled	6 are coupled	6 are coupled
	Households have on average…	3.3 members 1.1 children	2.6 members 0.8 children	2.5 members 0.8 children
Economic change[2]	Households earn on average…	€33,300	€41,200	€48,300
	Households spend overall…	€27,300	€34,700	€40,900
	Households spend by category			
	– Out-of-pocket medical	€440	€1,290	€2,140
	– Electronics	€130	€1,700	€4,080
	– Gasoline	€1,300	€1,060	€1,040

Moreover, according to McKinsey (2010, p. 11) the average French household in 2030 will look very different and consume very differently, with food eaten at home will have a smaller share of total consumption in 2030 (due to prolonged education, later entry into work force and family will reshape life-stage patterns and behaviors). The current peak of a household's earning power comes at around the age of 55; however the peak is higher with each succeeding generation.

Considering also that today's net migration in France is slightly above the European average of around two immigrants per 1,000 of the population—a rate that is relatively stable and expected to continue to be so. The French consumer will ask not for product diversity (e.g. ethnic cuisines) but also for products which they consider healthy (McKinsey 2010). The health and wellness trend is far from being solely about a specific segment of the market.

While some companies are targeting the mature segment, many leading companies have jumped into this space and tended to target younger consumers. For example, Danone is a substantial player in the infant nutrition market. Another company taking advantage of the socio-demographic changes is Sodeb'O successfully introduced its Pasta Box—a single serving microwavable pasta meal or Herta which continuously develops its successful ready-to-bake cakes for single households (McKinsey 2010).

Retail businesses are shifting towards more aggressive consolidation and optimization strategies. Moreover, the leading MGR chains are venturing into e-commerce both through acquisition of existing retail platforms or development of own solutions. French online retail sales rose by 15% yoy in 2015 to reach €31bn, this marks an acceleration from 10.5% growth rate a year before. Price cuts have been taking place across the sub-sector as Lidl, a major discounter in France, has been gaining market share in the pessimistic consumer market. If household incomes do not receive a significant boost, conventional retailers will suffer from low profit margins throughout the forecast period.

Distribution Channels

France benefits from excellent transport and communications infrastructure, a highly skilled and relatively productive labor force and a favorable geographic location. Food distribution in France is concentrated in 7 large groups: Carrefour; Auchan; Casino; Intermarché; Système U and Cora. An important point is the growing share taken by the German hard discount stores: Lidl and Aldi. Centralized Purchasing Offices and specialized food wholesalers also play a relevant role in the distribution of food in France. Their main function is that of studying the market and products, finding the suppliers and negotiating purchasing agreements. In France there is a Central Purchasing Offices which supply supermarkets on a regional basis which means that different stores may be being supplied by the same regional central. Each wholesaler negotiates the supply of all or part of an outlets requirement and may be working for several chains at the same time. Although each chin and wholesaler's method of working may vary slightly, in general it takes the form of three stages: acceptance of a supplier; in the French Market the product and placing the order.

Challenges

According to BMI (2015f) "the main risk for 2016, is political. If the Hollande administration takes concrete steps to reduce red tape, liberalize the labor market and reduce government consumption, we could see a significant uptick in business investment given the accommodative monetary conditions in the Eurozone". France is a relatively open economy and regulations are generally transparent, although many bureaucratic impediments persist. Highly competitive market and dominance of large players make the French market a difficult and risky environment to enter and operate in. Possible Barriers to Entry in the French Market could be:

" The strictness in complying with the requirements of the market. As far as packaging is concerned, it must be remembered that not only should this be in French and comply with EU rules, but must also comply with the very strict French legislation on the language (Toubon Law) (International Team Consulting 2015).
" The use of French for communication, the use of French in negotiations and for communications gives one a considerable advantage. Literature and catalogues in French.
" French Purchasing Managers are very highly knowledgeable and have a very good idea of new trends and what is happening both at home and abroad.
" Identify and fill market niches: the French market is, as can be imagined, a very mature and saturated one; which means there is great competition when trying to sell ready meals in France.

Relevant Fairs:

" SIAL – Salon Internationalde l'Agroalimentaire (www.sialparis.fr)
" Salon International de l'Agriculture (www.salon-agriculture.com)
" MDD Expo (www.mdd-expo.com)

Industry Risk/Reward Index

France is set forecasted to slip from sixth to 10th world's biggest economies in the next 10 years due to demographics trends, tighter fiscal policy and less consumer spending, but will continue to act as an important driver of demand for other economies in the bloc. France maintains it 6th position in our Q415 in BMI's (2015f) Western Europe Food & Drink Risk/Reward Index, with its risk profile preventing it from overtaking countries such as the UK or Scandinavian economies. France However, the world's 5th largest food exporter simultaneously scores poorly on reward indicators such as market fragmentation and per capita food consumption over our five-year forecast period (to 2019), indicating that the country is facing challenges that could impact long-term growth prospects.

Industry and Country Rewards

France provides retailers with a vast market (65mn) to tap in with industry rewards ranking with a score of 76.67 (similar to Spain), with high consumer purchasing power due to the considerable number of affluent households and prosperous middle class, which enables diverse retail opportunities. However, spending growth has been decelerating in the past 5 years. In terms of country rewards France scores at 55.00 (between UK and Italy), drawing its advantage from the high urbanization rate (87.8%) and consumers who are more responsive to brands and innovation. France does not offer particularly exciting opportunities (Italy for example offers greater growth potential).

Industry and Country Risks

The French retail industry is very competitive and the market is highly saturated. There is little space available and opportunities for new mainstream retailers to enter the country's market. The Regulatory environment is sophisticated, yet lacks measures to prevent retailers from industry-related risks. Overall, however, the French retail industry is open and provides relatively risk-free opportunities for small and medium retailers. France enjoys one the best country risks scores in the world, being relatively immune to currency-related risks thanks to its strong domestic consumption. In infrastructural terms, France is also above and beyond its peers, while the economic ranking is the weak with current projections suggest very sluggish economic expansion in the next four years.

France SWOT (adapted from BMI 2015f)

Strengths	Weaknesses
" Key French companies have a strong reputation for technological sophistication and high research and development spending. " A highly sophisticated food culture keeps spending on food products high. " The rising number of single-person households, as well as changing lifestyle patterns, is increasing demand for easy-to-prepare, microwaveable and ready-to-eat	" Branded products are threatened by cheaper private label offerings that are not subject to the complicated laws governing the relationship between suppliers and retailers. " The premiumization trend was put on hold during the economic downturn. " Food consumption has only registered marginal growth, partly due to intense price competition.

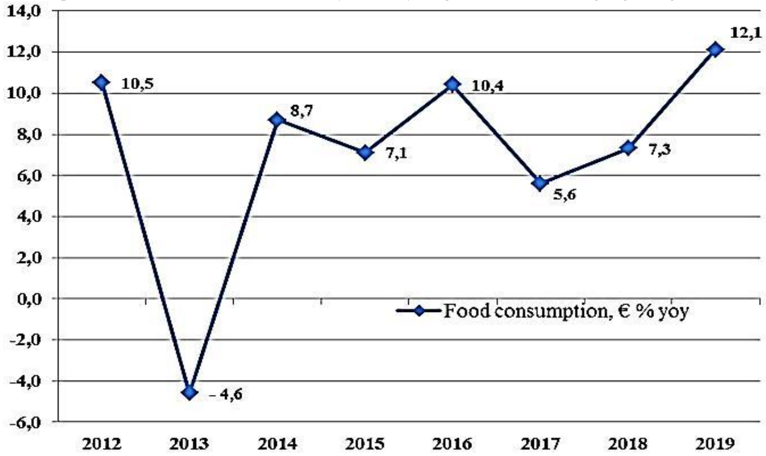
foods such as pre-prepared vegetable, meat and fish dishes are likely to see a boost in volume sales. " Consumer concern over health issues will lead to increased sales of health food and organic food products. " France has one of world's most advanced dairy industries, being home to industry leaders Danone, Lactalis and Bongrain	
Opportunities	Threats
" Demand for organic produce is increasing; the Baromètre CSA shows that almost half of consumers purchase organic products at least once a month, 19% at least once a week and 9% every day. " The proposed changes to retail outlet openings and price negotiations have the potential to revitalize sales of food through lower prices.	" A trend for a number of industrial activities to migrate away from France to lower-cost areas inside the EU or elsewhere remains a threat. " With the country's macroeconomic outlook remaining weak, consumers have become more price-conscious, benefiting some food products at the expense of others. " Growing health consciousness and associated willingness to reduce the prevalence of obesity and diabetes is likely to result in lower sales of certain food groups and products that are high in fat, sugar and salt.

UNITED KINGDOM

UK economy has outperformed most major developed states in 2015 and will continue to surpass the Eurozone in 2016. However, the UK's economic recovery is still overly dependent on household consumption (61% of GDP), BMI (2015k) forecasting a "slight deceleration in 2015 and 2016 to 2.4% of GDP" with limited overall growth in the F&D industry, "especially in value terms, as competition for value and consumers' careful spending will limit potential for the industry in the near term". On the other hand, a recovery in nominal and real wage growth should provide a bit more momentum to economic activity over the short term. UK food retail industry is one of the most competitive in the world with large retailers exercise considerable market power, with smaller company particularly exposed (BMI 2015k).

UK is the third largest European market (11.1% or €181.47bn); with a population of 64.1mn projected to increase by 10mn over the next 25 years, and importing about 40% of their food requirement (Irish Food Board 2014). Strategic price cuts and increased promotional activity from national brands appeared to have temporarily halted shoppers move to supermarkets' own label products (Eales 2015).

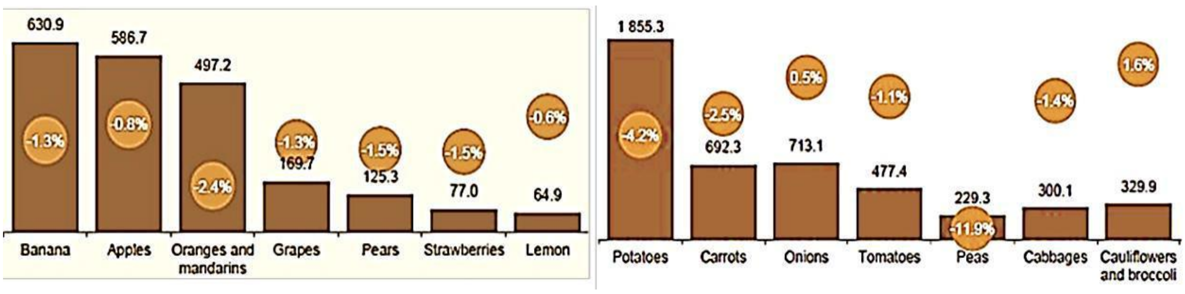
Fig No. 84: *Food consumption projection € %(yoy) by 2019*



According to Berg (2014) "if 2014 was largely focused on price, 2015 will be the year of differentiation" and consumer will continue to purchase "little and often" from multiple channels. BMI (2015) forecast show that food consumption (10% of total expenditure) will grow by a 4.4% CAGR to 2019 to reach €2214/capita by 2019. Total food consumption is expected to increase by a 5.0% CAGR by 2019 indicating a steadily rising population. Based on the farm-gate value of unprocessed food 22 countries accounted for 90% of UK food supply in 2014, the leading foreign suppliers were the Netherlands (5.6%), Spain (5.1%), France (3.1%), Germany (3.1%) and Irish Republic (3.0%), accounting for 90% of dairy product and egg supply, 90% of meat and meat preparation supply (DEFRA 2015, p. 23).

Overall, fruit and vegetables sales have achieved 16% growth between 2009 and 2014; the combined market is estimated at €22bn. The performance of the market is forecast to accelerate, with an anticipated CAGR of 1.2% by 2019, which is expected to drive the market to just under €26bn in the next 5 years (MarketLine 2014). Demand from fruit and vegetable processing in the UK is expected to decline in 2015 and following 4 years to 2019.

Fig No. 85: *Fruit & Vegetable Consumption Volume 2012 ('000 metric tons)* (Fresh Plaza 2015)



More than 2/3 (67%) of British consumers thought the health benefits of fruit and vegetables should be stated on packaging (e.g. content of nutrients), while 1/3 of consumer would like a greater variety of fruits and vegetable available in ready-to-eat snack formats (e.g. washed, peeled or chopped) (Stones 2014).

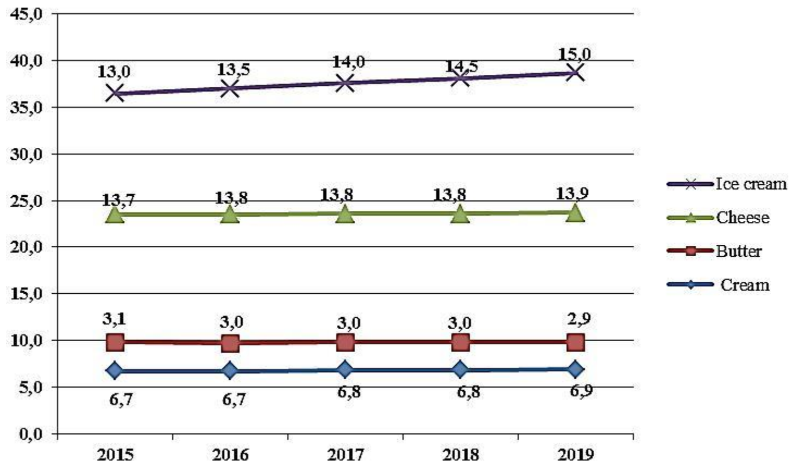
Table No. 8 *Fruit & vegetables market volume forecast: mn tons, 2014–19*

Year	million tons	% Growth
2014	6.3	(0.8%)
2015	6.3	(0.4%)
2016	6.3	(0.8%)
2017	6.2	(0.7%)
2018	6.2	(0.7%)
2019	6.1	(0.7%)

The UK continues to import large amounts of added-value **dairy products** while exporting lower-value commodities (e.g. milk powders). Overall the dairy market volume will grow at of 1.8% CAGR up to 2018 (Bruce 2014). Consumption levels of processed milk stood at 123.3kg/capita, which BMI (2015k) is forecasting will rise to just 135.2kg by 2019, while **cheese** is expected to climb minimally to 13.9kg/capita (from 13.7kg in 2014). In contrast, butter consumption is forecast to decline, hurt by a rise in health consciousness.

The average **cheese** price rose by 1.1% between 2014 and 2015, this supported overall growth in the value of the cheese category. Cheddar accounts for over half of volumes but continental cheeses have been gaining popularity (the 2nd most popular is Mozzarella) (British Cheese Board 2015).

Fig No. 86: *Dairy sales by category kg/capita to 2019*



Combined, hard continental and soft continental cheeses account for 12.2% of all cheese volumes (AHDB 2015). In 2014-2015branded Cheddar has seen a small volume increase of 0.5% (yoy), while private label Cheddar volumes are down by 0.3%.Volume sales for mature Cheddar (over half of Cheddar volume sales), grew by

2.3% (yoy), while extra mature remains the 2nd most popular type of Cheddar with
4.3% (yoy) (52-Week data ending 19 July 2015).

Table No. 9: *Total Cheese Market sales volume by type* (AHDB 2015)

	Volume (000kg)	yoy diff
TOTAL CHEESE	417,871	0.5%
Total Cheddar	226,535	0.3%
Soft continental cheeses	36,074	5.0%
Territorials (excl blue)	29,753	0.6%

Total yogurt expenditure has increased by 7.4% (52-Week data ending 30 March 2014), volume sales grew by 3.3% (yoy) and both private label yogurts and branded yogurts have posted volume growth of 3.3% in 2014 (AHDB 2014). According to Bruce (2014) the drinkable category will attract further consumers' attention as it is perfectly suited for children's lunchboxes, while "Sugar-free flavored milks in individual cartons also meet parents' need to provide convenient health". Greek style yoghurt consolidated its grip on the UK's yoghurt and sour milk product category over 2014, featured in the product ranges of all major brands; from Müller Dairy, Danone, and Yeo Valley Organic, to Yoplait. The positive health credentials of Greek yoghurt attract consumers to this style of yoghurt over traditional yoghurt, the fruited variations helped to extend the popularity of Greek yoghurts further amongst consumers (Euromonitor 2014).

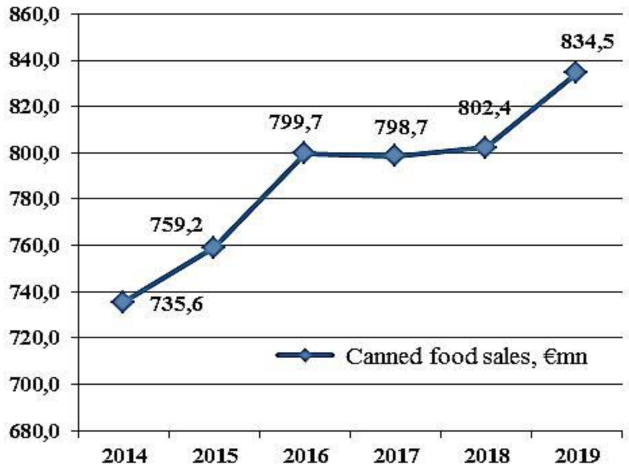
Table No. 10: *Yogurt sales by product type* (AHDB 2014)

Product type	Spend yoy %	Volume (000kgs)	Volume yoy %
Bio set	3.3	154,727	1.6
Children's	18.3	11,522	22.4
Low fat	-3.9	89,411	-3.9
Luxury	8.0	128,138	-1.9
Plain/Natural	13.3	65,277	14.8
Very low fat	15.2	139,358	9.4

New rulings last year meant only yogurt made in Greece (like Total's brand, Fage) can be called Greek yogurt, all others can use "Greek style" denomination (Atkinson 2015). Müller (UK) dominated the yoghurt category in 2014; mainly because of the new products it released that tap into the latest consumer trends. "Healthy Greek style yoghurts and premium yoghurt desserts drove much of this growth outside of the company's core brands" (Euromonitor 2014).

According to BMI (2015k), canned food value sales in volume terms (-0.7% CAGR by 2019) are expected to decline over the forecast period, owing to the trend towards fresher foods, along with increasing health consciousness and rising disposable incomes. Although busy lifestyles have kept interest in processed and prepared foods relatively high, increasingly sophisticated tastes means that this interest is now more likely to manifest itself in the purchase of chilled pre-prepared meals than canned goods, which have negative nutritional connotations. However, because are generally cheaper and they keep longer, consumers who want to save money will keep purchasing it.

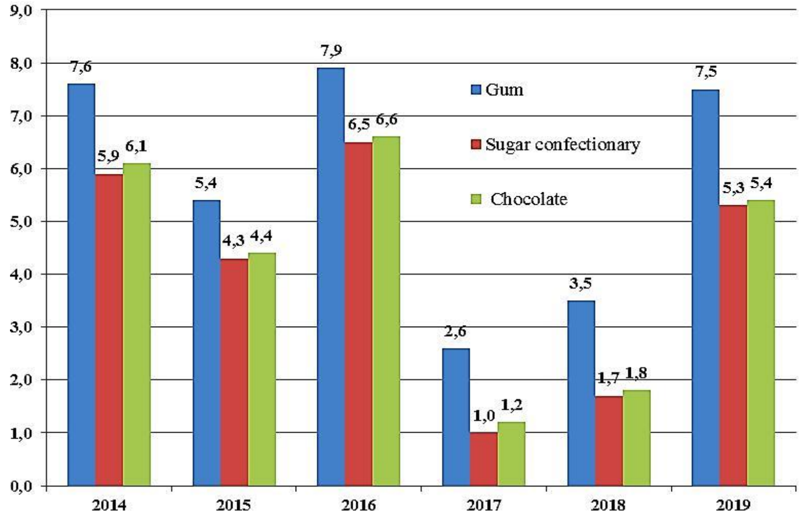
Fig No. 87: *UK: Canned food sales, €mn to 2019* (BMI 2015k)



The UK confectionery market has reached maturity and only modest volume sales growth can be expected over the coming years. Despite near saturation, value sales over the past 10 years have increased as consumers continue to buck the health and wellness trend and turn to chocolate confectionery for and premium indulgence (Euromonitor 2014).

The chewing gum sector will continue to benefit from the rise in health consciousness that has affected sales of other confectionery products. Mondelez International still dominates chocolate confectionery in 2014 (29% share of retail value shares), followed by Mars (21%) and Nestlé (15%), respectively. According to Brown (2014) "internet confectionery sales have passed €141.52mm for the first time as brands have ramped up ad spend by 12.5%", however with few premiumization opportunities and limited progress in the development of functional products, there are no obvious drivers of growth in this segment.

Fig No. 88: *Confectionery sales by category % € (yoy)*

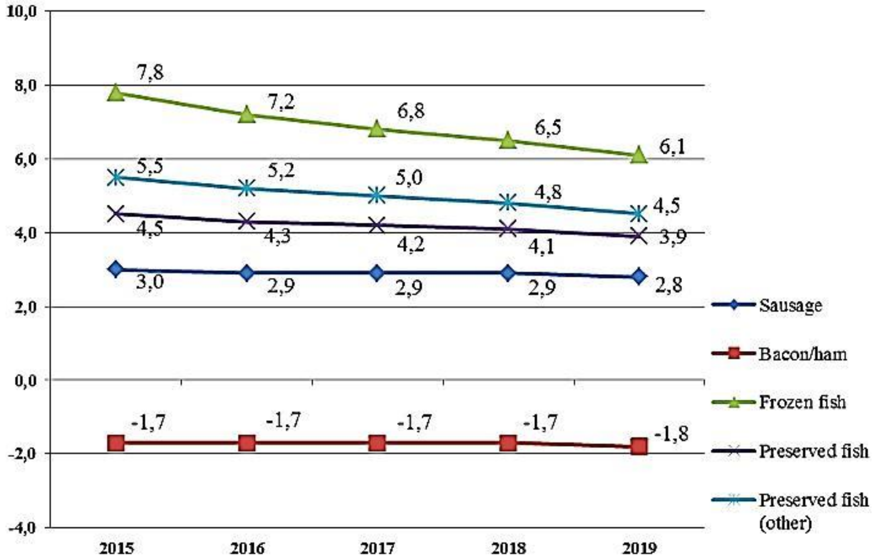


The rising popularity of vegetarian food, health-related and cultural shifts, has had an impact on the **meat sector** in the UK. Nevertheless, BMI (2015k) estimates that "the consumption of meat values in general to continue increasing at low single-digit annual rates over the forecast period, although per capita consumption of bacon is expected to decline from 8.2kg in 2014 to 7.3kg by 2019". According to McDonald (2015), "the value sales of pre-packed sausages saw a decrease of -15.7% for w/e 31 October 2015 and pre-packed bacon saw an even steeper decline, with sales down - 17%, as a result of the WHO report". On the other hand, IBIS (2015) report estimates that the Meat Processing industry in the UK will grow by a "4.4% CAGR through 2015-16" as it is an emblematic product category for the British diet (DEFRA 2015; Gould 2015).

When it comes to retail shopper trends, savvy shopping in UK is here to stay. What is just as important, though, is that "quality is firmly ranked second and seafood is expensive, British consumers s are willing to pay more for such products" (Holland 2015). Total U.K. foodservice grew by 1.9 percent for the year through June to €70.2bn, within that figure seafood accounted for €4.1bn, with servings up 0.8% (yoy), led by the pub and fish and chips channels (Holland 2015).

At the moment, UK's at-home seafood consumption is still low at around 150g./week per person compared to 170g in 2007, basically because seafood is an expensive protein choice as seafood prices are still falling at a slower rate than other proteins, making them more expensive and widening the gap. Moreover according to Holland (2015) seafood products should also address some of the traditional barriers to seafood, as for British consumers' "out of all the proteins, fish is seen by shoppers to be the most scary, they don't like choosing it; they don't like handling it; they don't like preparing it, apart from eating it, they don't like anything about it".

Fig No. 89: *Meat sales tones % (yoy) by category*

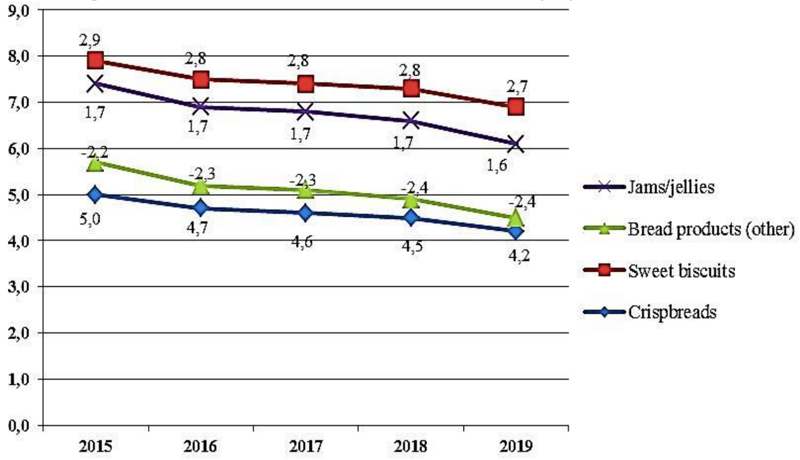


Although fish consumption in general has seen a marginal decline in the UK in recent years, this trend varies according to the type of fish consumed, with reports indicating a significant rise in demand for fresh salmon portions. Per capita consumption levels of fish in the UK are projected to rise through to 2019. In 2014, per capita consumption of frozen fish stood at 9.4kg, which BMI (2015k) is forecasting will rise to 12.8kg by 2019 as an increasing number of people switch to lesser-known types of fish (Holland 2015).

The snack market is extremely well developed and novel products are well received; online retailing has boosted sales by targeting particular groups. US-based drinks manufacturer PepsiCo is looking to develop healthier snacks for the UK market such as 'better for you' crisps, a product that has 70% less fat than 'standard' crisps. Other companies are also looking to diversify their offerings, in order to combat the pressure of higher costs and competition.

One of them is UK family-owned bakery Warburtons, which is struggling with rising costs, competition with artisan bakeries and has launched low-calorie wraps and gluten-free alternatives in an effort to turn around its drop in profits. Overall baked goods will continue to struggle over the forecast period. Though there is scope for innovation, the market has been somewhat commoditized for a long time, limiting the potential for dynamism (Euromonitor 2014).

Fig No. 90: *Baked Good Sales tones % (yoy)* (BMI 2015k)

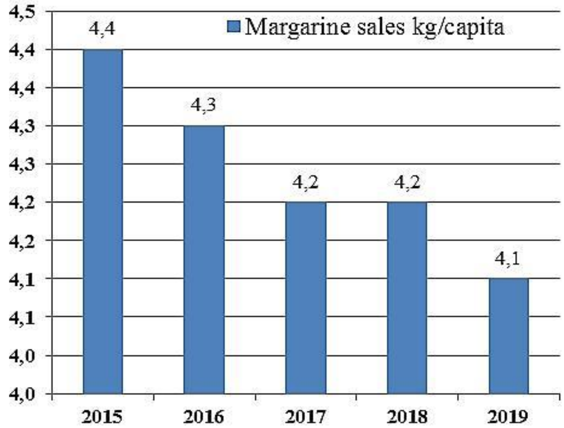


The UK's pasta market has developed on the back of changing lifestyles and the demand for more convenience. Per capita consumption stands in the region of 10kg per annum. Private labels accounting for around 75% of total value sales, while imports account for around 40% of total consumption (BMI 2015k; Italian Food 2014). Heinz continued to lead sales in 2014, supported by its canned/preserved pasta (66% value share) popular among children and some adult consumers as an easy snack option. Sales are expected to decline as consumer look for fresher, varieties of ready-made pasta within chilled/fresh pasta.

"New entrants have driven premiumization and helped to extend the demographic appeal of these products, with the current Asian street food trend having a heavy influence on innovation in this arena" (Mintel 2014). Given that a "4 in 10 users would like to see more pasta which is high in protein, rising to half of 25-34s", presents significant opportunities for the pasta market (Mintel 2014). This suggests the need for NPD to explore different packaging sizes, single-serve options and portionability to appeal to the rising number of smaller households.

Consumption levels of oils and fats are relatively stagnant in the UK. Through to 2019, BMI is forecasting that consumption of margarine will fall from an estimated 4.4kg in 2014 to 4.1kg per capita.

Fig No. 91: *Margarine sales kg/capita projection to 2019*



UK foodservice overview

In the UK foodservice industry (20% of the European foodservice industry), has experienced stable, but fairly modest growth in recent years with total sales of €89bn in 2014. The restaurants and cafes segment was the industry's most lucrative in 2014, with total sales of €44.61bn (50% of the industry's total value), while the fast-food's recorded sales value was €22.54bn in 2014 (25.3%), followed by drinking places (10%; €8.83bn) and others (14%; €13.15bn) (Technomic 2014; Market Line 2015). By 2019, this sector is expected to record a 2.1% CAGR to 2019 (€98.89bn) (MarketLine 2015).

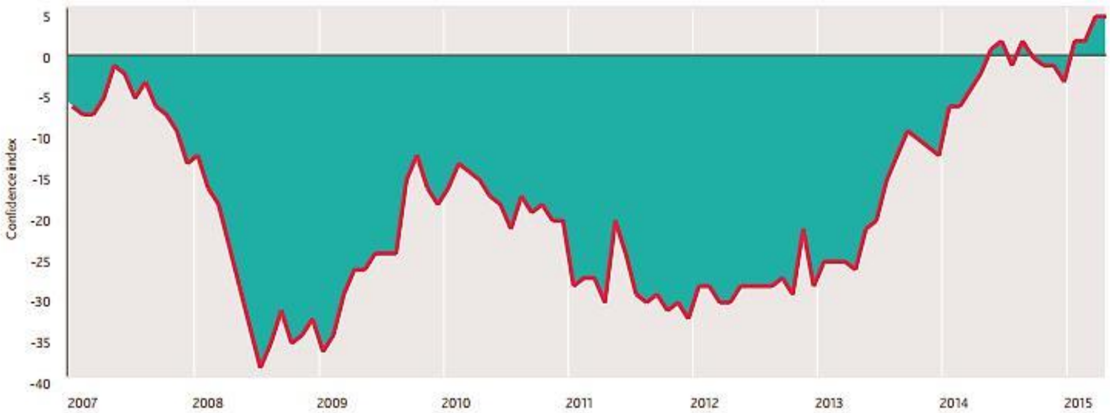
Table No. 11: *United Kingdom restaurants industry value forecast 2014–19*

Year	€ billion	% Growth
2014	71.5	2.8%
2015	73.5	2.9%
2016	75.1	2.1%
2017	76.6	2.0%
2018	78.0	1.9%
2019	79.3	1.6%

Many fast food establishments are investing hard in making their products look more appetizing when they are posted on social media, extending the concept of fast food from value for money to premium. For example, kebabs and burgers are no longer commodity items to be purchased after the closing time bell in the pub and are becoming a delicacy (overall consumers are now demanding multiple craft beer options and other such premium option for both drinks and food).Another example is the new craze for **Mediterranean food** is currently changing the face of street and restaurant landscape in the UK.

Whilst consumer confidence may be remaining high, business confidence is still wavering. Confidence is still higher than pre-recession levels, but there was a sharp shift in confidence between Q4 2014 and Q1 2015: whereas 62% of manufacturers were confident that turnover would increase over the next 12 months in 2014, the figure slid to 55% in Q1 2015. For services businesses, confidence slipped from 60% in Q4 2014 to 50% in Q1 2015 for both manufacturing and services (BDO 2015, p. 4). This could be a sign that the economy is still too reliant on consumer spending. Nevertheless, the restaurant and bars sector has continued to enjoy healthy growth for the past three months.

Fig No. 92: *Consumer Confidence 2007-2015 (Q1)*



Consumer confidence is currently at a near-term high which we are seeing translate into increased expenditure in restaurants and bars. Expenditure on hotels, restaurants and bars rose by +7.8% in April 2015 compared to the same month in 2014. However, the recovery still needs nurturing in order to become sustainable. The British consumers are clearly willing to spend in restaurants and bars, but the post-recession consumer has become far more discerning. Some of the well-known fast food burger chains are losing up to a million customers a year, and some serious innovation to business models is needed to help stave against falling revenues. Customers still want fast food, but from hipper establishments than the traditional fast food restaurant. Current players need to revolutionize their menus and their restaurants in order to appeal better to today's consumer – and be better prepared to fight off the competition.

Whilst London is still enjoying the best growth organically (yoy up by 1.4% against growth) an increased focus on opening new establishments away from the capital is having an effect: restaurant brands outside London saw the best like-for-like sales growth in April 2015, with sales increasing 3% compared to April 2014. The gap between London vs the rest of the UK is narrowing, and restaurants and bars need to retain their rate of new openings if they are to continue to capitalize on the increased economic focus away from London (BDO 2015, p. 6).

For example in Bristol, "the ethos of making effective use of quality, local ingredients, variety and diversity seems to be the bedrock of its food and drink scene. From James Wilkins' Michelin-starred Wilks through the casual dining middle ground to the traders at St Nicholas Market, as well as at the numerous food and drink festivals that take place in and around the city, there is a pride and passion for local produce that gives vibrancy to Bristol that other cities would struggle to replicate" (BDO 2015, p. 12). According to BDO (2015, p. 12), Bristol does reflect national trends: the inexorable rise of the premium fast food items; the renewed interest in craft beers; the popularity of street food events served in style, verve and attitude. Many other cities appeal to consumers in a reflective and innovative spirit and culture, for consumers who not only love food but they are demanding innovative concepts that cater for a wide variety of tastes and budgets, with a clear support for independent operators.

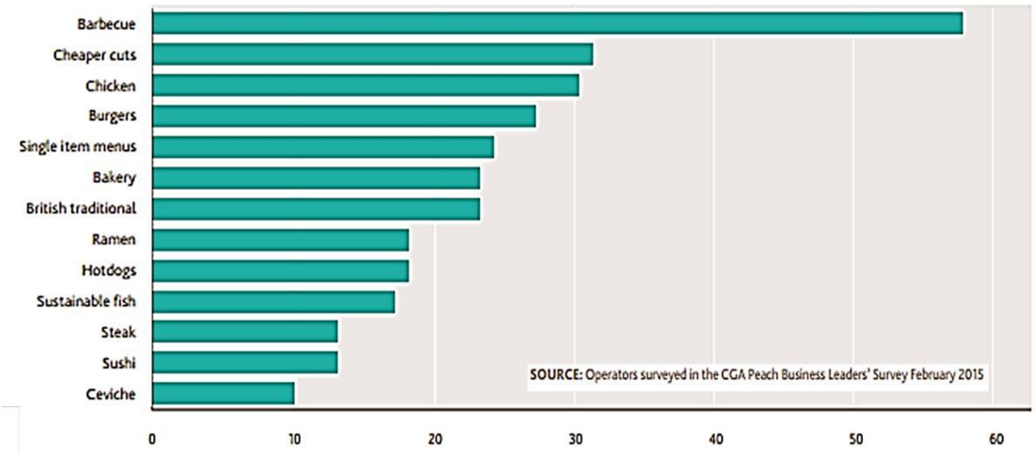
Hot New Concepts

The concept of casual dining is seeing the fastest growth of any other dining sector in the UK, statistics show that the sector grew by 8% national yoy between 2013 and 2014. Two of the most notable increases are by the long established Frankie & Benny's which increased its outlet portfolio from 197 to 232 between 2011 and 2014 and Harvester chains which saw its restaurant numbers increase by a fifth to 212. Harvester's menus are dominated by pictures of ribs and pulled pork, dripping in barbecue sauce, a concept which it is also creeping into the ready meal market in supermarkets, with pulled pork and barbecued chicken options now replacing the British classics of chicken tikka masala and sweet and sour chicken.

The evolution of the restaurant menu provides some insight into changing consumer tastes. If we look at the burger menu at the well-known chain Harvester, for example, one can see that burger options have greatly expanded from the standard beef, chicken and vegetarian options, with the source of meat being displayed prominently on the menu.

These restaurants are, rather crudely, transition restaurants to the relatively new concept of smokehouse and barbecue restaurants. The public's thirst for the new casual dining style concepts is unrelenting and this, coupled with an enduring love of meat, is helping to propel smokehouse and barbecue restaurants into the one of the fastest growing dining sectors of today. Supporting this growth, one of the parallel foods trends of the past few years has been the ethical sourcing of food and drink and the story behind it, which appeals to young adults who are the key demographic for smokehouse restaurants (BDO 2015, p. 16). The majority of smokehouse restaurant websites have a large section devoted to the history of the restaurant with this playing as an important a part as the menu in the PR strategy for any new restaurants opening.

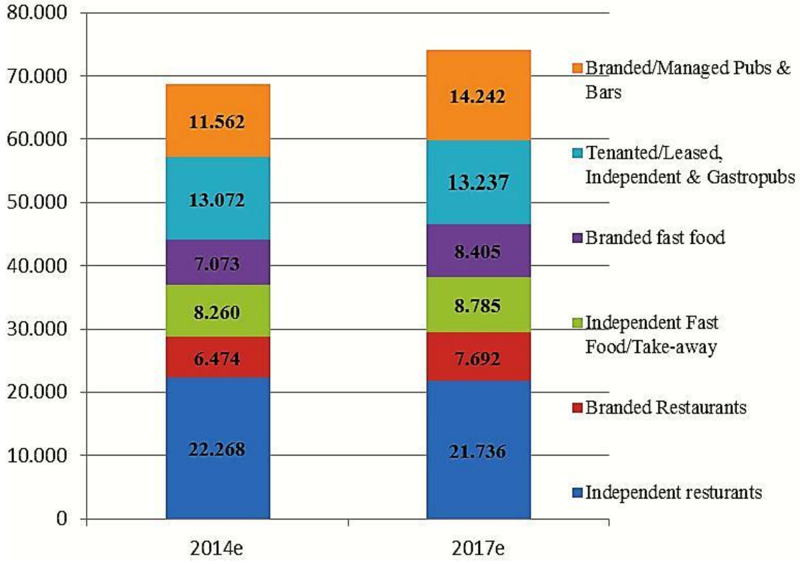
Fig No. 93: *Food Trends which have an impact in 2015* (BDO 2015)



Independent restaurants will continue to thrive in an area which consumers still view as niche, with even more specialty and innovative offering – as restauranteurs seek to differentiate themselves from the rest of the market. Recent examples of this include Suvaki in Soho, London which claims to be a fast casual Greek grill house concept.

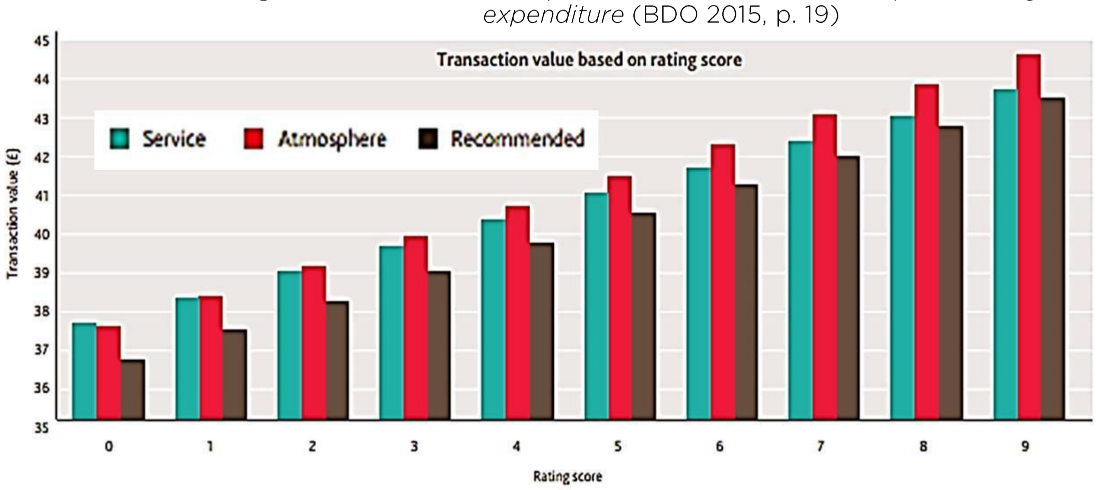
Many Pubs, have already been forced to innovate and became gastro pubs in order to cater for the more family-orientated, non-smoker clientele, are now finding casual dining establishments are also impacting on their new business models (statistics are also echo this trend, with sales for casual dining groups up by 8% nationally yoy) (BDO 2015, p. 7).

Fig No. 94: *UK: Forecasted total growth by category (€mn)*



Casual dining popularity shows no sign of slowing down (See figure above), particularly outside the capital, and it is those establishments which can best adapt to serving this new trend who are set to thrive over the medium term. Especially because the 35-44 year olds consumers are now eating out more than ever; driven by "premiumized informality" they seek for real, immersive, artisanal and engaging food concepts, which could prove profitable for the industry long term (Horizons 2015).

Fig No. 95: *The relationship between service and atmosphere rating and expenditure* (BDO 2015, p. 19)

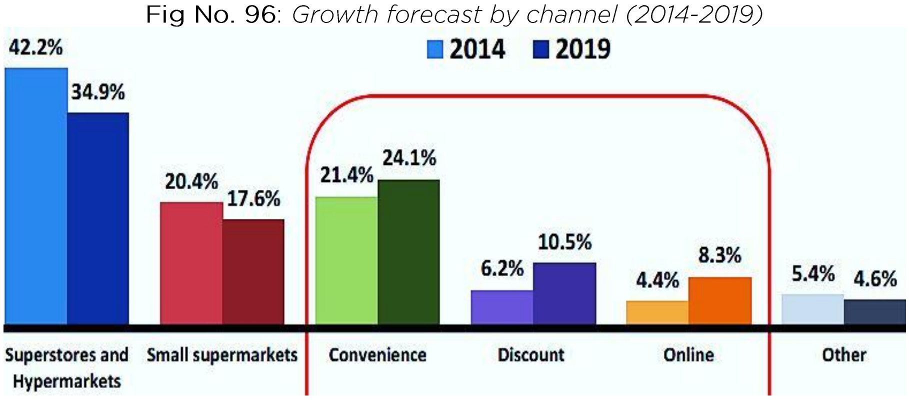


Overall as we can see in the figure above, wherever customer satisfaction is improved expenditure also goes up. In particular creating a great atmosphere has a significant impact – with those rating a '9' spending £7 (9€) more than those rating a '0'. At a more granular level raising a customer from rating a '4' to a '7' creates an average jump in spend of almost £2.50 (€3.5) – which can make a big difference when dealing with hundreds of customers day after day.

MGR Market Overview

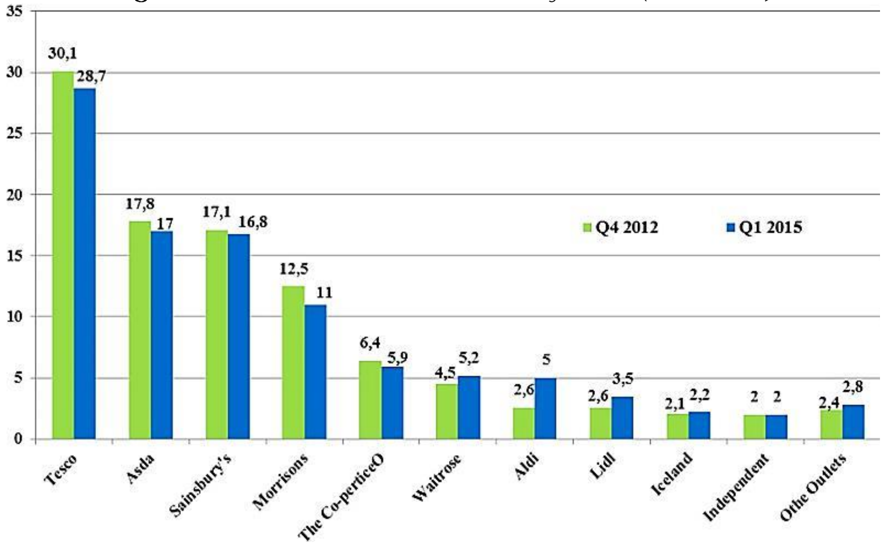
The UK Grocery Market is worth €247.89bn and has increased by 2.8% in the 2014; this is a highly consolidated market with Tesco, Sainsbury's, Asda and Morrisons accounting for 3/4 of the total market. Fresh & Chilled remains the largest sector and is growing ahead of the total market. According to Euromonitor (2015) "Tesco continued to lead grocery retailers in value terms in 2014". While Tesco continues to invest in hypermarkets, larger out-of-town stores are becoming less appealing to shoppers and consequently a less dynamic area for growth, Sainsbury's is "increasing its focus on convenience stores, looking to put it at a significant advantage over its peer" (Euromonitor 2015).The appeal of convenience stores, discounters (despite economic recovery) and internet retailing (€24.01bn by 2019) sees no signs of disappearing over the long term (Gladding 2014).

Fig No. 96: *Growth forecast by channel (2014-2019)*



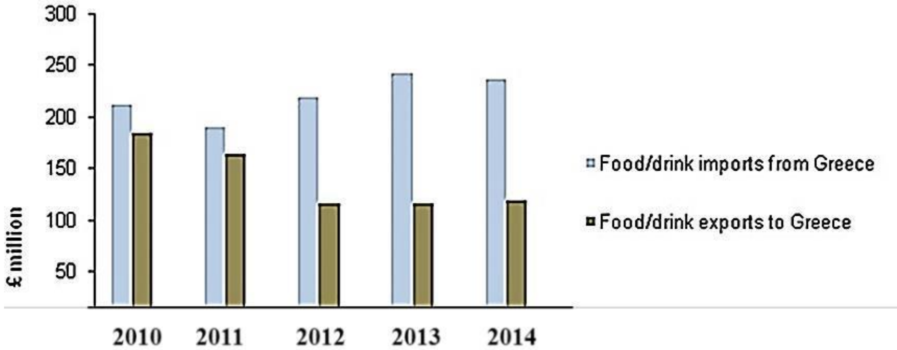
Discounters have lost their stigma of being targeted towards poorer shoppers, and are now also widely visited by affluent consumers, projected to remain a key feature of UK grocery market, estimated to grow 13% by 2010 (€284.96bn) (Ruddick 2015). Online food retailing will be the fastest growing channel over the next five years, with sales more than doubling their value by 2020 to €24.43bn (Gibbons 2015). For example "Ocado, reported a 19% jump in gross group sales for the Q1 of 2015, compared to a year ago" (Brinded 2015). Income distribution reveal a significant wage inequality between the high and low consumer classes in the UK, stood at 0.404 Gini Coefficient in 2014, is the worst in EU (O'Reilly 2015).

Fig No. 97: *UK Retail: Market share by store (2012-2015)*



Current consumer trends also show that British are savvy shopper, increasingly more "receptive towards premium products, including organic and specialty foods, allowing for value sales growth even in a mature market" which created an opportunity for "small and independent specialty food producers and stores" (BMI 2015k). A trend parallel by demand for convenience products as results of changing lifestyles among British consumer expected to represent 24.1% of the grocery market by 2019. For example in the last 3 years Aldi went to 5% to 2.6%; while Lidl's share rose to 3.5% (Brinded 2015). According to Gladding (2014) only those producers and businesses ready to innovate will be able to take advantage of the UK market.

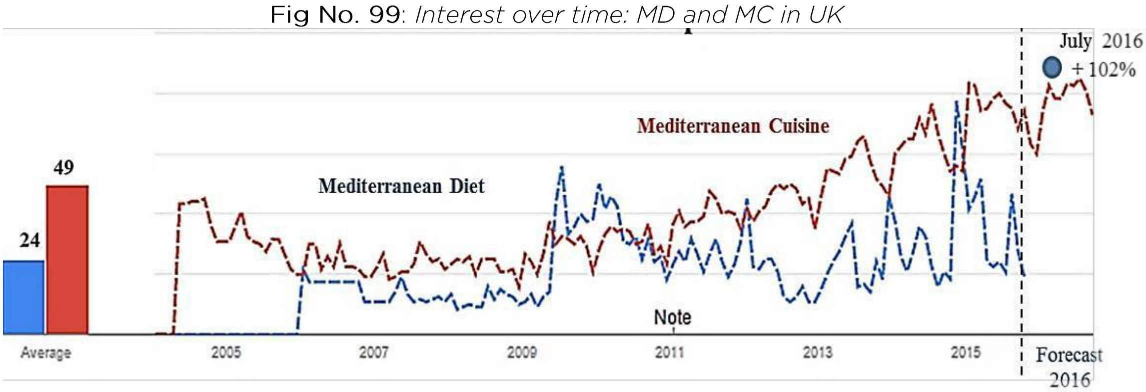
Fig No.98: *Trade of food and drink between UK and Greece* (£mn) (CIM 2015)



In 2013, UK accounted for 12% of total Greek export of legumes and 66% of vegetables such as "Cabbages, cauliflower, kohlrabi, kale, broccoli", 7.7 % fruits (3rd after Germany and Russia) (The Atlas 2015; MarketLine 2015, p. 11; USDA 2014; Incles 2015). UK imports from Greece in 2014 were well down in volume by 2.6% (against 2013). The total share of Greek vegetable fruits and nuts to UK in 2014 accounted for 9%, were "Vegetable/fruit preparations - $114.3mn, Fruits, nuts - $79.3mn and Dairy, eggs, honey - $102.9mn" (of which 26% were for "buttermilk and yogurt" category (International Trade Center 2015; World Richest Countries 2014; Board 2015).

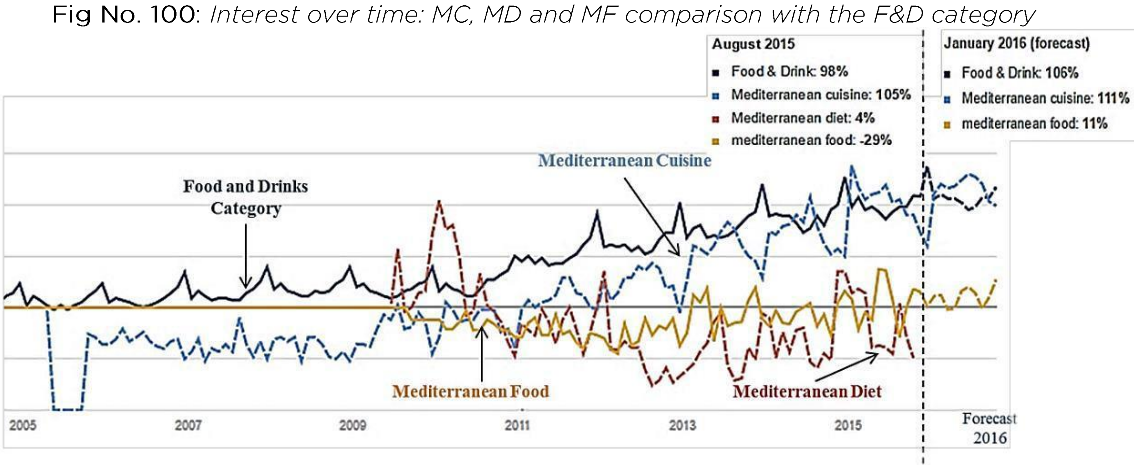
Google Trends United Kingdom

Fig No. 99: *Interest over time: MD and MC in UK*



In the UK, the interest over time in MC presents and upwards trend, overtaking MD and MF, and it is forecasted to outperform the Food and Drink category by January 2016. Overall both MD and MF also present an increase in interest in the UK, though their growths are slower when compared to MC.

Fig No. 100: *Interest over time: MC, MD and MF comparison with the F&D category*

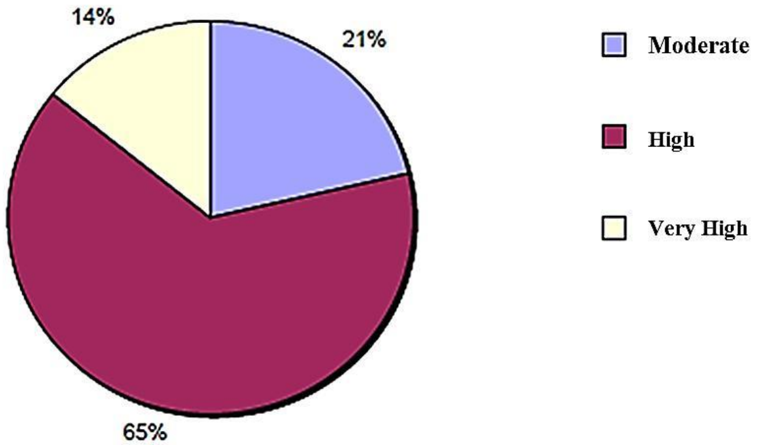


The primary investigation showed that in unanimity respondents (43% from the foodservice sector, 21% delicatessen and 36% others) indicated that they are aware of Mediterranean diet, who also mentioned that MD seems to be very popular concept for British companies operating in the food sector. 65% of respondents also think that their consumers associate MD with longevity while 30% think that there is little connection between the MD and longevity. However the majority of participants

(100%) answered that their consumers believe there is a strong positive correlation between the Mediterranean nutrition and balanced diet, and that MD is healthy (100% of respondents).

Moreover the majority (93%) of UK businesses surveyed believe that the consumers know a lot about the Mediterranean diet, indicating also that the majority of companies are highly aware of consumer trends and preferences. When asked "How widespread do you think is the Mediterranean diet among the general public?" almost 80% of respondents indicated that MD is high or very highly spread among the British public, and 21% responded indicated that is moderately spread in the UK.

Fig No. 101: *How widespread do you think is the MD among the general public*?

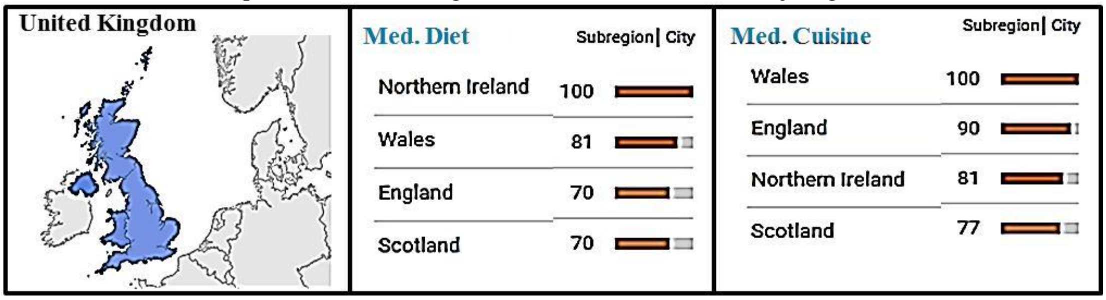


Moreover when asked if they think that MD is a fad or a long term trend, 79% of the British industry actors reported that the interest in Mediterranean diet will attenuated with the passage of time while 21% expressed uncertainty about the impact and dynamics of the Mediterranean diet. However when asked if they have observed any changing trends related to the consumption of Mediterranean product, 57.14% of participants stated that they believe more and more consumers are turning their attention towards Mediterranean diet products, while 42.86% did not any change and mentioned that the consumption of MD products is relatively stable.

Regional interest in MD and MC also differs across the UK. MD appears to hold more interest in Northern Ireland and Wales, while MC is more popular in Wales and England (see figure below). The general growing interest in MC (overtaking MD/MF which present also positive growth) in UK, might be explained by the growth of millennials, consumers aged between 18-30 years old, whom due to their fast lifestyles abandon home cooked breakfast and lunch in favor of ready-made and eating out meals (suggesting also an appetite for mid-morning snacks) (FM Word 2015).

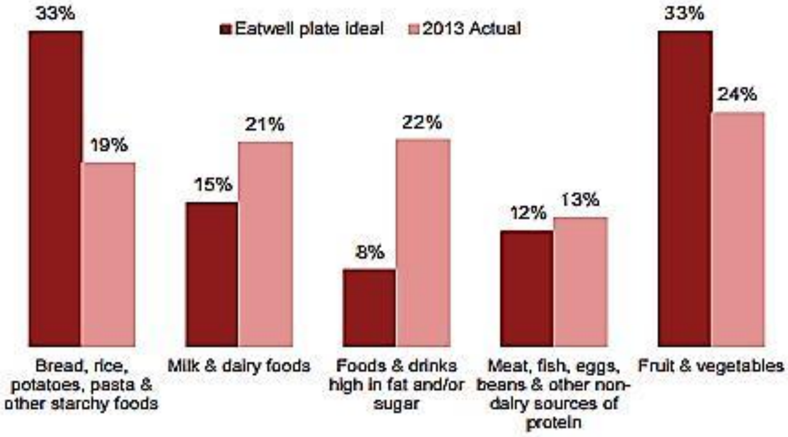
In terms of related search terms, MC in the UK seems to be associated with specific food categories, indicated by the use of terms such as "*vegetables*", and different meats, "*chicken, fish, lamb*". "*Mediterranean restaurants*" appear to occupy only 10% from the top related searches to MC, considerably lower that the figures recorded worldwide. The MD related search terms, make more references to "*diet recipes*" and "*diet plans*". British consumers, like French and German consumers, seem to associate MD with Greece, indicated by search terms such as: "*Greek Ionian diet*", "*Greek mediterranean diet*".

Fig No. 102: *UK: Regional interest MC and MF by region*



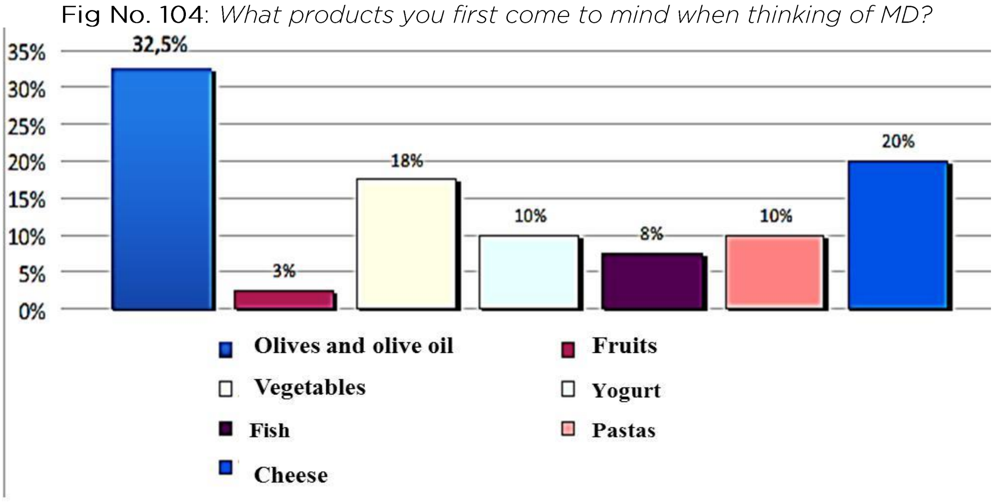
The ageing consumers seem to adopt healthier diets (Pot et al 2015), perhaps due to the growing concerns over food related chronic diseases, which could explain the GT search terms "*diet recipes*" and "*diet plans*" associated with MD (House of Commons 2015). However, for the 90% of millennials who disclose healthy eating habits and intentions to consume more healthy home cooked meals, their purchasing patterns disclose otherwise and generally they tend to consumer "the same type of meals they order when eating out" (FM World 2015). According to DEFRA (2015, p.43) report British consumers purchase more of foods & drinks high in fat and/or sugar that the "eatwell plate" recommends.

Fig No. 103: *Household purchases compared to the eatwell plate*



According to 79% of British businesses interviewed for this research, believe that their consumers consume MD products on a weekly basis, 14% reported that consumers will consume it on a daily basis while and 7% monthly (this knowledge stems from discussions and exchange of views between businesses and consumers). The most popular products associated with MD is olive oil and olives (32.5%), 20% associate the Mediterranean diet with dairy products such as feta, Cypriot halloumi cheese or parmesan, vegetables (18%), and yogurt and pasta (each with 10%).

Fig No. 104: *What products you first come to mind when thinking of MD?*



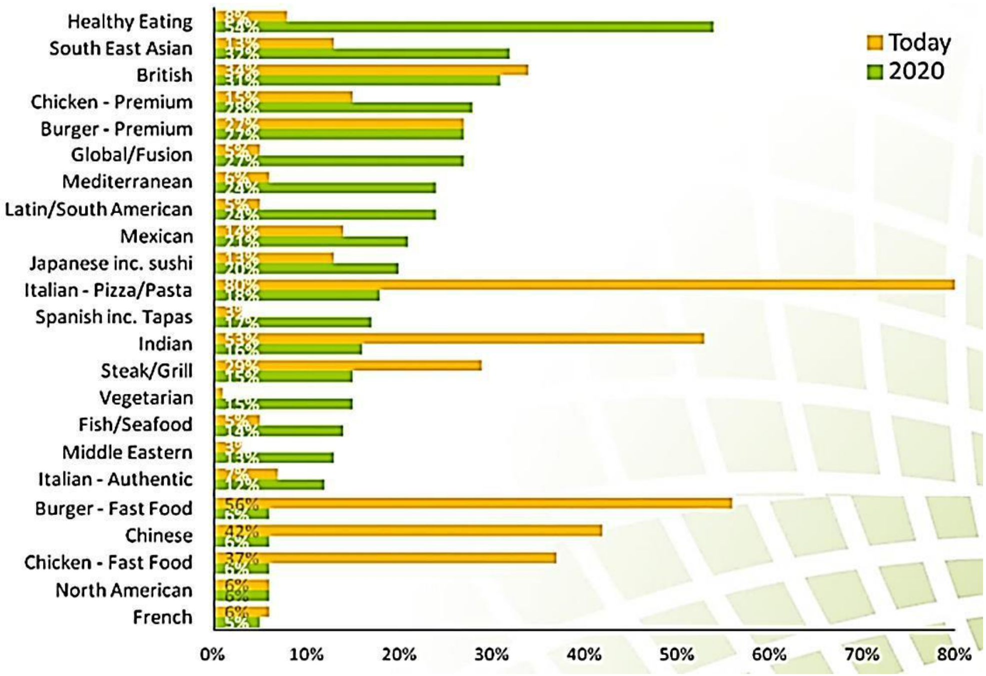
With the average British consumer eating 1 in 6 meals away from home (4 times/week), the foodservice industry has a significant role to considering that “over 50% of British adults could be obese by 2050”, however less than half (45%) of consultants highlight healthier eating as a key trend (FCSI n.d., p. 9). There was also a trend towards catering for health and well-being considerations (concentrating on a trend for 'premiumised informality' style) as well as offering more indulgent dishes which are expected to grow by 54% by 2020 (Stenning 2014, p. 32).

Table No. 12: *Approach to eating – segmentation of consumers*

Type	ASPIRATIONAL GOURMETS	PRAGMATIC FOODIES	FUNCTIONAL PROVIDERS	DISINTERESTED REFULELLERS
Population	28%	42%	17%	13%
Experimental	79%	73%	57%	59%
Eats out more	8%	11%	10%	16%
Prefers to Eat Out	13%	23%	24%	53%
Trends Influence	25%	16%	7%	8%

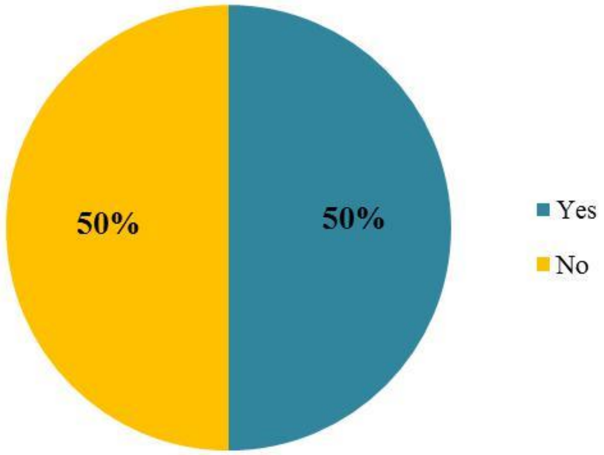
British consumers are also actively seeking for ethnic cuisines (particularity regional American dishes and exotic offerings such as Vietnamese, Peruvian and Egyptian) (Horizons 2015). According to Stenning (2014, p. 33) the interest of British consumer in MC is projected to grow by 26% by 2020, against 6% recorded today. Considering their growing interest in both healthy eating, indulgence and MC, presents Greek producers with a great long-term opportunity in this sector (with a growth of 1.5% so far in 2015, with 16 new pub and casual restaurants opening each week) (BMI 2015k).

Fig. No. 105: *UK: cuisine trends to 2020* (Stenning 2014, p. 33)



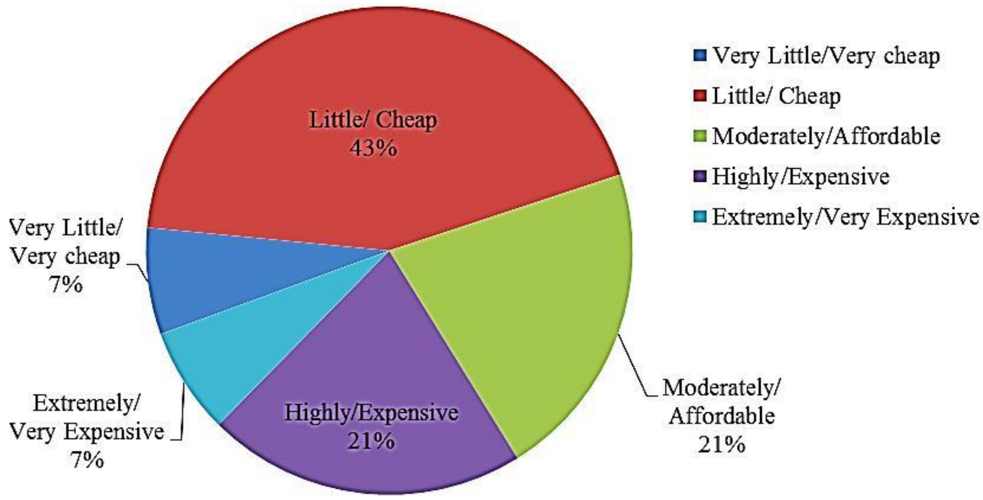
A good performance was observed among those independents foodservice actors which offered offer distinctive and gourmet healthy offerings, with innovative presentation and packaging indicating the functional health benefits of a specific food, such as juices/smoothies bars (Euromonitor 2015).Considering that "aspirational gourmets", "pragmatic foodie" and "experimental" consumer segments represent a large part of population and expected to reach 28%, 42% and 79% among young-mature British consumers, product innovation will be the winning strategy for new entrants in the UK's F&D market (Stenning 2014). On the other hand, when asked whether a Mediterranean diet meal could be sold ready cooked and if it would appeal to consumers, the opinions of the industry actors we have interviewed are equally divided, 50% believe that such products can resonate with the British consumer while 50% disagree.

Fig No. 106: *Do you think a MD could take the form of ready-meals*?



50% of enterprises consider that MD are relatively cheap, 21% consider that MD products are moderately priced. Cumulative 71% of companies surveyed believe that the Mediterranean diet affordable. In contrast, a 29% finds the Mediterranean diet somewhat expensive.

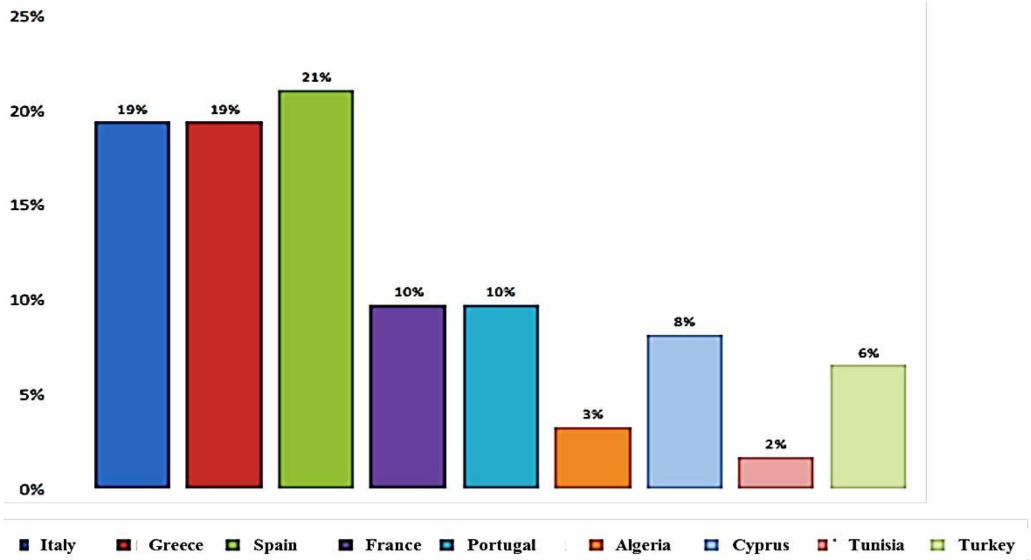
Fig No. 107: *Do you think that your customers find the MD products expensive*?



In this context, though "Mediterranean restaurants" appear to occupy only 10% from the top related searches to MC, as GT findings show British consumers seem to associate MD with Greece, pointed out by search terms such as "*Greek Ionian diet*", "*Greek Mediterranean diet*" which indicates an overall prospect for a growth in interest for MD/MC products and dishes. In fact, when British industry actors were asked with what national cuisines they think consumer associate Mediterranean diet, respondents indicate Spain as the main country associated by consumer with MD, while Greece and Italy followed closely with 19% each (see figure below).10% of respondents indicated that their consumers associate the MD with France or Portugal (10% each), but also cuisines such as Cyprus, Portugal, Tunisia and Turkey.

On one hand this indicate that British consumer associate MD with the entire Mediterranean Region rather that the four Mediterranean countries usually identified with MD. On the other hand, these findings could also be the results of the rich ethnic makeup of British consumers and not the least this could also be a sample bias, as some 43% of the sample were respondents from the foodservice sector where as mentioned above for consumers culinary diversity appears to be more important.

Fig No. 108: *Do your consumers associate Mediterranean Diet with a national cuisine? If yes, which countries*?



Market entry considerations

Highly developed, sophisticated, and diversified, the UK market is the 6th largest economy in the world. The UK's economy grew by 2.6-2.8% in 2014 (GDP was worth €2.74trillion) reflecting a continued recovery from the recession. The economy is expected to remain relatively strong in 2015 with forecast growth of 2.5%. The UK government has introduced deep cuts to public sector spending, affecting many businesses and, more broadly, consumer confidence. Despite an improving economic picture, the government is committed to reducing its deficit and the cuts are likely to continue. A debate has arisen about the UK's future membership in the EU. The current government is committed to offering an in-out referendum on EU membership by 2017 which could further impact the business environment in the country.

UK's grocery sector is one of the most competitive and cutthroat in retail (for 11.1% of the European food retail industry value) (MarketLine 2015). The market value in March 2015 saw an increase of 1.7% on 2014 and it is expected to grow by 13.0% by 2020(increase on 2015) (IDG 2015). The food retail industry in the UK is highly concentrated with supermarkets / hypermarkets accounting for 68.8% of the industry's overall value. Sales through convenience stores equate to 21.4% of the industry's aggregate revenues. Food retail in the UK has effectively developed into an oligopoly in recent years, with the four largest competitors, namely Tesco, Sainsbury's, Asda and Morrisons, holding the majority of the industry. However, the rise of discount retailers such as Aldi and Lidl is posing an increasing threat. The rise of the discount grocers will play a leading role in reshaping the grocery sector for the next couple of years, tempting cash conscious consumers away from the established brands of the British market. Price wars are set to continue, in order to satisfy the modern British consumer who 'wants a cheap, ideally free, online shopping service, with long sell-by dates and no substitutions" (KPMG 2015).

A lack of switching costs and the limitations in product differentiation lead to buyer mobility, which forces larger retailers to maintain attractive pricing schemes. There is a rising pressure laid on players to adapt to fast changing consumer needs and the winner should be able to position the desirable product at a price suitable for customers and manufacturers. Whilst specialist, luxury or organic retailers do not feel the same price sensitivity, they are not able to secure a large volume of customers, and may have no choice but to commit to long term supplier contracts in order to secure a steady supply, quality, or specifically prepared products (RTT n.d.). Potential new entrants may struggle to compete with the aggressive marketing and pricing policies of the existing players. Nonetheless, relatively low entry and exit costs, the emergence of thriving health and ethical niches which are sheltered from direct competition from current players, and strong historical growth, offer attractive prospects (MarketLine 2015).

Distribution Channels

The UK has well-developed sales and distribution channels, ranging from wholly-owned subsidiaries of foreign manufacturers to independent trading companies that buy and sell on their own account. Between these two extremes are independent resellers, sales agents, and stocking distributors, who have contractual relationships with their suppliers. The selection of an appropriate marketing organization depends largely on the nature of the goods and services involved. Also, increasing international e-commerce has contributed the growth of local fulfillment and delivery/return services (Export.gov 2015).

Industry Risk/Reward Index

According to BMI (2015k) UK offers substantial rewards and comparatively minimal risks to retailers, with a large affluent middle class, high urbanization and a solid economic growth outlook driving up per capita household spending. A coherent and well-regulated business environment and minimal barriers also contribute to a strong score, but the long-term inflation risk is significant and weighs on the overall score, leaving the UK with a score of 73.29 out of 100.

Industry and Country Rewards

At 71.67 UK is a regional outperformer with regard to potential rewards, both market and country focused, it offers to possible new entrants. It has the second highest rewards score of our developed economies, below the US on 78.33 and above its nearest European rival, Germany, on 67.50. The UK scores 73.33 for industry rewards. High household spending levels are a major boost to retailers and per capita spending is also high, meaning a significant amount of disposable income is available to spenders.

80% of UK's population lives in urban areas, giving retailers access to much of the population, while the proportion of prime working and therefore spending age (20-39) is also relatively high 26% of the total population, retailers thus have a significant target market who have disposable income at their disposal.

Industry and Country Risk

In the UK there are relatively low barriers to entry for those wanting to do business in the UK and the regulatory environment is also transparent and efficient, benefitting retailers who can easily predict the cost of regulation, though it could cause difficulties in some cases. UK scores 75.14 for country risks (17th place). The rate of inflation has been very low in the UK, due to falling oil prices among other factors, and the economy even slipped into deflation briefly, however the long term outlook is much healthier. The infrastructure in the UK is also a benefit to retailers as it is in good condition in terms of physical infrastructure, while the labor force is generally skilled and educated.

United Kingdom SWOT (adapted from BMI 2015k)

Strengths	Weaknesses
" Consumer s pending is strong in the UK, with a large pool of middle class consumers and growing economy, which will encourage continued s pending. " The UK food industry is particularly vibrant and responsive to consumer trends. " Companies are constantly launching new products, especially value-added items such as organic, fair-trade and functional products. " Consumer interest in high-quality food has grown rapidly, fueling demand for premium products. " Modern retail accounts for the bulk of food and drink sales, with novel products easily available to consumers.	" Retail space in the capital, London, can be very expensive. " The country's leading MGRs have been engaged in a price war, damaging profit margins. " Food scares and concerns over GMOs have led consumers to question the provenance of their food. " The immense power of modern retailers in the UK firmly places the burden of cushioning profitability losses on suppliers. " The private label sector is strong and growing, putting pressure on branded producers. " Many markets are saturated, offering little in the way of high growth potential.
Opportunities	**Threats**
" UK consumers are receptive towards premium products, including organic and specialty foods, allowing for value sales growth even in a mature market. " Value-added and convenience foods continue to experience strong growth rates as they cater to the busy lifestyles of UK consumers. " Consolidation is continuing, with scope to increase margins through greater efficiencies throughout the food chain.	" The UK's economy is closely linked to that of the EU. Further difficulties in the Eurozone could thus have an impact on the UK economy and consumer confidence. " Tax increases, public spending cuts and high unemployment are expected to take a toll on consumption. " The European Parliament is currently implementing proposals to restrict health and nutritional claims made on food, with a particular focus on the claims made by

″ The country's positive economic outlook will drive food consumption growth and rising employment is leading to rising consumer spending. ″ German discount MGRs Aldi and Lidl have enjoyed significant success in the UK in recent years, indicating further opportunities for price focused retailers. ″ Boutique-style mall space is enjoying continued popularity	functional products. ″ The increasing 'premiumization' of retailers' private label product ranges, together with higher consumer acceptance of private label products, threatens to undermine brand-name products

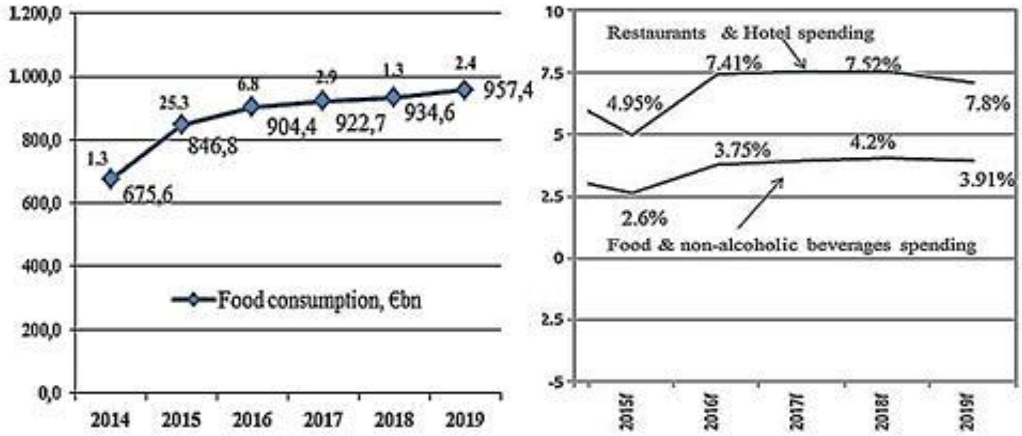
UNITED STATES of AMERICA

Despite facing challenges at the domestic level along with a rapidly transforming global landscape, the U.S. economy is still the largest and most important in the world. The U.S. economy represents about 20% of total global output (Focus Economics 2015).

The U.S. economy is currently emerging from a period of considerable turmoil, recent data suggest that the U.S. economy is on stable ground, although performance is uneven it economic outlook looks solid, as the economy has returned to near full employment (in August, unemployment fell to 5.1%, reaching its lowest level since 2008) (Conerly 2015; OECD 2015). According to the Bureau of Economic Analysis (BEA 2015) the "real GDP increased 2.1% in the 3Q of 2015(6th highest in the world), reflected a rise in consumer spending (prices of goods including food purchased by U.S. residents increased 1.3%, while DPI recorded a 3.5% increase during the same period) (Bartash 2015).

Total food sales for the August 2015 through October 2015 period were up 2.1% from the same period a year ago (DeNale & Bucchioni 2015). Despite a decade of declining productivity, supermarkets plan to add an additional 290mn square feet of retail space by 2025. This is also an environment where traditional channels are becoming less important for food sales. According to BMI (2015), in US the retail sector will go through dramatic shifts, as local retailers will downsize their operations allowing for entry opportunities from foreign companies. Beverage imports into the US account for around 17% of total category sales, fish accounts for around 12%, fruit 10%, coffee, tea and spices 8% and vegetables 7% (NZTE n.d.).

Fig No. 109: *Food Consumption Indicators in €bn (yoy growth) - F&D vs. Restaurant & Hotels Spending* (BMI 2015)

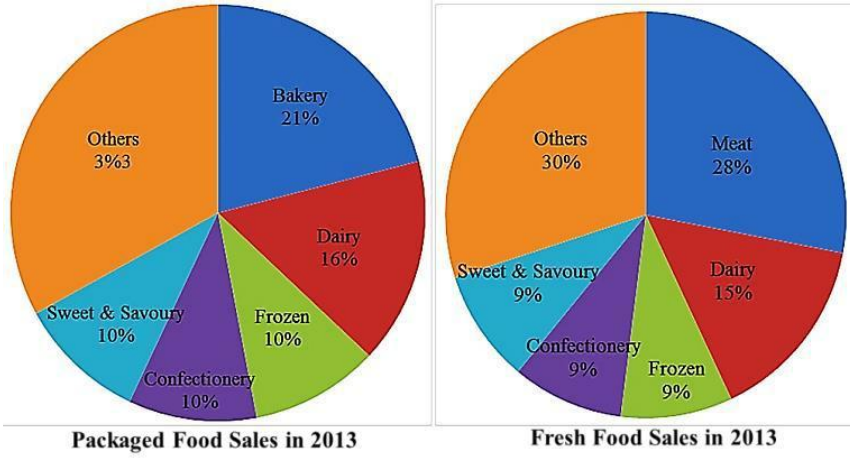


Per capita food consumption in the USA is one of the highest in the word and expected to grow with 4.1% by 2019 (CAGR) (BMI 2015u). Demographic changes, fast lifestyle and "smaller households", stimulates the demand for premium, artisanal and healthy products, even if generally these products are more expensive. Private label products, which became highly popular during the recession, will become relatively less popular.

The largely mediatized concerns regarding the increasing rates of obesity and food consumption related diseases among the USA' population resulted in higher demand for "health and wellness foods offering" projected to hold "significant sales potential" over the coming years (BMI 2015). Another important feature of USA market is the receptiveness of American consumers to new product offerings, also due to the diversity of US's ethnic population (e.g. Hispanic), with specific tastes and preferences, which gives niche segment the opportunity to market new products to satisfy those various consumer segments (BMI 2015).

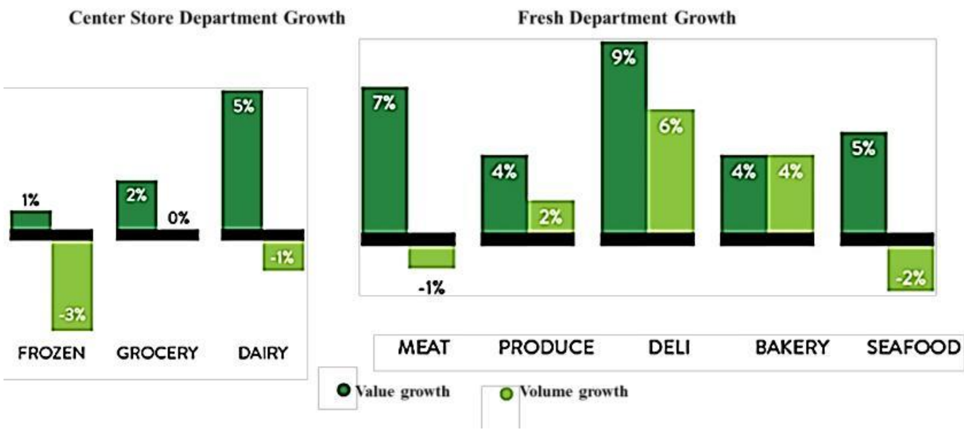
Foodservice operators, including restaurants, fast food outlets, and institutional foodservice operators in schools, hotels, and recreational sites, have increased their share of total food expenditures over the years. By 2011, food-away-from-home spending by households and businesses accounted for 48.7% from 2000. In response, supermarkets have expanded their ready-to-eat entrees and meals categories (USDA 2015). US packaged food sales totaled €313bn in 2013, the bakery category was worth 21% of the total, dairy16%, frozen processed food 10%, confectionery, 10% and sweet and savory snacks 10%. Fresh food sales comprised 78 million tons in 2011 with meat at 31% market share, vegetables 25%, fruits 23%, starchy roots 7% and eggs 6% (NZTE n.d.).

Fig No. 110: *Market Share % (sales) for Packaged & Fresh Food in 2013 (Global Strategy 2013)*



Fresh vegetables pulled just below €20 billion in 2014, and grew 5% compared to the previous year, while canned and frozen vegetables are declining slowly (Nielsen 2015). The search for authenticity has led organic food sales to more than triple over the past decade and increase 11.3% last year alone to €33bn (Organic Trade Association 2015). The sales of natural products across nearly every category are growing in mainstream retailers, to an astonishing €1.1billion in annual sales in just 2 years. And compounding the frenzy is that many brands are discovering they don't need shelf space to begin with. Natural and organic food company Hain Celestial, with about €2bn in revenue, says AmazonFresh is among its top 10 vendors in the US (Euromonitor 2015).

Fig No. 111: *Growth by store department (value & volume for 2014)(Nielsen 2015)*

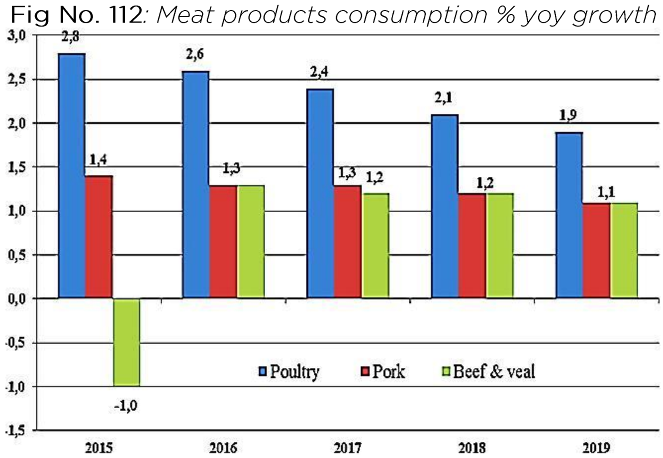


Euromonitor (2015) reports that the market for fresh food in US is projected to grow more aggressively by 2019. The growing economy will allow for a thriving foodie culture which demands the best and freshest ingredients, driving food service providers to increasingly seek fresh foods for their dishes. "In addition to this, the "*Will to Health*" rages on, with Americans seeking the healthiest options for themselves and their children" (Euromonitor 2015).

Products which are perceived to be fresh and healthy are leading category growth, continuing to change the American perception of **frozen processed food**. With products like Alexia booming in frozen potatoes and new technologies being applied to freeze fish straight out of the water, the American public is starting to associate words like "natural", "fresh", and "healthy" with frozen processed foods. Smaller serving sizes in sleeker looking packages at higher prices with lower sodium, fat and calorie values can be expected (Euromonitor 2014). Nestlé USA is set to lead sales in 2014 with 15% predicted value share of frozen processed food. ConAgra is the second largest company with predicted value share of 8%, followed by General Mills, The Schwan Food Co, and HJ Heinz Co.

Meat: By 2019 BMI (2015) projects that poultry consumption will rise by around 12.4% to 18.5mn tons, which will far outstrip red meat consumption growth as consumers increasingly, prefer the healthier option. Concerns over health, the environment and animal welfare, as well as changing demographics and tastes, have all contributed to red meat's waning popularity across its largest markets (Hosafci 2015). Introduction of new poultry-based convenience products is also fueling demand. For pork, we are forecasting consumption to grow by 6.4% to 2019 to reach 9.4mn tons, while beef consumption is expected to be the underperformer of the group, reaching 11.8mn tons, as consumers switch to other products.

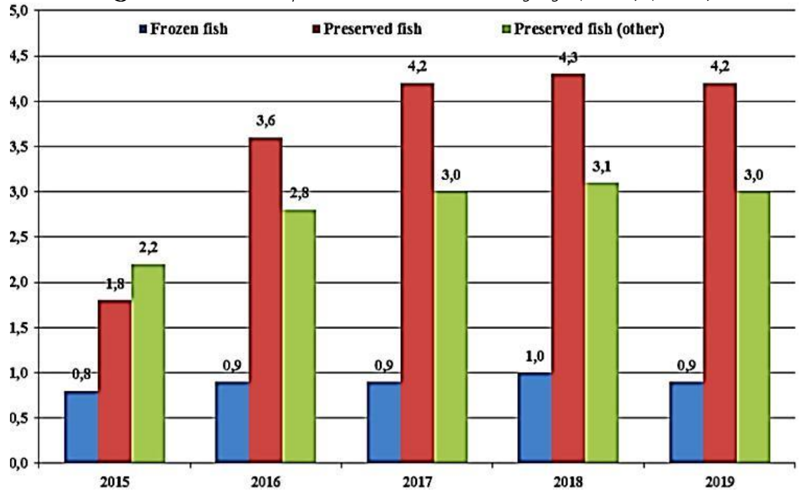
Fig No. 112: *Meat products consumption % yoy growth*



According to Euromonitor, the chilled processed products continues to be attractive for some consumers, and within this category the sales of chilled processed meat account for 68% value share of total chilled processed food sales with Oscar Mayer brand (belonging to Kraft Foods) holding a 17% share of this product segment (Euromonitor 2014).

Fish products sales are expected to remain relatively stable by 2019. The chilled fish/seafood, chilled meat products segment was the markets' most lucrative in 2013, with total revenues of €108bn, equivalent to 74% of the market's overall value. The deli food segment contributed revenues of €30bn in 2013, equating to 20.6% of the market's aggregate value.

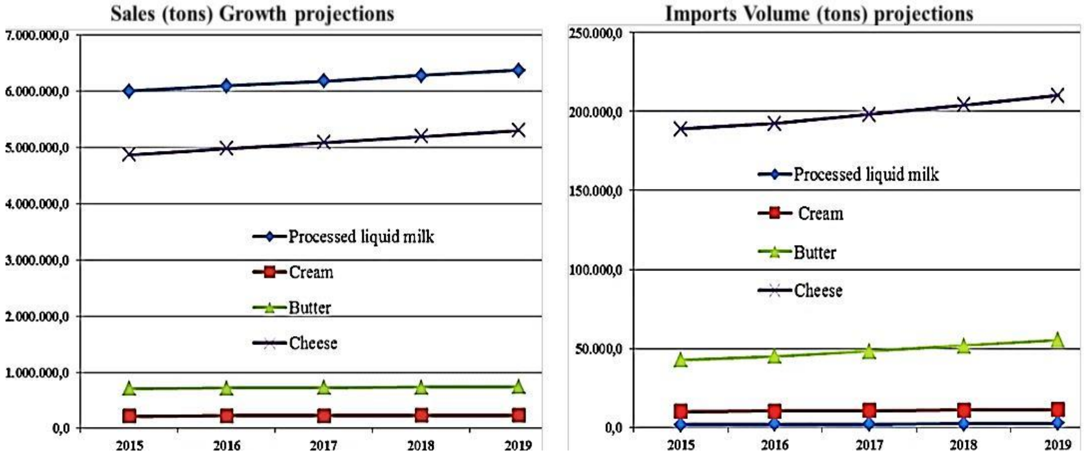
Fig No. 113: *Fish products sales in % yoy (tons)(USA)*



US is among the biggest contributors to shelf stable global sales of seafood, aided by the rising popularity of tuna (Euromonitor 2015). Overall the performance of the market is forecast to follow a similar pattern with an anticipated of 1.5% (CAGR) by 2018, which is expected to drive the market to a value of €158bn by the end of 2018. Comparatively, the European and Asia-Pacific markets will grow with 1.8% and 3.4% (CAGR) respectively, over the same period (MarketLine 2014).

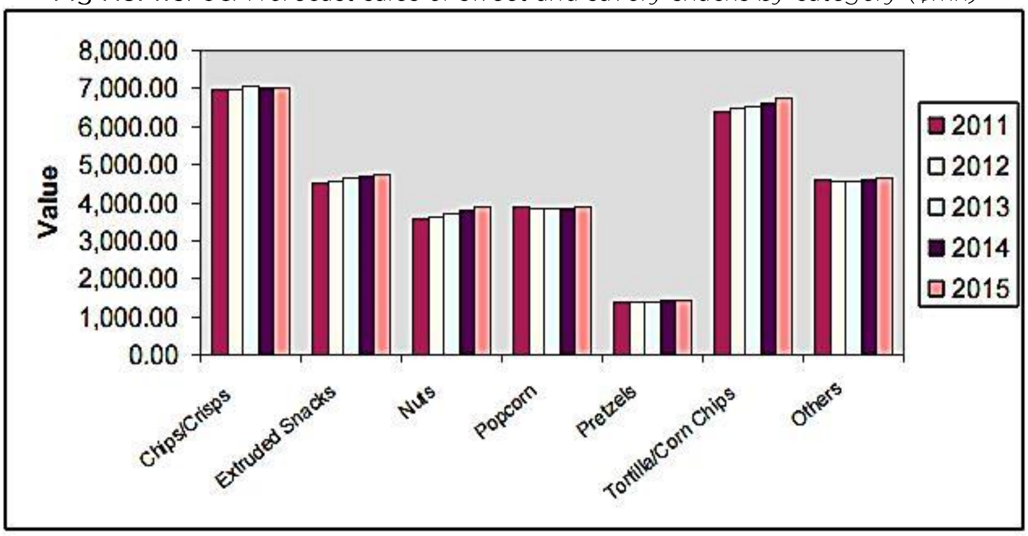
The dairy segment is characterized by the strong presence of family-owned farms that are usually members of producer cooperatives. International dairy trade is of only limited importance for the US, with the dairy industry being relatively isolated. The industry has become increasingly consolidated, with the overall number of dairy operations declining and the average size of remaining operations increasing. Around 1/3 of the milk supply is processed into fluid milk and cream products, while the remaining 2/3 are used to manufacture a great variety of other dairy products. Per capita consumption of milk has declined over the review period owing to competition from other beverages and a declining share of children in the population.

Fig No. 114: *Sales volumes & Imports projections by category (USA)*



BMI (2015) forecasts that **milk** consumption will grow only slightly in 2016, to 29.8mn tons, continuing at a steady pace to 30.9mn tons in 2019, largely be driven by population increases, as per capita consumption is already high by international standards. **Cheese** consumption to grow slightly in 2015 to 5.0mn tons as lower prices encourage consumption, consumption will be growing by around 9.4% on the 2014 level to 5.4mn tons in 2019, which would see the country's cheese market move into a greater surplus. **Butter** consumption is forecasted to grow by 2.2%/year to 873,000 tons by 2019 (BMI 2015).

Fig No. 115: *USA forecast sales of sweet and savory snacks by category ($mn)*

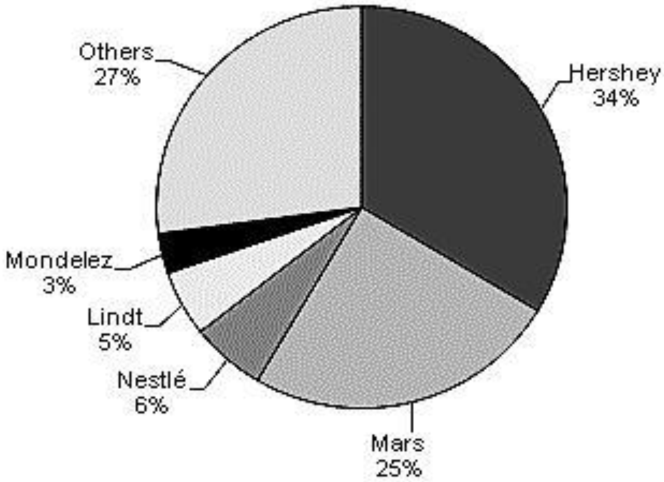


Source: *Euromonitor*

Until 2008, the **confectionery** sector in the US was driven by growth in the premium segment, and manufacturers had been increasingly adjusting their product portfolios to benefit from this trend. BMI (2015u) predicts that as the outlook for consumer spending improves, premium brands will recapture the interest of consumer. In the gum sector, a move towards functional varieties and a move away from the sugar confectionery category are expected to boost sales (e.g. sugar-free chewing gum and the introduction of a wide variety of functional chewing gums). According to Kowitt (2015), “Americans are willing to give up a lot for their newfound interest in wellness. But apparently they are not willing to say goodbye to chocolate and candy, which have resisted the declines felt in other parts of the packaged-food industry.

Confectioneries have held up in part because there was never any confusion over whether they are an indulgence”. Moreover, consumers are identifying chocolate and other confectionery with ‘treats’, “which by definition is something that gives pleasure, therefore it should also be good for you” (Kowitt 2015). There is a connection in consumers’ minds between overall health, wellness, and knowing exactly what they are eating, consumers want treats, and they want to know that the treat is really good and wholesome (Agriculture and Agri-Food Canada 2011).

Fig No. 116: *Confectionery Market 2014 (USA)*



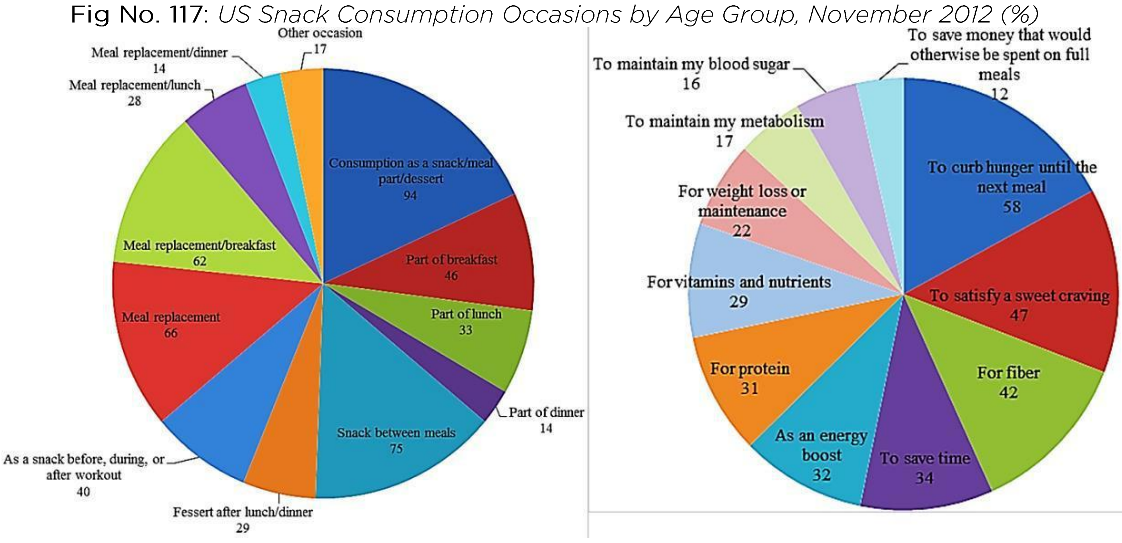
Hershey is the largest chocolate maker controls more than 1/3of the market. Hershey is poorly represented in premium and dark chocolate categories with “simple ingredients”, which have been rising in popularity, but its strong brands (e.g. KitKat its most popular brand), will enable it to maintain its dominance over the chocolate sector. Mars is the 2nd biggest player in the category, followed by Nestlé, Mendelez International (which owns Cadbury brands) and Lindt although none has managed to build double-digit market share. Lindt is projected to increase the sales of its brands, as dark and premium chocolate have become more popular.

Table No. 13: *USA Health & Wellness snack bar market size and forecasted sales value ($mn)*

Health and Wellness Category	2013	2014	2015	2016	2017
Snack bars (Total)	5,468.8	5,703.1	5,943.5	6,194.3	6,429.0
Energy and nutrition bars	2,244.1	2,349.6	2,453.2	2,570.7	2,662.8
Granola/muesli bars	1,630.0	1,728.4	1,831.5	1,936.2	2,050.5
Breakfast bars	789.5	810.5	834.0	854.0	871.6
Fruit bars	750.7	758.7	767.5	774.6	783.5
Other snack bars	54.5	55.9	57.3	58.8	60.7
Source: Euromonitor, 2013					

Sweet and savory snacks is projected to record CAGRs of 1% and 2% in volume terms and value terms at constant 2014 prices (€120bn), over the next few years, while nutrition bars and Greek yogurt, are on the rise and projected to grow 5% by 2018 (Food Business News 2015; Forbes 2014).Retail sales of yogurt in the United States are expected to approach €8.55bn by 2017.

Fig No. 117: *US Snack Consumption Occasions by Age Group, November 2012 (%)*



With the trend of snacking between meals likely to continue among younger consumers, the category will remain heavily prevalent in US eating habits. Nielsen (2014) also notes that "non-sugary snacks closely aligned with meal-replacement foods are showing strong growth (estimated 2.3% volume sales growth in 2015), which signals a shift in a consumer mindset to one focused on health". According to Nielse (2014), "there is a perception among consumers that snacks are intended more for in-between meals than for actual meal replacements, but busy, on-the-go lifestyles often dictate a need for quick meals, and many opt for fast food options can be high in calories and low in health benefits", which to a great extent propels manufacturers to continuously compete with each other and improve both the flavor and health attributes of many of their products. This helped lead to incredible growth in ready-to-eat products with fairly lower caloric contents. Nuts also performed well due to its health focus on nutrition, emphasizing its high fiber and protein content. Finally, pretzels also performed well, typically seen as a healthy snack pairing for dips and cheese (Agriculture and Agri-Food Canada 2013).

One Greek success example in the US healthy snack market is **Mediterra**, the first nutrition bars based on/inspired by the **Mediterranean Diet**, considered by experts as one of the healthiest lifestyles in the world, Mediterra bars offer new unique flavors that feature various fruits, vegetables, seeds and grains, providing distinct options for different snacking occasions throughout the day.

All bars are all-natural, non-GMO and Gluten-Free (PR Newswire 2015). Moreover according to the founder of this brand, "retailers are cross merchandising the bars. Not only are they being placed in the nutrition bar/snack areas but also we are finding at some retailers the bars are being placed in the wine section as the savory flavors pair really well with wine and beer" indicating that there is a massive untapped opportunity to gain market share in the nutritious and easy-to-eat meal alternative market that snack manufacturers could fill (Hatt 2014).

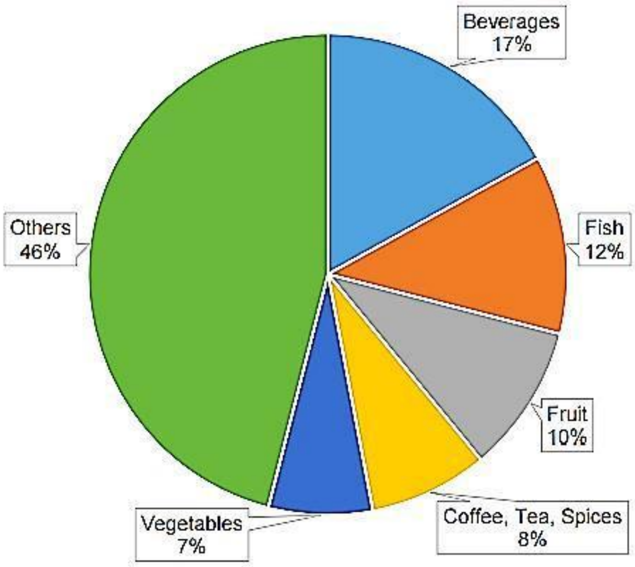
According to Euromonitor (2014), "PepsiCo's will continue to lead sweet and savory snacks, with an estimated value share of 44% in 2014. The company remains the leading player in chips/crisps, extruded snacks, tortilla/corn chips and other sweet and savory snacks and has recently started a push to validate and label some of its own products as gluten-free".

Taste preferences for snack options are noticeably different around the world. Besides fresh fruit and chocolate, large percentages of respondents also snack on cheese in Europe (58%), ice cream/gelato in Latin America (63%) and potato chips/tortilla chips in North America (63%) (Nielsen 2014).

2014 witnessed a continuation of the trend of Americans buying less and less canned food. As the economy recovers and Americans are increasingly drawn towards healthier options, canned and preserved food on the whole seems less appealing than fresh or chilled packaged food. FDA estimates that canned foodstuffs represent around 17% of an average person's diet, and it is growing at a faster pace in terms of value than volume, as premium varieties gain market share. Consumers are demanding premium and artisan products, which are generally more expensive than mass-produced commodities.

Main players in the canned food market include Kraft Foods, which operates in multiple sectors, and Heinz, which has a focus on soups and canned vegetables. Another major player in the canned food segment is Campbell Soup (42% market share in 2014), which has experienced the same difficulties as Heinz as consumers favor chilled soups over canned ones (for example, canned-soup consumption declined by 18% at dinner and a 7% at lunch) (Kowitt 2015). Canned/preserved pasta is predicted to record the worst performance, with a -4% (CAGR) volume over next couple of years, while canned/preserved tomatoes, a staple in any cook's kitchen, is predicted to record a 2% (CAGR) value. Other canned/preserved food is also expected to show healthy growth with a 2% (CAGR) volume (Euromonitor 2014).

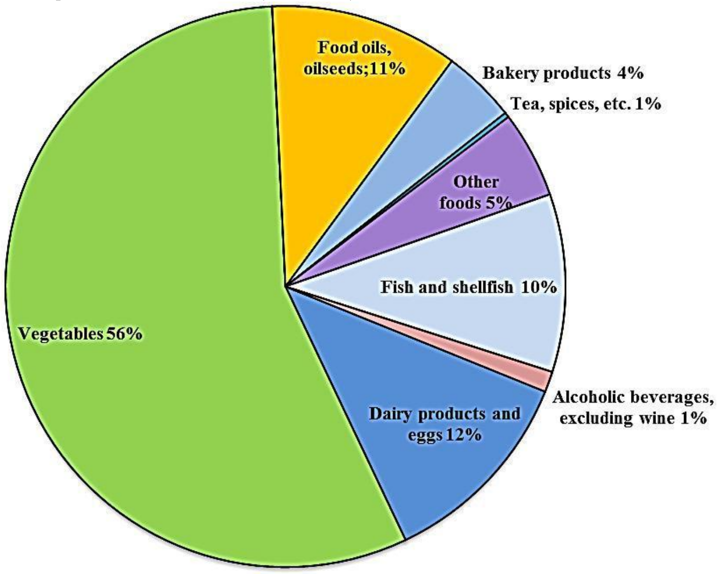
Fig No. 118: *USA Top imports % Share in 2013*



In 2009, U.S. food imports accounted for 17% of total food consumption. Some of the major destination for food imports is Canada (18%), followed by EU (17%), Mexico (15%), China (5%), Brazil and Thailand (each with 4%), as well as France and Italy (Greece is positioned as the 49^{th} food exporter to US). In 2013, imports of agricultural products from Canada totaled €20bn in 2013, leading categories: snack foods (including chocolate) €3.02bn, red meats, fresh/chilled/frozen €1.79bn, other vegetable oils €1.61bn and processed fruit and vegetables €1.32bn (USTR 2013; Flynn 2013).

Top food and beverage imports to the United States include beverages, with 17% share, fish (12%), fruit (10%), coffee, tea and spices (8%) and vegetables (7%). In 2014, the US exported food and drinks products worth an estimated €79.69bn, but imported products worth an estimated €110.69bn, partly owing to the significant cost advantages of food and drink producers in emerging markets, with many US companies having outsourced production to plants in Mexico, Brazil and China (BMI 2015).

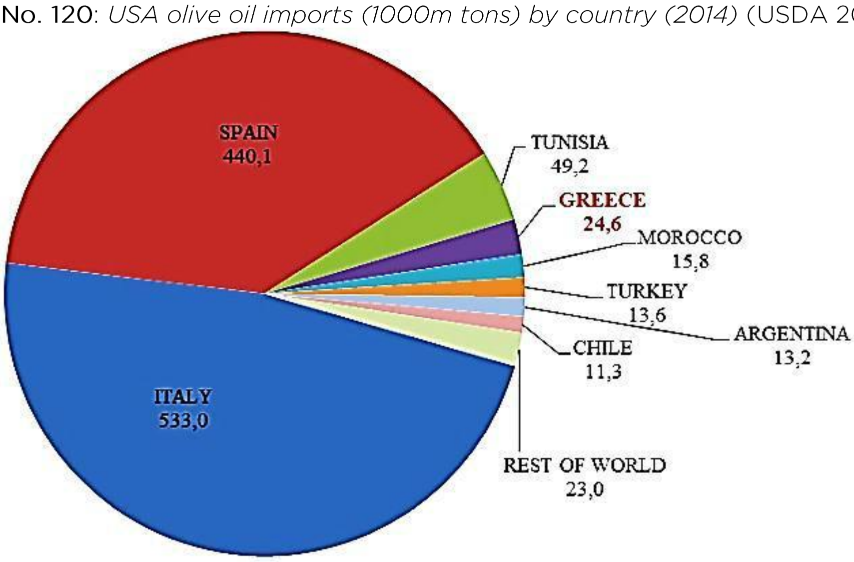
Fig No. 119: *USA Imported products from Greece (2014)*



Among the main Greek products traditionally exported to the US it is also food and agricultural products. Among the fastest growing top categories in 2014 were Vegetable/fruit preparations worth €154mn and Animal/vegetable fats and oils: €20mn (World Richest Counties 2015). According to the Hellenic Statistical Authority (2015) current figures, in the first 3Q of 2015, USA accounted for "4% of total Greek exports, 1% increase from 2014 or (€1bn including food products). Among US's olive oil imports destination is also Greece with 24.6% share of total olive oil imports, a low market share compared to major players.

According to Manifa (2014) "Greek olive oil has been unable to capitalize on the considerable prospects it has in the US market due to its high price, high market penetration price and the lack of standardization and differentiation", which means that the Greek product has to compete not only with its Italian and Spanish counterparts but also with imports to the US from Tunisia, Morocco and even Argentina. Olive oil sales in US are projected to grow in both volume and value by almost 5% tons (yoy) by 2019, demand and consumption per capita will also grow, driven by the health and wellbeing narrative. Most of American consumers place olive oil in the "superfoods" category, demanding both quality and value for their money, as most of them purchased it for home use. According to UC Davis Olive Center (2013), in one of their annual survey 70 % of consumers indicated that they sauté, make salad dressing, dip, grill and finish with olive oil, with 50% indicating that they bake and 22% saying that they deep-fry with olive oil. The high percentage (86%) of those indicating that they sauté with olive oil is striking given the conventional wisdom that olive oil has a low smoke point and should not be used in cooking.

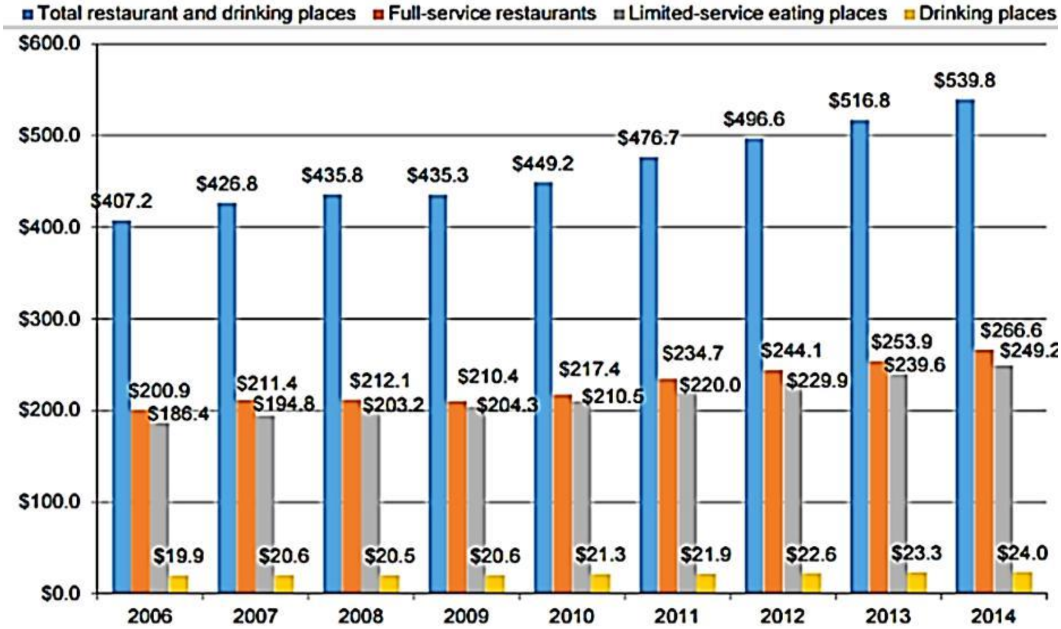
Fig No. 120: *USA olive oil imports (1000m tons) by country (2014)* (USDA 2015)



USA foodservice overview

The USA restaurants industry has experienced moderate growth in recent years, with total sales of €641.78bn in 2014 (4.1% CAGR to 2014) with most consumers eating out on average 4.2 times/week (Sullivan 2015). Restaurants and cafes segment total sales of €241.82bn accounted for 37.7% of the industry's overall value, followed by the fast food segment which contributed sales of €178.15bn in 2014 (27.8%), drinking places €21.13bn (3.3%) and others €200.69bn (31.3%) (MarketLine 2015). According to Euromonitor (2014), in the US "many higher-end retail spaces have incorporated restaurants into their stores to increase "dwell time" in stores. Airports are also mixing up their offerings and concepts which reflected something closer to the cutting-edge of culinary trends".

Fig No. 121: *USA Foodservice sales by channel*



Moreover, in 2014, there was a strong correlation between innovation and growth across channels, with those which managed to attract "consumers' attention with gluten-free menus, in-house breweries, mobile ordering or artisanal items managed to take share from those whose business model remained static" (Euromonitor 2014). The fast casual segment also recorded an impressive growth focusing on customization, speed of service, and convenience, demonstrating that consumers are willing to pay more for foods they consider to be of better quality or healthier (Institute of Food Technologists 2013; Taylor 2014).

Other significant trend in the foodservice industry in the US refers to transparency (e.g. ingredient sourcing and ethics), as "consumers are interested in patronizing restaurants and buying brands that reflect their own values". Millennials have been the focus of the industry as this group is "destined to become the most influential consumer group in the U.S. accounting for 24% of restaurant spending" (forecasted to reach 40% by 2020) (Sullivan 2015).Other demographic groups also have positive prospects, for example "Hispanics tend to dine out in larger groups and their population is increasing, overall the spending power is projected to reach nearly €1.6 trillion by 2017" and "Baby Boomers who enjoy dining out and have more disposable income than other group, but few marketing campaigns specifically target them"

(Institute of Food Technologists 2013; Nation's Restaurant News 2015).Foodservice concepts that understand this and offer more information about their green practices or the causes they support stand to reap the rewards of increased loyalty.

Top players in the industry also disclosed that "over half of their respective sales are placed through their online platforms", which also inspired "fast food and cafés/bars to develop online platforms and allow customers to order online" (Euromonitor 2014). Brands are redesigning their websites to allow consumers to gain all the information they want with as few clicks as possible. This includes making their sites more attractive and useful via smartphones, which consumers rely on more and more for staying organized and gaining information (Institute of Food Technologists 2013). According to MarketLine (2015) report "the performance of the industry is forecast to accelerate with an anticipated CAGR of 4.3% for the five-year period 2014 - 2019, reaching $842.1bn by the end of 2019.

Table No. 14: *USA restaurants industry value forecast: €bn to 2019*

Year	€ billion	% Growth
2014	514.2	3.5%
2015	533.6	3.8%
2016	560.0	4.9%
2017	584.8	4.4%
2018	609.4	4.2%
2019	633.6	4.0%

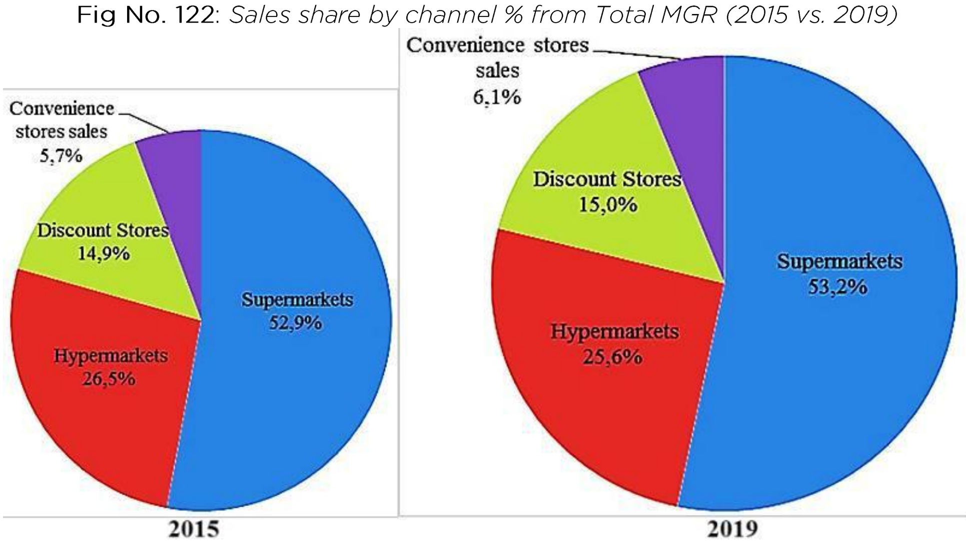
BMI (2015) also mentions that fast-casual restaurant chains in the US would continue to thoroughly outperform legacy fast food chains like McDonald's in growth terms. Although the fact that restaurants like Chipotle and Buffalo Wild Wings will continue to grow same-store sales more quickly than legacy chains is an obvious point to make, a structural shift is taking place. Fast-casual chains like Five Guys, Shake Shack and Chipotle are 're-inventing the wheel' with their slightly more upscale restaurants, which place a much greater emphasis on fresh ingredients and are therefore perceived to be healthier (in terms of quality of produce used rather than calorie content). These chains predominantly target a different type of consumer, with average spend at the likes of Shake Shack much higher than at McDonald's.

MGR Market Overview

The US' vast landmass and semi-autonomous states have resulted in a fragmented retail sector with a large number of national chains and an even larger number of state-wide chains. Recent years have been characterized by mergers and acquisitions, as companies strove to increase their market share, cut costs and diversify, as well as strengthen their product lines. The industry, on the whole, is feeling the effects of demographic changes, most notably the increasing number of smaller households demanding convenient, easy-to-prepare packaged food, the rise of health-conscious millennial consumers driving up demand for fresh and organic products, and finally the growing Hispanic population, which has developed specific tastes and preferences.

The MGR is expected to reflect the wider trends in consumption, with sales at supermarket and hypermarket growing at a moderate pace compared with the previous (2002-07) period. This reduced level of growth can also be attributed to increased saturation in the 'big box' retail format, with reduced opportunities for the major players to expand. However, while mainstream retailers may find the next 5 years challenging, there are subsectors for which we forecast stronger growth, namely the discount and convenience formats (with a 2.9% CAGR to 2019, equal to the rate of growth forecast for supermarkets). Growing demand for convenience, a long-term trend, in line with demographic changes, including more single-person households and more women in the workplace, will enable convenience format to outperform other channels.

Fig No. 122: *Sales share by channel % from Total MGR (2015 vs. 2019)*



These changes are expected to be coupled with sizeable investment from the industry's leading players (e.g. 7-Eleven) and we therefore forecast a five-year growth of 4.3% CAGR to 2019, ahead of overall MGR sector growth. In recent months, there have been signs that growth at US discount stores may have peaked in line with a gradual improvement in sentiment, which could bode well for Walmart and other mainstream retailers. Generally, price consciousness is likely to remain the key feature of the lower and middle end of the retail market (BMI 2015u).

With annual sales in excess of €424bn, Walmart is the world's largest retailer by some distance, the majority of its operations are located in the US and UK, operating more than 4500 stores in the US, and other 1700 in international markets (BMI 2015c). Walmart's dominance and focus on its large-format has motivated other retailers to move away from price competition by concentrating on selected customers such as particular age groups, urban versus rural consumers and the great variety of ethnic groups present in the US market (e.g. Winn-Dixie, is focusing on the Hispanic population, with store offerings tailored to the nationalities in a particular neighborhood).

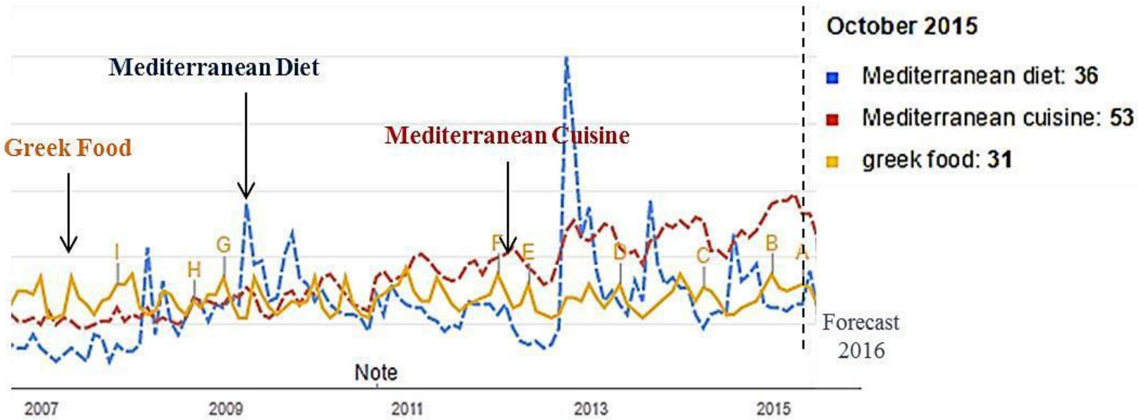
Other players include supermarket chain operator Publix, the more specialized Ahold and the natural and organic food retailer Whole Foods Market. German-based discount retailer Aldi is in the process of expanding aggressively in the US (currently with over 800 stores in the country, making the US Aldi's second largest market). Dollar Stores have become more and more popular over recent years as consumers look for cheaper deals when they shop for food. At the same time, upscale food retailing in the US, shaped mainly by Whole Foods, has developed at a slower pace than in other mature markets such as the UK (BMI 2015c). A number of companies have belatedly entered the upscale format, which along with base effects makes it increasingly difficult for Whole Foods to maintain the pace of growth it had set over the 2010-2012 period in particular. The improving economy is clearly good news for upscale retailers, with the evolving competitive landscape suggesting that there will be more players competing for the big-ticket traffic than there was two or three years ago (BMI 2015c).

Google trends USA

In the US, the interest over time in MC presents and upwards trend, overtaking MD and Greek Food. Moreover, GT analyst indicates that since 2011, both MD and MC have outperformed the F&D category. While MD will continue to do some intermittently, MC is forecasted to consistently outperform the F&D by the end of

2015 (trend which will continue in 2016). The popularity of MD was popularized by numerous scientific publication and governmental endorsement in the light of crowing rates of obesity among American citizens. According to Nithercott (2014), in the US MD "is a health rock star, it seems that every week researchers release news about another of the diet's benefits, and as a result, Americans are adopting the overseas eating plan en masse".

Fig No. 123: *Interest over time in MC, MD & Greek Food in USA*

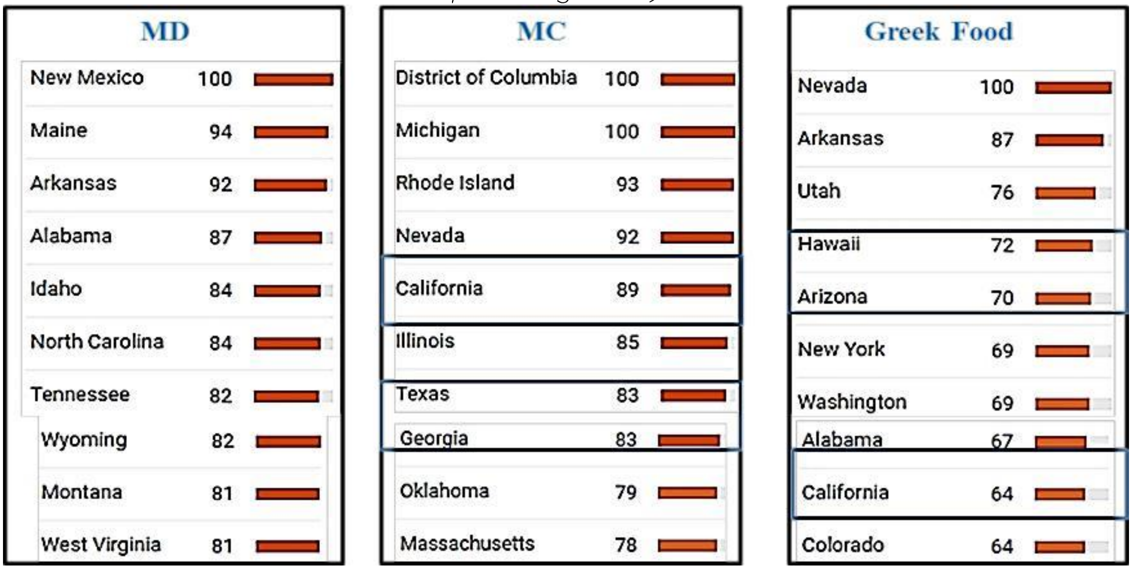


But unlike other diet crazes that appear as blips in America's nutritional history, this one has staying power, because the MD is "less of a diet than a lifestyle, one that's been shown to be beneficial time and again". At the same time, according to Graham (2014), the age-old question, "What do you want for dinner?" was translated by consumers in a continuous expansion of their palates to incorporate an even greater variety of ethnic food and a craze for new global flavors. Younger consumers as well as those with children, are especially are open to more daring food choices, "their palates are becoming more adventurous and sophisticated, and they are eager to explore lesser-known cuisines with unique flavor combinations" (Graham 2014).

In regards to Greek food, according to Olive Tomato (2014), many American consumers "think that Greek food is different and not part of what we call "The Mediterranean Diet" or perhaps the westernized Greek food that they are being served is not according to the basic principles of the MD" (e.g. mostly meat based meals served in Greek-fusion restaurants). At the same time, according to the Ethnic Food & Beverage Consumer Trend Report by research firm Technomic, 32% of American diners said that they thought of Greek food as healthy and rated it the 4th-healthiest cuisine (the larger Mediterranean category is ranked higher) (Olive Tomato 2012).

The regional interest in MD, MC and Greek Food is quite diverse, among top US regions with interest in these categories, only Arkansas appears in both MD and Greek Food, and Nevada which appears in MC and Greek Food. This could indicate the need for careful positioning of products with MC, MD and Greek Food denomination, as they seem to be differentiated in the mind of the American consumer.

Fig No. 124: *USA Regional interest in MD, MC and Greek Food (marked are the olive oil producing states)*



MD top and rising queries on one hand, confirm the findings of (restaurant menu chapter in the US), on the other hand it shows that American consumer seem to differentiate to some extent MD, MC and Greek Food. Top queries in MD show that MD was only partially identified with Greek food or diet indicated by its presence (though market with "0") in top queries, at the same time, rising queries show that the association of MD with *Mediterranean Foods* and *Greek/Mediterranean diet* will continue to capture the interest of consumers (as the volume searches for these two terms are market with "***Breakout***" instead of a percentage, which means that the search term grew by more than 5000%).This could indicate that Greek producers might benefits from the growing association of MD with Greek foods and diet. MD searches are mostly focused on diet plans, diet recipes. Rising queries for MD also indicate consumers' interest in eating out, as shown by the term "Mediterranean diet menu".

MC seems to be associated by American consumers with eating out, as indicated by the frequent use of the term "*restaurants*". On the other and MC is only marginally associated with MD, as indicated by the low volume (5) in the top MC queries (as top searches are the terms that are most frequently searched with the term initially entered in the same search session). Rising searches are terms that internet users searched for with the term entered (e.g. MD and recipe). As we can see in the figure below MC unlike MD, seems to be associated with specific dishes or ingredients, such as "*Mediterranean chicken*", "*Mediterranean pasta*", and "*Mediterranean salad*". "*Mediterranean pizza*" is the second search term (with "Breakout" in terms of volume searches) which could indicate that consumers, as well as producers are reinterpreting MC to satisfy the demand for novelty and differentiation. We assume that the presence of "*Mediterranean grill*" search term in both top and rising queries shows consumer interest in cooking methods.

Fig No. 125: *MD and MC Top and Rising queries in USA*

Mediterranean Diet

Top Queries	
diet	100
mediterranean	100
mediterranean diet	100
mediterranean recipes	10
mediterranean diet recipes	10
the mediterranean diet	10
mediterranean diet plan	5
mediterranean food	5
mediterranean diet foods	0
greek mediterranean diet	0

Rising Queries	
greek diet	Breakout
greek mediterranean diet	Breakout
mediterranean diet foods	Breakout
mediterranean diet menu	Breakout
mediterranean diet plan	Breakout
mediterranean diet recipes	+170%
the mediterranean diet	+140%
mediterranean recipes	+130%
mediterranean	+120%
mediterranean diet	+120%

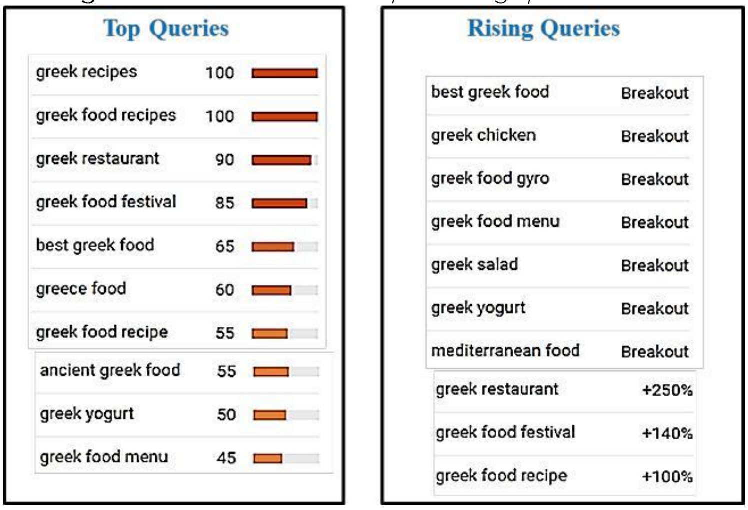
Mediterranean Cuisine

Top Queries	
mediterranean	100
mediterranean food	25
mediterranean restaurant	15
mediterranean recipes	10
mediterranean grill	10
mediterranean restaurants	10
mediterranean recipe	10
mediterranean salad	10
chicken mediterranean	10
mediterranean diet	5

Rising Queries	
mediterranean chicken recipe	Breakout
mediterranean pasta	Breakout
mediterranean pizza	Breakout
mediterranean salad recipe	Breakout
mediterranean grill	+250%
mediterranean salad	+160%
mediterranean restaurant	+140%
mediterranean food	+100%
mediterranean recipe	+90%
chicken mediterranean	+80%

Greek food appears to be associated with both eating out and cooking at home practices, as indicated by the presence of "*recipes*", "*restaurants*" and "*menu*" search terms in both top and rising queries. As also shown in GT worldwide exploration, consumers seem to be also interested in "*ancient Greek food*", indicative of overall search for authenticity trend . Rising searches indicated that consumers are interested in specific food dishes and ingredients, among which "*Greek chicken*", "*Greek Gyro*", "*Greek salad*" with a search volume which grew more than 5000% (Breakout) over the last year. Interestingly even if "*Greek yogurt*" is already an established product in the US, GT analytics indicate that consumers' interest in this product is constantly increasing.

Fig No. 126: *Greek Food: Top & Rising queries in USA*



Top Queries

greek recipes	100	
greek food recipes	100	
greek restaurant	90	
greek food festival	85	
best greek food	65	
greece food	60	
greek food recipe	55	
ancient greek food	55	
greek yogurt	50	
greek food menu	45	

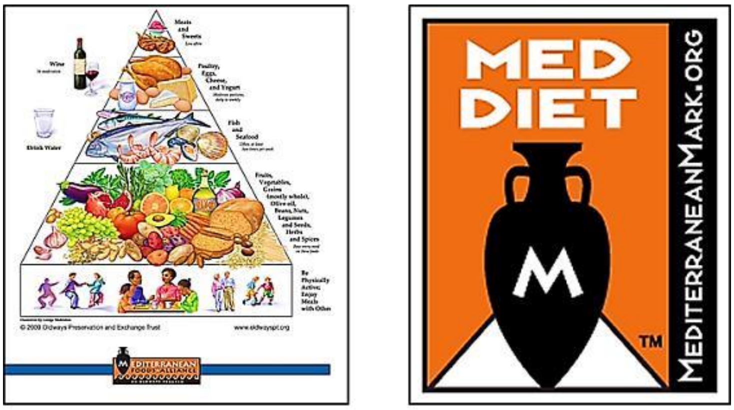
Rising Queries

best greek food	Breakout
greek chicken	Breakout
greek food gyro	Breakout
greek food menu	Breakout
greek salad	Breakout
greek yogurt	Breakout
mediterranean food	Breakout
greek restaurant	+250%
greek food festival	+140%
greek food recipe	+100%

Interim conclusion US Google Trends

According to Agriculture and Agri-Food Canada (2010, p. 10) Mediterranean food products "(particularly Greek, southern Italian and Spanish) has long enjoyed mainstream success in the US". Starting with 1993, MC was marketed as a healthier eating option, the introduction of "a Mediterranean diet symbol for packaged food was released in 2007" further drove the popularity of MC and by association befitted numerous food segments (e.g. halal and kosher) (Agriculture and Agri-Food Canada 2010, p. 10).

Fig No. 127: *Oldways -The MFA Packaging Symbols MD (1993) & The Med Mark (2007)* (Source: Oldways 2015)



1993 2007

In the USA the popularity of both MD and MC appears to be an established trend reinforced by growing popularity among American consumers of "the eating habits of the Mediterranean, [which] have even spawned foodie trends in the United States like Greek yogurt, hummus, and quinoa" (Wu 2015). According to Jo Lee (2014 in

Smithfield-Farmland 2014, p. 1), with about 15% of US's population have either a mixed ethnic background or "have close relatives in interracial marriage (41%)", influence to a large extend their food choices, which overall are more neophilic when compared to other generations.

At the same time these consumers also tent to demand more "fresh global/exotic items [which grew with 9% compared to 2014]; fresh convenient, 7%; healthy fresh, 7%; and fresh premium/indulgent 4%" (Sloan 2015). According to NPD (2015), if in past years American consumer avoided unhealthy foods and looked for "beneficial substances" in their diet, now they "appear to be avoiding foods and beverages that were made to be better for them" and instead they are increasing preferring simple, "real and not altered" food products (NPD 2015).

This new understanding of a healthy diet is another staple feature of MD, usually characterized by simple ingredients and cooking techniques. Similar preferences, simple and less processes, are played out by both US Millennials and aging Boomers in their eating patterns when eating out ("overall Boomers' restaurant visits have surpassed those of younger adults") (McLynn 2015). Ward (2011) also notes that in the US the key points on consumer's agenda are: health & wellness along indulgence, convenience, "variety in a box" and sensitiveness to the ethnic and generation based needs and wants differences.

Moreover, according to McLynn (2015), as "over 50% [are] solo eating" of which dinning alone accounts for 27%, "has wide-ranging implications for marketers and foodservice operators" which need to incorporate these development in their "new product development, packaging and positioning, restaurant seating design, menu development". Especially since not only they respond to different targeting opportunities but their spending patterns on different product categories differ. This type of analysis might help MD/MC type of product market the right product category to the right consume groups.

In the same line, according to Sloan (2015) young and adult working married couple, and single households, are the largest consumer segments, for them snacking (e.g. bite-sized, ready-to-use portions) at home and work increased over 7% in past two years, with "68 % of consumers look for snacks that are fun to eat" while "62 % go for heathier snack options (e.g. Yogurt) (Snack Food Association 2014).Moreover, while adults consumers purchase "foods that can be easily portioned or packaged…for consumers to take from home is another fast-emerging opportunity", consumers aged between 18 - 34 "think vending machines are a good snack option, up 10-14%, over the past two years" (Technomic 2014b in Sloan 2015).

Table No. 15: *Top five all-day snacks in USA* (Source: Sloan 2015)

Morning	Lunchtime	Afternoon	After-meal	Evening
Yogurt	Crackers	Salty Snacks	Ice-Cream	Salty Snacks
Bakery	Yogurt	Salty Nuts	Chocolate Candy	Ice-Cream
Snack Bars	Salty Snacks	Chocolate Candy	Frozen Novelties	Chocolate Candy
Dairy beverages	Snack Bars	Crackers	Cookies	Cookies
Fruit smoothies	Cookies	Cookies	Bakery	Snack Nuts

Market Entry consideration

Successfully entering and developing the US market is not an easy task. The top pressures faced by suppliers and distributors, in descending order of importance, are lower prices, the introduction of new products, competition from retailers' private-label products, the need to analyze and use consumer data to improve product offerings, and making more frequent deliveries to retailers to refresh product stocks (Demery 2015). US's specialty food market is very mature and competitive with a very sophisticated distribution scene. To be able to navigate it, Greek manufacturer should first consider:

" The capability of the company to endure the level of investment the market needs, as the fees that major stores charge food makers to gain shelf space, can run into the hundreds of thousands of dollars (Retailers may waive such fees depending on the number of options in the category and the ability of a novel brand to draw shoppers, but they may also make companies change the packaging of the product, a potentially costly move).
    o For instance, nutrition bars company Mediterra Inc. received interest from Target Corp to join a trial run of new brands in its stores. Target asked for the bars to be sold in a five pack that Mediterra didn't offer. The company designed the new packs with the help of its contract manufacturer and produced them in about 45 days. The trial at Target concluded in April, and the product is no longer on the shelves (Athavaley 2015).

" It is important to approach the market with all the information available and to partner with experienced local professionals who will help you validate the demand of your products and to meet all compliance requirements; who will also direct you on the planning and development of the distribution and promotional strategy, and who will assist with the due diligence of partners, and with the legal and liability considerations of doing business in this competitive market (Gomez &Hernandez 2013).

" For the small food players getting the right placement on shelves is critical. Entry will be facilitated if the company has international sales experience, a defined target market, English website (and English language capabilities) and online

ordering capability, strong domestic sales. Sufficient capacity and working capital to target international sales.

When developing a brand for specialty food products, it is important to consider if consumers are familiar to your product (do they know how to use it)? Who are you communicating with and what are the key attributes attract your target market.

" Consumer preference for health and wellness focused products is increasing in response to the rise of obesity and weight related diseases. They are also more interested in how and where products are produced.

" In the past, policymakers were consumer's food educators, according to latest research now chefs have taken on this role, however this requires careful consideration as it can also backfire (Global Strategy 2013, p.47; Smithers 2014; Neilson 2015; Frankin 2015)

Industry Risk/Reward Index

As the world's largest market for retailers, in BMI's Developed States Risk/Reward Index, with the score of 79.72 the country is far in front of its closer contenders (e.g. UK and Germany). This score reflect the size of population, high average income (4.5% CAGR) and medium term growth opportunities, which are unmatched by any other developed states.

Industry/Country rewards

US industry rewards stem from the strong current and projected purchasing power of American consumers. With the score of 86.67, shares the first place with UK in the index of developed states. High average household income of €69740 allows consumers to spend a large share of their income on non-essential goods. Groceries sub-sector which tends to be the largest recipient of household spending in less developed countries, will receive only 13.1% of total expenditures in 2015, which will enable retailers to expand even in the most saturated retail sectors (BMI 2015f). The world's 3rd largest population allows the US to provide a market size unparalleled by any other developed country. Even though urbanization rate of 83.3% is somewhat low for the group of developed states, the US excels in managing to avoid ageing of its population. The population will continue to grow in the medium term ensuring demographic stability in the period extending beyond 2019 (BMI 2015f).

Industry/Country Risks

Along with 2 other global retail leaders (Canada and Australia) the US's industry risk assessment gets a score of 90.00. Retailers in the US benefit from favorable regulatory environment, which allows for good conditions for expansion. At the entry level, the institutions and the market work equally as well. While high competitiveness in some retail sub-sectors might be discouraging for retailers, almost corruption-less and increasingly effective regulatory environment provides aspiring entrants with opportunities for smooth transition into USs vast market. Innovation in products and retail formats is welcomed by American consumers and ensures that retail companies have reasonable expectations for their entry and growth in the country's market (BMI 2015f).

The country ranks 78.24 driven by structural imperfections in the educational system and labor infrastructure, which places US behind more progressive countries (e.g. Norway). With threatening economic developments in EU and China, the US can be exposed to unexpected scenarios, which could slow down the growth of retail sector and overall economy. While the United States are a politically stable country, they do not exhibit nearly as much certainty as Switzerland and Scandinavian countries do, (also due to the ideological differences between the two leading political parties) (BMI 2015f).

Porter's 5 Forces - US Legacy Retailers

1. Threat of new entrants: Medium

US food retail sector remains relatively fragmented, with a large number of players competing for market shares. The recent decision of German discounter Lidl to enter the US market shows that there is still room for new entrants, although they require significant financial capacity. Nonetheless, due to the high levels of fixed investment required in retail and ongoing consolidation in the sector, the threat of new entrants remains moderate.

2. Bargaining power of suppliers: Medium

The bargaining power of suppliers is set to intensify, amid the wave of mergers and acquisitions in the US packaged food sector, illustrated by the merger between Kraft and Heinz in March 2015. Greater consolidation in packaged food will give manufacturers more bargaining power, for instance when negotiating for shelf space. Large F&D companies can negotiate on an equal footing with retailers, but for SME the bargaining power is considerably low.

3. Bargaining of customers: Low

In food retail, customers are non-organized individuals, and so have limited bargaining power.

4. Threat of substitute products: Medium

Traditionally, big-box retail formats have been, by some distance, the main option available to US shoppers. Over the past few years, the number of alternative options available to consumers has expanded rapidly (e.g. high-end food retailers, as well as dollar stores and online grocery retailers).

5. Degree of competitive rivalry: High

As traditional hypermarket and supermarket formats are becoming less popular and competition from non-traditional formats is increasing, legacy retailers are currently battling for market share. Ongoing consolidation in the sector reflects intensifying competition, but will also intensify the phenomenon (BMI 2015).

USA SWOT (adapted from BMI 2015u)

Strengths	Weaknesses
" Some of the highest per capita food consumption levels in the world. " US consumers are open and receptive to product innovations, with health, wellness and functional foods offering significant sales potential. " US society consists of diverse segments, offering the opportunity of niche product developments and retail concepts	" Competition is increasingly focusing on price, creating significant margin pressure for food and drink manufacturers. " Market leader Walmart dominates the mass grocery retail sector, making it difficult for competitors to gain a foothold. " Private labels have been gaining market share at the expense of branded products as consumers become increasingly price-

″ Targeted marketing and promotions are an entrenched strategy used by food and beverage manufacturers. ″ The sector is well developed, offering a variety of outlet formats and shopping opportunities across the country.	conscious.

Opportunities	Threats
″ The growing Hispanic population provides opportunities for the marketing of new product types. ″ Demandfor productsoffering both convenience and health benefits is increasing and, owing to growing concerns about obesity, dietetic foods also offer good sales growth opportunities. ″ Consumers remain committed to buying organic foods despite higher prices of such products. ″ Improving consumer confidence will have a positive impact on purchases of premium food products. ″ The increasing trend towards urban shopping, away from large out-of-town hypermarkets and shopping malls, creates opportunities for neighborhood stores and specialist retailers. ″ The sluggish economy has opened up more opportunities for discount retailers such as Germany's Aldi and dollar stores. ″ E-commerce will provide new opportunities in the retail sector. ″ Growing demand for organic food and fresh products will create opportunities for specialty retailers like Whole Foods, but also mainstream retailers such as Walmart and Kroger.	″ Increased concern about food safety following a number of food health scares is likely to lead to greater regulation. ″ Rising health consciousness is a threat for legacy brands offering products such as breakfast cereals or prepared meals. ″ The high level of competitiveness within the industry poses the danger of modest future growth prospects (driven by the strength of market leader Walmart.). ″ Intensifying M&A activity since the beginning of 2015 will put pressure on smaller food companies. ″ Domestic producers, both in their home and foreign markets, are increasingly threatened by manufacturers from emerging economies, which can more successfully compete on price. ″ A slight uptick in consumer confidence is having a negative impact on private label offerings. ″ Walmart's strategy to open smaller outlets and to develop its organic food offering will threaten mid-market retailers such as Ahold and Delhaize. ″ Rapid consolidation in the sector fueled by growing competition will put pressure on smaller retailers. ″ Consolidation in the food sector will increase the bargaining power of packaged food companies, putting retailers' margins at risk.

MC in the Specialty segment in USA

As the US's population is becoming "more ethnically diverse and globally-influenced", food culture gained momentum, influencing "how diners choose their foods and flavors" (Rodbart 2013). Nowadays, American consumers have more sophisticated and adventurous palates, so much so that for the last few years, some ethnic cuisines became part of the US's mainstream food landscape, while others are still emerging (Rodbart 2013). Higher disposable per capita income and the growing popularity of “food shows, media venues, cook-offs, cooking segments on talk shows which are all helping to educate Americans about food products from other countries” has supported this trend (Shaffer 2014; Di Martino 2014). According to Scott-Thomas (2014) “consumers are increasingly looking for food and drinks produced on a small scale, having the perception that such products are higher quality”.

Specialty foods are becoming an increasingly significant part of the U.S. consumer’s diet, accounting for about 15% of the total US food market in 2014, with over “€103bn[9]” sales (22% increase from 2012, nearly 10 times as fast as all food & beverages), projected to slightly decrease in 2015, perhaps due to both its maturity and the economic crisis. The largest share of sales in 2014 came from mainstream retailer stores (e.g. Target, Kroger, MULO and Costco), specialty food stores and natural grocers accounting for 78% (€80.5bn), indicating that US consumers use specialty foods for everyday consumption (Tanner & Purcell 2015, p. 2).

Ethnic foods segment

According to Datamonitor (2015, p. 2), the ethic food sector holds an “enormous potential for growth in Europe”, where it is “growing almost 3 times as fast in terms of the total sales [14%CAGR], however it account for less than 1% of retail food spending. Datamonitor (2015, p. 2) justifies the variance between US and Europe as resulting from the different “transmission mechanism between minority consumers and mainstream consumers”, which in EU so far seems to be less developed (thought improving), showing the importance of understanding the overall influence of “minority group trends on the ethnic food market trends”.

In the UK however the sales of ethnic food account for €2.45bn “more than half the entire European market, and currently the only country where ethnic foods make up over 1% of retail packaged food sales” (Datamonitor 2015, p. 2). QSR’s research in April 2015 showed that 2/3 of consumer try (80% tried at least one ethnic cuisine/month) “a wider variety of ethnic cuisines now than they did 5 years ago” with foodservice being “the primary point of access for trying new cuisines”. Though they “place value on authentic experiences, they are as open to ethnic dishes on

[9]Note: The total value of sales excludes ingredients and products used for food that is prepared by foodservice operators as well as food prepared off-site for foodservice outlet

mainstream menus" (75% of consumers like when restaurants with mainstream menus also serve ethnic cuisine) (Hays 2015; QSR 2015).

Many "mainstream grocery stores have also added or expanded their 'international aisles' over the past five years", provided significant growth opportunities for producers (Brennan 2014). With an average annual growth rate of 5%, the ethnic foods segment is projected to reach about €4bn in 2016 in USA (11.8% of total retail food) (Mintel 2012 in Lee, Hwang & Mustapha 2013, p. 2).

Table No. 16: *Specialty food sales by retail channels*[10] (Tanner & Purcell 2015, p. 3)

	2014 €mn	% Share	Change 2012-14
Mainstream Stores *	39.695	82.0	18.6
Specialty Food Stores	5.250	10.8	18.5
Natural Food Stores	3.495	7.3	22.7
TOTAL	48.450	100.0	19.2

By "2017 the sales of ethnic foods in grocery stores will grow more than 20%" in USA, from which MF, it is projected to record the highest dollar sales , and "Greek, Thai, Vietnamese, Brazilian/Argentinian, and Southeast Asian" cuisines are most popular "on-premises at restaurants" consumption (QSR 2015; Rodbart 2013). With only "23to 28% of consumers pleased with the amount of ethnic offerings", the popularity of the ethnic segment extends far beyond the dining out and foodservices. US consumers also look for ethnic snacks, breakfast and "ethnic-inspired kid's dishes", ethnic ingredients, dips and condiments as an "easy way to add ethnic flair" to almost any dish "for example, add Greek Tzatziki sauce or fresh hummus to a chicken wrap" (National Restaurant Association 2015, pp. 5-7).

Popular ethnic cuisines

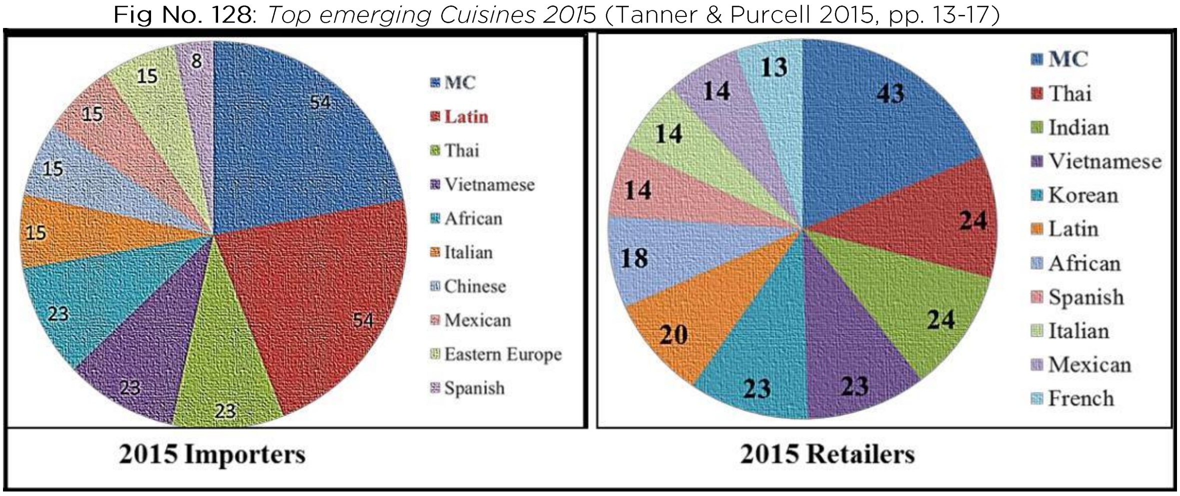
According to this year's "State of the Specialty Food Industry report", produced by the Specialty Food Association and Mintel, in the US market, MC products are placed in the specialty food segment (SFS hereafter) (National Restaurant Association 2015b). In 2014, both Retailers and Importers considered that MC is the top emerging cuisine. MC was the top emerging cuisine for retailers (54% compared to 47% in 2013), followed closely by Latin cuisines (other than Mexican as 54%), Indian (31%), Thai, Vietnamese and African (all with 23% - which Importers consider that will drop in their figures in 2015). From the retailers point of view in 2015 MC

[10] Excluding private label and Whole Food Market sales

recorded a slower growth (down to 39% from 54% in 2014), whereas the Italian, Spanish, French is projected to double their figures by the end of 2015. In sharp contrast to importers, four of the top five retailer selections (Thai, Indian, Vietnamese, and Korean) are Asian cuisines.

However the appeal of MC is without doubt strong in the USA. On one hand, the current health status of many American citizens, draw concerning figures concerning obesity rates and health related diseases, which was discussed to a great extent by both governmental and non-governmental organizations. On the other hand, as Dell'Orefice (2011) notes in Mediterranean Diet Forum, held in USA 2011, MC's appeal, involves people's curiosity for "for tasting, knowing different products from diverse cultures. A desire many people today define as 'contamination', a modern fusion cooking [which] originates from an ancient gift" which in turn translates into a "basic value – diversity" (Dell'Orefice 2011).

Fig No. 128: *Top emerging Cuisines 201*5 (Tanner & Purcell 2015, pp. 13-17)



Specialty food segment sales by channel

1. Retailers

Specialty food retailers are, on average, larger with far more weekly transactions than in past years. Among these retailers, transaction size was €41.42in 2014, growing nearly 34% from 2012. This reflects that consumers are using specialty foods more for everyday eating and often stocking up at specialty food stores. About half are seeking to expand specialty food offerings, which bodes well for many in the supply chain, however 1/3 of retailers say that they will be focusing on developing their private-label products. Since 2011, specialty grocery (32%) and deli/prepared foods departments (21%) have led the way in terms of share of sales, followed by meat and seafood with 15% overtaking this year the cheese segment. Cheese has taken a dip in 2014 with only 10% of sales, versus 15% last year. A new addition for this year, confectionery performs well, accounting for 9% of sales. According to retailers, "smoked flavors, healthy foods, pickled everything" as well as a return to simple, clean and 'old-fashioned' receive more interest from consumers.

Table No. 17: *Retailers' purchases by type of supplier & Sales by department*

PURCHASES BY TYPE OF SUPPLIER

	2014 Mean %
Distributors	51
Direct From Non-Local Suppliers	27
Direct from Local Suppliers (i.e., those that deliver directly rather than through UPS, Fedex, etc.)	21
Other	1

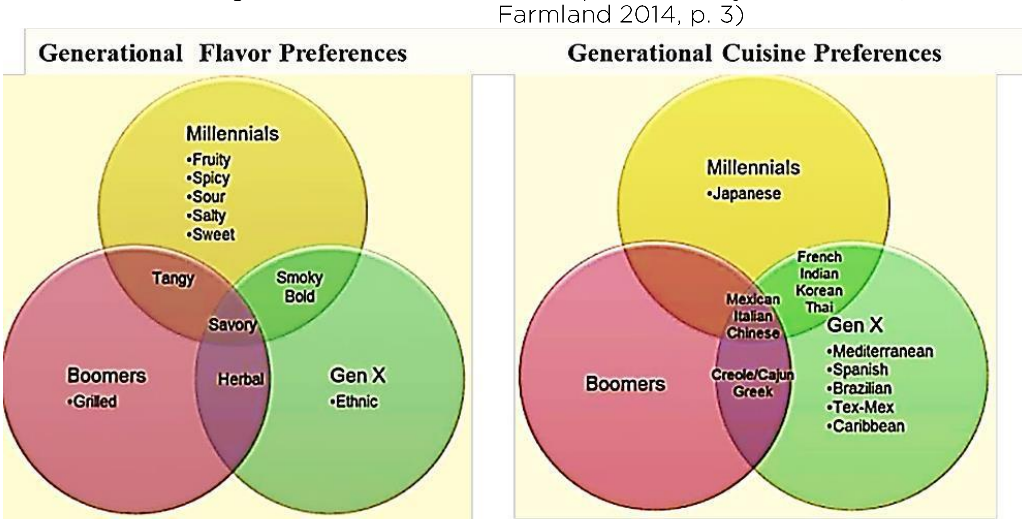
SALES BY DEPARTMENT

	2014 Mean %
Specialty Grocery	32
Deli and Prepared Foods	21
Other	19
Produce	15
Meat and Seafood	15
Wine & Other Alcoholic Beverages	14
Non-Foods	12
Cheese	10
Confectionery	9
Bakery	8

2. Foodservice

Thought only 22% accounted for foodservice sales, this channel recorded higher growth percentages (30.7% increase 2012-15), compared to 19.5% sales growth recorded in the retail channels. According to Shaffer (2014), "as industry players continue to alter their menus to accommodate ever-changing consumer preferences…ethnic cuisine is expected to play a larger role in the food-services sector over the next five years".

Fig No. 129: *Cuisine and Flavor preference by Generation* (Smithfield-Farmland 2014, p. 3)



Supported by a higher disposable income, busier lifestyles and rising health awareness, the food service industry "in particular the fast-casual dining" [e.g. food trucks] have increasingly introduces "high-end gourmet and healthier options (including artisanal alcoholic drinks to pair with their dishes), at prices that enable consumers to maximize their spending power" (Shaffer 2014). This is a great opportunity for food producers to consider other significant factors such as product attributes, demand for different product serving size, flavors and ingredients (different for each consumer segment as seen in the figure above), as well as packaging innovation to help them "develop new products and boost profit margins" (Shaffer 2014).

3. Manufacturers

20% growth for 2014 was also recorded by almost 50% of Manufacturers (with own facilities), while 64% reported co-packing private labels specialty products for major retailer. They also report that they are increasingly using the foodservice distributors to get their products in the market. This has resulted in a drop in manufacturers shipping direct to retail. For Manufacturers, natural supermarkets rank as the fastest-growing channel (among 31 % of manufacturers), followed distantly by conventional supermarkets at 17 % and specialty food stores at 16%.

Table No. 18: *Manufacturers' sales by channel*

THE MANUFACTURER VIEWPOINT: CHANNEL SALES GROWTH

	Fastest Growing in 2014 %	Slowest Growing or Declining in 2014 %
Natural Supermarkets (e.g., Whole Foods Market)	31	10
Conventional Supermarkets (e.g., Kroger, Safeway)	17	17
Specialty Food Stores	16	5
Foodservice (e.g., restaurants, cafes, cafeterias)	9	12
Mass Merchandisers (e.g., Target, Walmart)	6	10
Other	6	4
Direct to Consumer	6	10
Online	5	8
Club Stores (e.g., Costco, Sam's Club)	3	8
Convenience Stores	1	17

Source: Mintel

MANUFACTURER SALES BY CHANNEL

	2013 Share of Total Sales Mean %	2014 Share of Total Sales Mean %
Distributors–Retail	33	35
Direct to Retail	39	35
Direct to Consumer	15	12
Distributors–Foodservice	5	7
Other	3	7
Direct to Foodservice	5	4

Source: Mintel

Notably, like last year, conventional markets represent a "hot and cold" channel across all manufacturers, where roughly an equal amount finding great success or great failure. Considering that this channel presents myriad roadblocks such as high cost of entry (e.g., slotting fees, minimum orders), it's a channel that specialty food companies should wade into cautiously. Regarding plans for new product development, manufacturers consider to expand their offerings manly with convenient/easy-to-prepare (43%) and portable foods (30%). Indulgent comes second with 43% after gluten free products with 55% (€924mn globally) (Tanner & Purcell 2015, p.11; Hudson 2015).

Market analysts suggest that although consumers are becoming more aware of certain health issues, “the desire for luxury and to treat oneself often prevails. In times of economic uncertainty, as well as pressures from work, many consumers often feel the need to reward themselves and indulge in a moment of me-time” (Bonar 2014). Canadean a market research organization, noted that the “demand for indulgence is stronger than any other trend, for example in 2012 consumers spent €481,714m on indulgent and luxurious products, compared to €259,807m for healthy options” (Bonar 2014). A the same time, Nielsen’s research showed that in 2015, “globally the sales of both healthy (5%) and indulgent (2%) categories grew over the two-year period, while sales of semi-healthy categories fell 1%” (Nielsen 2015).

4. Importers

The SFS was the fastest-growing also for 29% of food Importers, who sourced a large share of their products from “Europe (82%), followed distantly by South America (18%), Asia (14%), and North America (14%). Most importers continue to sell their products through retail (34%) and foodservice distributors (14%) (Tanner & Purcell 2015, p. 13). Specialty food stores continue to be the fastest-growing channel for importers, with 29% selecting it and only 11% saying it is the slowest growing. Online sales are heating up too, as 21% say it’s the fastest growing and none call it the slowest. Club and convenience stores, 2 new segments for this year are not doing much for importers. Indeed, 39% say that convenience stores were the slowest-growing/declining channel.

Nearly 2/3 of importers plan to expand specialty food offerings (number of products), while a third say they’ll seek to keep SKU counts the same. Average SKU counts have not changed much in the past two years, and annual importer sales were also similar, so it will be interesting to see if additional new products lead to increased sales. According to importers placing specialty food in stores is challenging as “distributors don’t want to take on a product without sales already in place, while chefs love the products but don’t want to take them on without distributors in place. At the same time, retailers are expecting specialty food manufacturers to have the same amount of marketing funds as the mainstream brands”.

Moreover the cost of getting any brand in natural and specialty on the shelf in multi-store chains is very high making it difficult for small food producers, since they cannot afford the chargebacks, the required ads, demos, and promotions, let alone the steep chargebacks imposed by distributors. Importers also note that there is an ongoing lack of information and poor communication between the different levels of the distribution supply chain and this might lead to an overall homogenization of the available choices for the consumer" (Tanner & Purcell 2015, p. 13)

Table No. 19: *Importers sales by channel*

THE IMPORTER VIEWPOINT: CHANNEL SALES GROWTH	Fastest Growing in 2014 %	Slowest Growing or Declining in 2014 %
Specialty Food Stores	29	11
Online	21	0
Foodservice (e.g., restaurants, cafes, cafeterias)	18	14
Natural Supermarkets (e.g., Whole Foods Market)	14	0
Conventional Supermarkets (e.g., Kroger, Safeway)	11	18
Club Stores (e.g., Costco, Sam's Club)	7	0
Mass Merchandisers (e.g., Target, Walmart)	0	11
Convenience Stores	0	39
Other	0	7

Source: Mintel

IMPORTER SALES BY CHANNEL	2014 Share of Total Sales Mean %
Direct to Retail	36
Distributors–Retail	34
Distributors–Foodservice	14
Direct to Foodservice	8
Direct to Consumer	6
Other	2

Source: Mintel

5. Distributors

The sample considered by the Specialty Food Association (2015), consisted of mostly SME distributors, many of whom reported a strong 2014; 46% grew 20% or more (especially in health-related segment). Nearly 10% of distributors' sales came from online retail in 2014. Distributors' fastest-growing channels have shifted to specialty and natural food retailers from conventional supermarkets and online e-commerce, which were cited last year. This may be because specialty and natural retailers continue to minimize direct orders to streamline their procurement operations and keep costs down.

Table No. 20: *Distributors' sales by channel*

THE DISTRIBUTOR VIEWPOINT: CHANNEL SALES GROWTH	Fastest Growing in 2014 %	Slowest Growing or Declining in 2014 %
Specialty Food Stores	38	8
Natural Supermarkets (e.g., Whole Foods Market)	23	0
Online	15	15
Other	15	0
Foodservice (e.g., restaurants, cafes, cafeterias)	8	0
Conventional Supermarkets (e.g., Kroger, Safeway)	0	15
Mass Merchandisers (e.g., Target, Walmart)	0	23
Club Stores (e.g., Costco, Sam's Club)	0	0
Convenience Stores	0	38

Popular Specialty Product Categories

According to Tanner & Purcell (2015, p. 5) "51out of 58 major specialty food segments grew faster than the specialty food market as a whole from 2012 - 2014", fastest growing categories were "refrigerated pastas (+78%), refrigerated pasta and pizza sauces and dips (+76%), self-stable functional beverages (+61%)". With only 8% change variance from 2012 to 2014, Cheeses and alternatives the largest specialty category in 2014 was the lowest performer. This may be the result of increasing competition from mass-market cheese producers expanding their selections with specialty items.

Table No. 21: *Specialty food performance by segments*

Largest Segments	2014 $ Million	Change 2012-2014
Cheese and Cheese Alternatives	3,708	8.0
Coffee, Coffee Substitutes, and Cocoa	3,476	21.5
Frozen and Refrigerated Meat, Poultry, and Seafood	3,189	26.8
Chips, Pretzels, and Snacks	3,112	24.6
Bread and Baked Goods	2,351	16.7
Fastest-Growing Segments		
Refrigerated Pasta	133	78.0
Eggs	31	76.3
Refrigerated Pasta and Pizza Sauces	29	61.0
Shelf-stable Functional Beverages	422	48.2
Nut and Seed Butters	297	46.6

Coffee, coffee substitutes and cocoa is the second largest segment +21.5% sales variance (2012-2014), followed by "frozen and refrigerated meat, poultry and seafood" +26%, "chips, pretzels and snacks +24.6%, and bread and baked goods +16.7%, which entered the top five categories. The 7th position is occupied by condiments, dressing and marinades with 3.4% (among the low performers), followed by frozen lunch and dinner entrees 3.3%, yogurt and kefir 3.1%, while oils and vinegars 1.8%, and seasoning 1.5% occupy only the 19th, respectively 23rd position (See appendix with all categories). Between 2012 and 2014, refrigerated salsas and sauces grew the most during this time period (76-78%).

Sweet and savory snacking is trending, driven by two segments: chips, pretzels, and snacks (+18.7%) and candy and individual snacks (+22%). Global snack sales totaled €354bn annually as of March 2014, an increase of 2% (yoy) according to Nielsen

(2015d) retail sales data, Europe (€158bn) and North America (€117bn) make up the majority of worldwide snack sales. "Non-sugary snacks closely aligned with meal-replacement foods are showing strong growth, which signals a shift in a consumer mindset to one focused on health," increasingly manufacturers try to innovation in the healthy snacking and portable food space in order to adjust to this changing dynamic (Scott-Thomas 2014). According to Conick (2015), mentions that "61% of consumers are opting for healthier snacks, while 47% said they enjoy trying new or different kinds of cuisines" with 1/4 of snacking occasions are used to explore different flavors, making this segment more expansive.

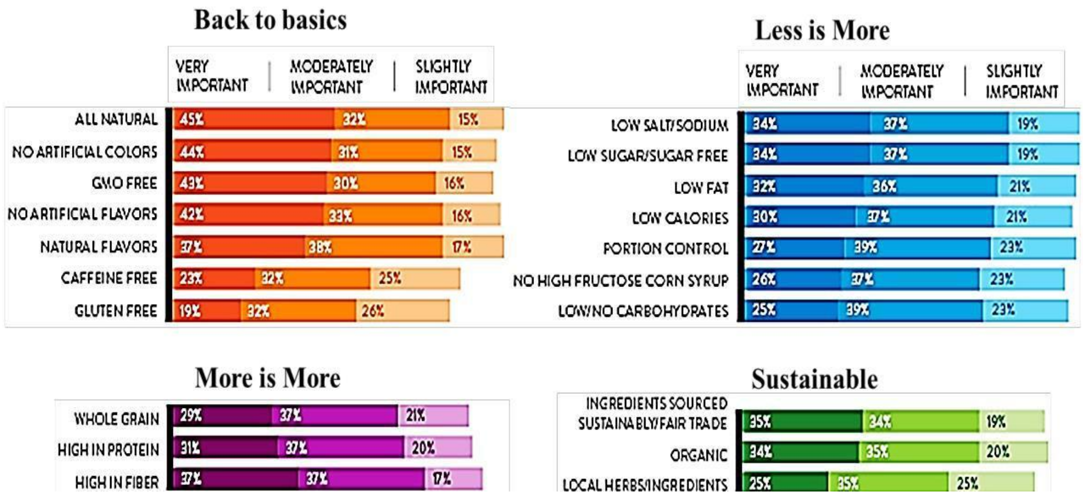
Fig No. 130: *Top favorites snacks by region*

EUROPE		LATIN AMERICA		NORTH AMERICA	
FRESH FRUIT	62%	YOGURT	66%	CHIPS/CRISPS	63%
CHOCOLATE	61%	CHOCOLATE	64%	CHOCOLATE	59%
CHEESE	58%	CHEESE	64%	CHEESE	58%
YOGURT	54%	ICE CREAM/GELATO	63%	COOKIES/BISCUITS	56%
VEGETABLES	49%	FRESH FRUIT	57%	FRESH FRUIT	55%
COOKIES/BISCUITS	45%	BREAD/SANDWICH	55%	BREAD/SANDWICH	48%
BREAD/SANDWICH	42%	VEGETABLES	50%	CRACKERS/CRISPBREADS	48%
CHIPS/CRISPS	38%	POPCORN	49%	VEGETABLES	44%
NUTS/SEEDS	34%	CRACKERS/CRISPBREADS	45%	PEANUT BUTTER	44%
GUM	31%	COOKIES/BISCUITS	44%	POPCORN	43%

Nielsen (2015e) also mentions that "consumers want snacks to stick to the basics", however "in the dichotomy of snacking, consumers want healthy, in parallel with the indulgent options which are still going strong". Snacks with all natural ingredients are rated very important by 45% of global respondents; "less-is-more" is very important for roughly 1/3 of global respondents, meanwhile, a literal less-is-more approach, portion control, is very important for just over 1/4 of global respondents (27%).Conversely, roughly 1/3 consider that "more-is-more" are looking for beneficial ingredients (e.g. fiber 37%, protein 31% and whole grains 29%). According to Nielsen (2015e) "environmentally conscious consumers snack with their heart, and believe it is very important that the treats they pick include ingredients that are sourced sustainably (35%), are organic (34%) and use local herbs (25%)" (Harrison-Dunn 2015).

Snacks with all natural ingredients are rated very important by 45% of global respondents and moderately important by 32%—the highest percentages out of the 20 health attributes included in the study. The absence of artificial colors (44%), genetically modified organisms (43%) and artificial flavors (42%) are also rated very important when it comes to the snacks we eat. Caffeine-free (23%) and gluten-free (19%) snacks are very important for about one-fourth and one-fifth of global respondents, respectively.

Fig No. 131: *Global popularity of health attributes in snacking segment*



Although the average SKU (store keeping unit) counts have not changed much in the past 2 years, "2/3 of Importers are planning to expand specialty food offerings (with new products), while 1/3 will keep SKU counts the same" (Tanner & Purcell 2015). Specialty Food Retailers and early 70% of Distributors also plan to "expand their offerings, 38% of distributors and 1/3 of retailers indicated they will do so with private label(s)".

Best-selling Product Attributes

Product attributes play a very important role for both marketer and consumer. Product attributes or benefits are used by marketers to differentiate and set its product (brand) apart from that of the competitors based, which also enables them to position and match products with a specific consumer segment (Belch & Belch 1995). For consumers product attributes (both tangible and intangible) are used as the basis for evaluating a product and shape their decision. For example, in the pre-purchase decision making process, consumers the packaging as an important differentiating factor attracting consumer attention. This also depends on the degree to which consumers expect the product to satisfy their need and desire when they consume it (Gray 2014).

In general price has negative, but not determinant influence on the purchases of specialty food items, while quality and availability has positive influence. Nevertheless when talking about quality differentiation, sensory attributes, health attributes, process attributes, and convenience each play their role in influencing consumer's decision making (Aaker et al 1992). According to Nielsen (2015b) packaging labels are a key source of information for consumers, and 3/4 of global respondents say they read packaging labels carefully. However, "less than 2/3 (63%) of global respondents trust health claims on food packages, and the percentage is lower in Europe (51%) and North America (56%)". However, according to Scott-Thomas (2015), current research suggests that "FOP labels could be appeal more to consumers if the nutritional content has been already independently evaluated" (e.g. organic certified, Health Foundation Tick logo).

According to Nielsen (2015b), health became a mainstream concern, globally consumers are increasingly interested in getting healthier, and recent purchasing trends, "good-for-you" or "back to basic" products are positioned for continued growth, with 40% of global respondents say they plan to buy more fruit (41%) and vegetables (39%) in the next 6 months. In addition, 1/4 plan to buy more fish and seafood (25%), yogurt (24%) and one-fifth plan to buy more nuts and seeds (22%), cereal (20%), juices (20%) and meat and poultry (18%).

Table No. 22: *Global food attributes* (Nielsen 2015c)

SUSTAINABLE	GLOBAL AVERAGE
INGREDIENTS SOURCED SUSTAINABLY/FAIR TRADE	35%
ORGANIC	33%
LOCAL HERBS/INGREDIENTS	26%

BACK-TO-BASICS	GLOBAL AVERAGE
ALL NATURAL	43%
GMO-FREE	43%
NO ARTIFICIAL COLORS	42%
NO ARTIFICIAL FLAVORS	41%
MADE FROM VEGETABLES/FRUITS	40%
NATURAL FLAVORS	36%

LOW FAT/SUGAR LESS IS MORE	GLOBAL AVERAGE
LOW/NO CHOLESTEROL	38%
LOW SALT/SODIUM	33%
LOW SUGAR/SUGAR FREE	32%
LOW/NO FAT	30%
PORTION CONTROL	27%
LOW/NO CALORIES	27%
NO HIGH FRUCTOSE CORN SYRUP	26%
LOW/NO CARBOHYDRATES	24%
CAFFEINE-FREE	23%
GLUTEN-FREE	21%

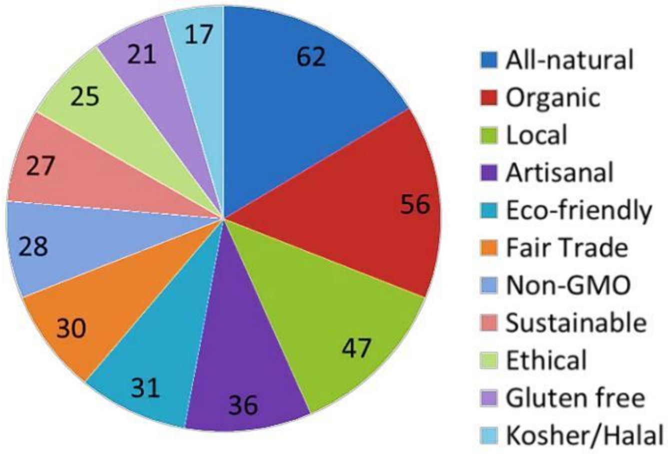
MORE IS MORE	GLOBAL AVERAGE
HIGH IN FIBER	36%
HIGH IN PROTEIN	32%
WHOLE GRAIN	30%
CALCIUM-FORTIFIED	30%
VITAMIN-FORTIFIED	30%
MINERALS-FORTIFIED	29%
RICH IN UNSATURATED FATS	25%
MICRONUTRIENT-FORTIFIED	25%

In another report Nielsen (2015), indicates that at a global level health claims on labels boosted sales (especially for products already considered healthy). The claims considered to be important in consumer's purchasing decisions are: 'all natural'

(43%), made from fruits/vegetables (40%) and organic (33%). Sales figures reflect these preferences, as products with "all natural" and "organic" claims grew 24% and 28%, respectively, over the past 2 years (Nielsen 2015a).

As seen in the Fig below in the USA the *'all natural'*, *GMO-free* and *organic* are the top 3 attributes of products in the SFS (since 2013). According to Tanner & Purcell (2015, p. 11), 94% of the food manufacturers offer all-natural products (representing 2/3 of sales), regardless of the "litigation frenzy over *'all-natural'* claims", while 86% of producers are using this claim when labeling their products. Even if generally a slight decline in sales % for each the natural/ethical claims, Wee et all (2014) and Carrington & Neville (2010) points out that not always consumer's concerns translates in actual purchases, and they do not always understand the benefits or claims displayed on the packaging.

Fig No. 132: *Purchases of Specialty Foods with special-interest claims (%) 2014*



" "*All-natural*" foods are purchase by 62% of specialty food consumers, while

locally source foods seem to attract mostly consumers aged 65+. Thought the demand for such products is projected to increase in the next 3 years, consumers' interest in *local* products, are a cause of concerns for Importer who believe that this might be driving fewer purchases of imported products. Distributors consider the '*sustainable'* attribute as the fastest growing in the next 3 years (See Fig below) which also emerges as an important attribute for 84% of specialty food consumers. *GMO-free* attribute is considered to grow further in the subsequent years.

" '*Organic'* claims have a second-tier importance with all actors across the US supply chain believe that this claim will fall in consumer interest in coming years.

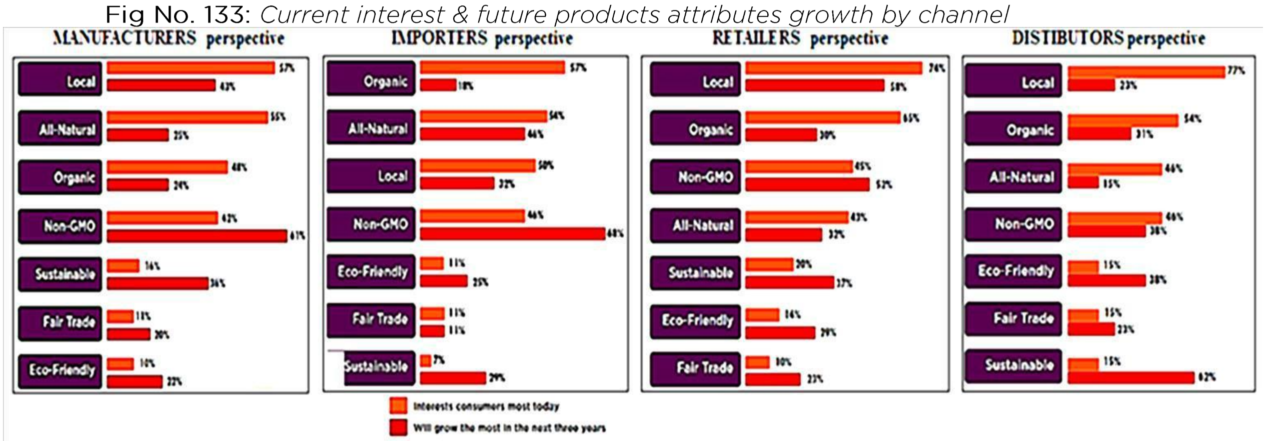
For Retailers and Distributors '*locally sourced*' occupies the first position, followed by *organic* products purchased by 47% respectively 56% of specialty food consumers. Globally, the *organic* market represents 2bn, with positive prospect for growth in the following years. USA is leading the global organic market with sales of 24.3 billion euros, followed by Germany (7.6 billion) and France (4.4 billion, expected to rise to €5.5 billion in 2015) (FiBl 2015; FiBl 2015a). In Europe, organic packaged food value sales will have a constant annual growth rate of 6.3% to 2020, but these records reflect the whole food industry rather than just the specialty food segment (Dimakakos 2015).

" *Gluten-free* products (e.g. ancient grains) are purchased by 21% of consumers, and it is also increasingly considered by 55% of Manufactures in their innovation plans for 2015. However, nutrition and health may be more compelling drivers for those purchases than actual gluten intolerance, as consumers indicate they at least partially motivated by the fact that these products are often made with alternative grains, are nutritionally superior and impart a different flavor than wheat.

" *Convenient/easy to prepare* and *portable foods*, are also on the rise when compared to past years, due to the increasing demand of consumers for such products.

" The claim "*artisanal*" garners less attention from these consumers, as mass-produced foods have quickly appropriated the term, diluting its impact.

Fig No. 133: *Current interest & future products attributes growth by channel*



Specialty Food Consumer Characteristics

According to Specialty Food Association and Mintel report (2015, p. 3)[11], in 2014, 59% of U.S. consumers (accounting for 145mn individuals) have bought specialty food products in the past 6 months. Women, younger adults, affluent households, and Hispanics (71%) have been the most likely purchasers of specialty foods. However, while food shopping used to be seen as a woman's work, for the first time since this research began in 2005, men have surpassed women slightly as most likely to purchase specialty food (at least in some categories).

Table No. 23: *Differences household expenditure in USA* (Ward 2011, p. 6)

Annual $ Per Buying Household	White Non-Hispanic	Hispanic (any race)	Asian	African American
Wine	117	79	71	58
Fresh Produce	101	98	124	69
Juices/drinks – shelf stable	59	81	68	79
Yogurt	47	49	45	33

Though overall these figures present a 15% drop from 2013, which actually represents a redefinition of what specialty food is and the move to mainstream of some specialty products, rather than an actual decrease in sales (e.g. Greek yogurt). Specialty Food Association and Mintel (2014), note that "narrowing the definition of specialty foods, illustrates better the premium status of foods".

Table No. 24: *Specialty food purchases by different consumer demographics*

	2013	2014*
All	74	59
Gender		
Male	74	57
Female	75	61
Age		
18-24	82	69
25-34	73	70
35-44	75	60
45-54	75	56
55-64	74	54
65+	69	45

	2013	2014*
Household Income		
Under $25K	58	41
$25K-49.9K	72	49
$50K-74.9K	78	64
$75K-99.9K	78	70
$100K+	83	70
Race/Hispanic Origin†		
White	77	58
Black	60	64
Hispanic	78	71

The main specialty food consumer is aged between 18-44 years old (36% of US population), with higher income (annual incomes above €70,000 represent less than 30% of the US population). Even if affluent consumers are twice as likely as to buy specialty food (18-24s and 35-44 years old especially), the less affluent consumers are

[11] A sample of 1,649 adults aged 18+ with internet access

buying the same wide range of specialty foods (Specialty Food Association 2015). The prized millennial consumer is starting to get older, and those pushing 40 are spending more on meal ingredients than the snacks and treats favored by the younger set (PR Newswire 2015). According to Jo Lee (2014 in Smithfield-Farmland 2014, p. 1) Millennials are more diverse than ever, their mixed ethnicities, cultural backgrounds and “aspirational lifestyle” drive them to search for different ‘taste’ of culture through food consumption (Specially Food Association 2015).

According to Marinova (2015) Millennials are responsible for an $18 billion shift in the food industry; number which represents the market share lost by the top 25 US food companies in the past 5 years. According to panelists at Fortune’s Most Powerful Women summit in 2014, “the future of the industry lies with the small companies that can innovate and respond quickly to consumer demands” and their ‘definition’ of what heathy and tasty food is (Marinova 2015). More than 2/5 millennials (43%) do not trust large food companies, according to research from Mintel compared to only 18% of non-millennials. Almost 60% also agree that where you purchase food reflects your personality and values, which is about 30% points more than non-millennials and 57% say they only buy fresh items from supermarkets, agreeing that traditional stores are less appealing than specialty stores (39% report also that they are buying their groceries primarily online).

Besides being neophilic “savvy consumers”, Millennials’ “lives are revolving around food much more than any other generation before”, for them feeling hungry is just another opportunity “for the next great meal” or snack (Jo Lee 2014 in Smithfield-Farmland 2014, p. 1). This can also be the result of the increasing dominant understanding of food as a social as well as a social media experience. As Jo Lee (2014 in Smithfield-Farmland 2014, p. 1) notes, 69% of Millennials’ “share food experiences on social media; 52% text friends/family while eat and 47% engage in social media while eating”. In this sense, social media acts a platform for displaying their aspiration and identities, through the food stories and experiences they share.

According to Specialty Food (2015) report, this “generation is more open that others, to trying foods from different diets. They consider themselves to be foodies, and look for products that have premium or higher-quality ingredients” (however, they like to stay within their budget”. This segment of consumers also focus on redefining health, healthy eating habits and dishes, with "fat and calories taking a backseat and the focus turning to supplementing the diet, not cutting things out" (Casler 2015). The online survey (including 2.019) conducted by Harris Poll suggest also that for Millennials appearance is a key motivator of vegetable consumption and they are less committed to eating staple vegetable than other generation (Fast Casual 2015a). Within this trend innovation is very important, with many fast casual restaurants trying to incorporate new food trends in their menus, while other "are using everyday ingredients to drive innovative options", same ingredients in a new way (e.g. potatoes, beef and eggs) (Cansler 2015).

According to L.E.K. Consulting (Consultancy.uk 2015) "specialty foods are not a thing of this time, it is not a mere 'Millennial thing', the commitment cuts across age, gender, income, education and geography". Although more Millennials are committed to purchasing specialty foods, and outpace the other generations in all categories, the Gen Xers and Boomers+ generations also find appeal in the specialty food market. "There are however differences in preferences, while both Millennials and Gen Xers prefer 'natural' and 'enhanced' foods, Boomers+ tend to choose for the 'less of …' type of products" (Consultancy.uk 2015). At the same, consumers aged 55+ expected to be the fastest-growing segment due to the US's aging population, thought they are currently the lightest users of specialty foods.

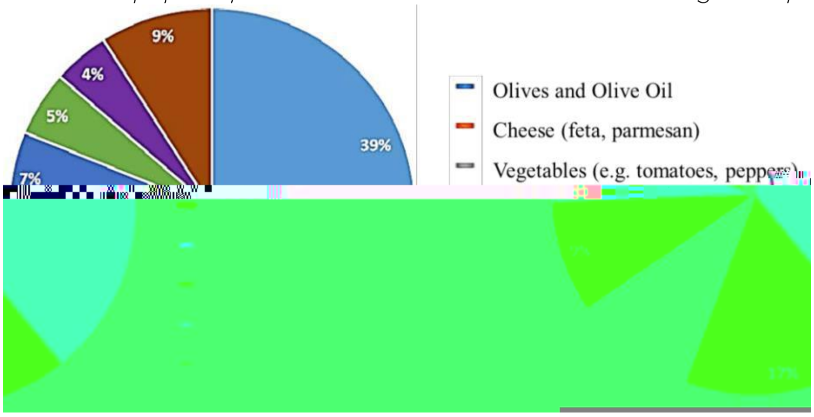
This could also indicate the need for pricing strategies which could appeal to larger and less-affluent audiences. Overall female consumers are more prone to purchase specialty food items. Among the ethnic groups Hispanic households make more purchase than other ethnic groups (their annual food expenditure is also the greater than the average of the general population). Specialty food consumers (especially younger segments 18-34 years old) spend more money on food than non–specialty food consumers (1 in 4$ on specialty food products) in 3 out of 5 of their visits to grocery stores (about 70% of times for younger consumer segments). They also spend on average more in the foodservice (€53/week) than the non-specialty consumers (Specially Food Association 2015).

Specialty food purchase patterns by category and consumer segments

Chocolate (58%), 'Olive oil and other specialty oils' category with 57%, followed by 'Cheese' (44%), remain the top categories purchased, with more than half of specialty viewed as gateway purchases to other specialty foods.

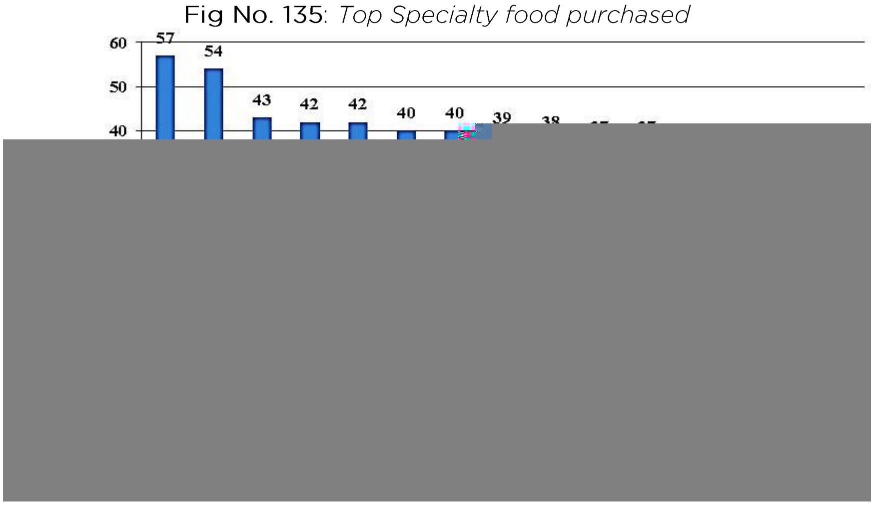
As we can see in the figure below, the results from our primary research also showed that industry actors interviewed also identify olives and olive oil (indicated by 39% of respondents) and cheese (corresponding to 17%) as the most representative products for Mediterranean diet, followed by vegetables (10%) fish and seafood (9%) and fruits (7%).

Fig No. 134: *Most popular product of Mediterranean Diet according to respondents*



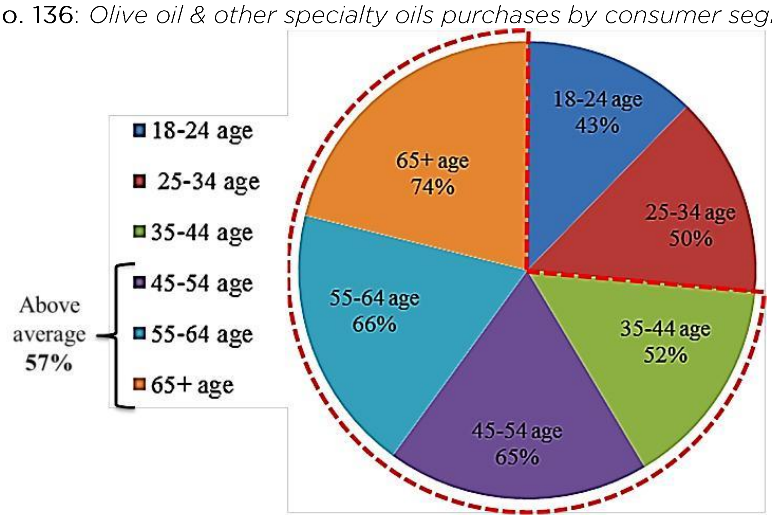
'Salty snacks' (43%), 'Meat poultry and seafood' (42%), 'Frozen deserts' (42%) non-alcoholic beverages, baked goods and tea all with (40%) are other specialty categories with considerable market share. 'Tea' is a new entrant to the top ten categories purchased this year, up from 15th place in 2013 (Daniells 2014). In the UK sales of the tea category experienced decreasing volume sales "with an estimated €236mn in 2014 compared to €302mn in 2010", while specialty tea sales were up 15% (2012-14). According to Specialty Food Association (2015) "the change in tastes was attributed to the growing foodie culture, with consumers more likely than ever to seek out new flavors".

Fig No. 135: *Top Specialty food purchased*



'Yogurt and kefir' come up with 39%, sales for this segment dipped in 2014, from 49% in 2012, likely because survey respondents may not have considered Greek-style yogurt in their responses unless they purchased what they believed were premium specialty varieties instead of mass-market brands. Pastas purchases and seasonings each accounted for 37%, (condiments have 32% of the market), salsa 34% while sauces account only for 29% and sauces & marinades 23%. 9% of consumers also indicate they have purchased seasonings and spices online, 8% also purchased condiments and 6% indicated they have bought salsa, sauces (including pasta sauces), and marinades.

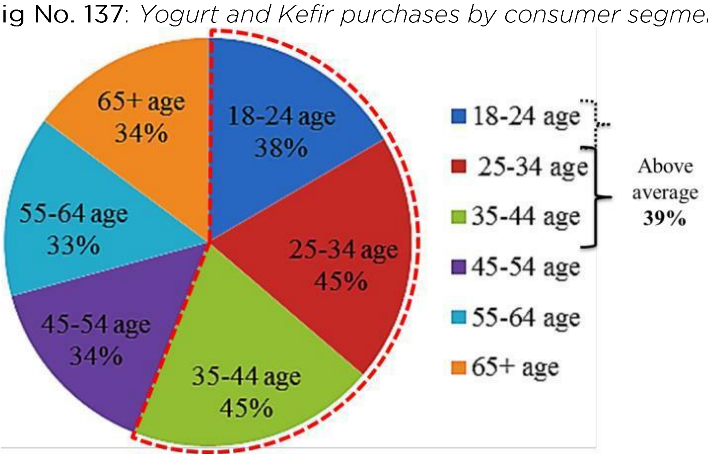
Fig No. 136: *Olive oil & other specialty oils purchases by consumer segment*



Though, the purchase of different product categories differs by age groups and gender, which indicates the need for marketing strategies which target these consumer segments. For example, olive oil is overall purchased by mature and older consumers who purchase olive oil and other specialty oils above the 57% average share of this product category. This could reflect our findings as mentioned in section (1), due to their busy lifestyle, younger consumers tend to cook less in general than their more mature counterparts.

Cheese category on the other hand is consumed by both young and mature consumers, with above the 54% with lower purchases for the 25 to 35 years of (53%) who make it just below the average and the 55to 64 years old consumers. We could assume that their purchasing patterns are affected different variables (e.g. complementary consumption, health habits and concerns, income). Meat, poultry and sea food products seem to be purchased the least by mature consumers aged 55-65 (37%) and 65+ (27%), same patterns applies to 'tea'. Some baked goods, 'pastas and yogurt and kefir, seem to appeal mostly to a younger consumers segments (between 25-44 age old), perhaps due to the use of such products as a work snack.

Fig No. 137: *Yogurt and Kefir purchases by consumer segment*



According to Crawford (2015), "the yogurt and kefir category continues to evolve and expand with more refined varieties (including sheep, goats, grass fed animals and lactose free options), as demonstrated by the array of products showcased at Expo East trade show".

One such example is the "Dreaming Cow's eight flavors of New Zealand style yogurt" which does not include artificial components and with an interesting as well as eco-friendly packaging. The unique label also gives the company more space to tell its story. Consumers review can provide a good example of how different product attributes play their role in decision making. For example, Reid and other consumer from Denver, mention their appreciation for the "cute marketing" and "all feel-good" aspects.

> Reid (Yelp 2015[12]): "*The cream on top is pretty good, however the yogurt itself is bland, completely bland, I've tried multiple flavors and they all taste like milk fat with a slight inkling of whatever flavor is marketed on the tub. I give props for the comparatively low-sugar content and treatment of cows though. However, if you want creamy yogurt with low-sugar and flavor, just buy plain, Greek yogurt with low-sugar content & add fruit (something I will*

12 Yelp 2015. Dreaming Cow. http://www.yelp.com/biz/dreaming-cow-pavo

go back to). If you want to eat bland yogurt simply because it is non-homogenized and the cows are grass-fed then this is your yogurt".

As we will see in the next section, among the highest ranked purchase motivators, taste is comes up as the most important. This example stands as an example of how Greek producers need to consider how different product attributes align with products attributes in consumer's mind.

The baked goods category proved profitable for some businesses with niche, high end offerings such as cupcakes or macaroons or businesses which offered a greater range of breakfast sandwiches and bagels which appealed to consumers' interests in alternative breakfast offerings (Fast Casual 2013). This segment is expected to continue growing (specialty and quality breads were the main growth category in the UK), but it will also have to face strong competition coming from fast casual dining as well as from dominant brands who expanded their offerings to take advantage of on this market segment (Cottam 2015).

Purchase Motivators

The main reason for purchasing specialty foods as indicated by the responded of Mintel's survey (Tanner & Purcell 2015), indicate that the strongest purchase motivators are:

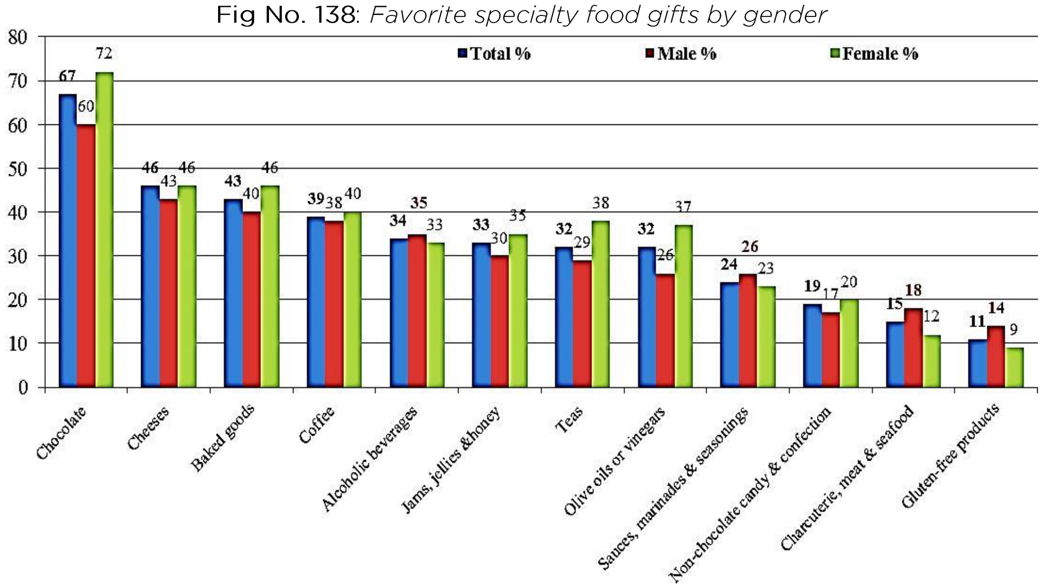
1. Taste (65%) and Neophilia (62%), which according to the Sloan (2015) were also the top looked for attributes (phrased as 'discovery' or 'must-have') for those American consumers who looked for more distinct and "sophisticated culinary experience which are characterized by unique flavors and culinary narratives", during different eating occasion being everyday use or snack.
2. Quality (46%)
3. Desire to eat natural and healthy food (42%) foods free of artificial ingredients and preservatives (and 19% said they choose foods because they are organic). MD matches best with this purchase motivator, and can attract both older and "younger consumers [who] are most willing to pay a premium for health attributes" (Specially Food Association 2015, p. 2). Moreover according to Nielsen (2015) global respondents from the Silent Generation (aged 65+) don't place as much emphasis on health attributes when they make purchases as other groups do. In fact, despite their advanced age and increased proclivity toward

health issues, the oldest generation has the least amount of respondents who consider health attributes very important in their purchase decisions. Health attribute ratings are highest among Millennials (21-34), followed by Baby Boomers (50-64), Generation x (35-49) and Generation Z (under 20) (Nielsen 2015).

4. Referral recommendations (34%) also play a sizeable role considering the popularity of food on social media (especially among Millennials as indicated in the introductory section of this section). Specialty food consumers use social media as a means of connecting with retailers and restaurants. More than half of consumers (51%) reporting that they are using social media to talk and/or learn about food. Pinterest is the top social media site specialty food consumers use to connect with retailers and restaurants. Facebook (76%), Twitter (30%), Linkedin (24%) Instagram (20%), and YouTube (42%) all showed significant increases too.
5. Convenience (24%) it is one of the fundamental requirements for all categories of consumers and purchases, however according to Nielsen (2015), "it is the youngest consumers who are most willing to back up their sentiments with their wallets".
6. Surprisingly, magazine articles (23%), TV shows (17%) and Travel (21%) are not among the top motivators this could be the result of sample bias, as the respondents are only internet users.
7. And only 19% purchases are driven by environmental concerns and 16% dietary related reasons, which could indicate consumer's general shift towards indulgence. According to Nielsen (2015), "globally certain specific attributes, emerge as more important to younger generations, while others tend to resonate with older consumers. 40% of Generation Z respondents say ingredients sourced sustainably are very important in their purchase decisions, followed by Millennials (38%) and Generation X (34%) respondents, compared with only 21% of the Silent Generation". Conversely, sugar-free and low-sugar products are more important to older consumers. 37% of Baby Boomers and 33% of Silent Generation respondents say these attributes are very important, compared with 26% of Generation Z and 31% of Millennials (Nielsen 2015).
8. Though packaging accounts only for 19% of reasons to purchase, these numbers can add up to impulse buying (32%) and indicate that the need for innovative and

stimulating packaging is as important as quality ingredients to appeal to consumers.

Fig No. 138: *Favorite specialty food gifts by gender*



Overall female consumers tend to purchase more 'gifts' on average than their male counterparts. The only three categories purchased by male customer more than female customers are: *Alcoholic beverages* 35% (vs. 33%), *Sauces, marinades and seasoning* with 26% (vs. 23%) and *Charcuterie, meat and seafood* accounting for 18% (vs. 12%). Though female consumers are the leading shoppers in purchases intended as gifts, it is important to note that in 2014, "men were the primary food shopper in 43% of households" whit increasing participation in meal preparation (in 46% of US household) (FMI 2014a in Sloan 2015). This is an "emerging opportunity" which indicates that marketers need to re-direct their promotion strategies and incorporate both female as well as male consumer, since as indicated above, their tastes and preferences might differ (FMI 2014a in Sloan 2015).

Mature adults (45+) tend to keep specialty foods in the house for meals preparations. 61% of consumers buy the foods to treat themselves or to bring to the workplace (12%). Only 32% used then for a special occasion at home (e.g. dinner party, birthday or holiday). At the same time younger consumers between (especially 25-34 with 19% and 35-44 with 17%) are those who buy more often specialty food with the intention to offer it as a gift. More than 1 in 3 specialty food consumers say they buy these products for everyday snacking (39%), 2/3 of consumers (67%) buy them for everyday meals a trend that remained so over the past 4 years.

Table No. 25: *Drivers for SF usage by age*

	Total %	18-24 %	25-34 %	35-44 %	45-54 %	55-64 %	65+ %
For everyday meals at home	67	59	59	65	74	69	80
To treat myself	61	63	62	60	64	57	54
For everyday snacking	39	48	47	40	35	33	31
For a special occasion at home such as a dinner party, birthday, or holiday	32	38	36	36	32	25	20
To have on hand for unexpected guests	19	17	27	25	13	15	14
As a gift	14	15	19	17	9	12	7
To bring to the office/workplace	12	14	18	20	8	5	0
Other	2	1	0	1	2	4	2
None of the above	2	1	1	4	2	4	2

In the UK "50% of eating occasions are snacks, with 37% of people saying they purchase snacks in advance so they can always have something on demand, in general the younger crowd is becoming more interested in snacking" (Conick 2015). According to Conick (2015) "61% of British consumers are opting for healthier snacks, while 47% said they enjoy trying new or different kinds of cuisines". Mintel (in Thorn 2015c) reported that globally the profile of shacking will change; consumers will seek more savory rather than sweet and high-protein rather than high-carb. Other examples of consumer's preferences for 2016 are:

" Sweet-and-spicy snacks

" Ethnic-accented snacks (e.g. hummus)

" Jerky (lean meat trimmed of fat, cut into strips, and then dried)

" Plant-protein bars made with lentils, chickpeas and other legumes

" Savory yogurt

" Sour and bitter snacks; all with environmental friendly packaging

Overall most specialty food consumers (84%) are comfortable paying more for better quality ingredients or food that they buy. These consumers are food curious with 4 in 5 considering themselves knowledgeable about food. 75% of them are saying they are always looking for new ingredients to use in recipes (or eat at a restaurant), which then they can share and talk about with family and friends (2 in 3 or 84%). Consumers aged 25–34 particularly enjoy entertaining and indicate they do so regularly. Most of specialty food consumers (82%) also read nutritional labels, with 12% using their phone to scan products in-store to learn about nutrition or allergens.

Mintel (2015) reports that in the UK, 89% of specialty food consumers consider taste as the most important product attribute, followed by "healthiness of products which almost 2/3 (63%) of Brits consider when choosing food for use at home, with this being considered more important than low cost (59%)". Mintel's research shows that there is appetite from consumers for particular claims with 3 in 5 (59%) Brits say that when purchasing food to use at home they look for items that contribute to their 5-a-day, whilst 53% look for items containing low levels of saturated fat and 51% look for low sugar content (45% of Brits seek for items with a low calorie content and 43% for products high in protein) (Mintel 2015). These results illustrate the widespread appeal of these claims and their influence in consumer's choice of product. However in 2014, "there was still a significant gap between the high demand for such products and a low level of new product development activity" (Mintel 2015).

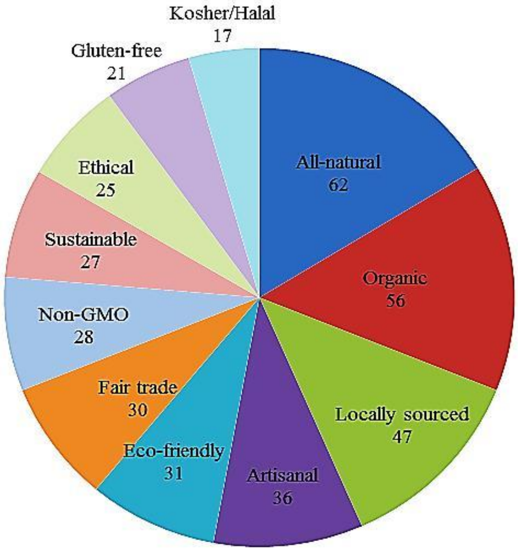
According to Specialty Food Association (2015 p.16) "35% of specialty food consumer have attended an expo/show that featured food, up from 27% in 2013" (50% also grow their own food). Specialty food consumers' interest and commitment to food isn't limited to their shopping purchases. It is an essential part of their lifestyle, whether by growing their own food, interacting with producers, reading about food. 63% are also watching food or cooking shows on television or the internet and when they do watch food-related programs, they are watching for longer periods of time, spending on average an hour more per week than in 2012 or 2013. This might come as a surprise considering that the influence of TV, magazine articles and travel were graded low among the purchase motivators.

Special-Interest Foods and the Specialty Food Consumer

About 77% of all consumers and 84% of specialty food consumers believe it is important to buy sustainably produced food. Core specialty food consumers are the most likely of all groups to purchase foods or beverages with any ethical or eco-friendly claims. The most commonly purchased food and beverage product claims are all-natural (62%), organic (56%), and locally sourced (47%) (Specialty Food Association 2015; Triodos Bank 2014). These results are similar with those indicated by distributors, manufacturers and importers who supported the same claims as being more important.

The claim "artisanal" garners less attention from these consumers, as mass-produced foods have quickly appropriated the term, diluting its impact. 84% of specialty foods consumers believe it's important to buy sustainably produced food, which are not made with ingredients and/or packaging that doesn't harm living creatures or the environment in the process. Fair trade (30%), non-GMO (28%), sustainable (27%), and ethically (25%) sourced or produced claims have become increasingly important to specialty food consumers. More than half of specialty food consumers have negative opinions about GMOs. Roughly 1/4 of respondents said GMOs should not be in foods or beverages (24% men and 33% women), and another 1/4 said more research and testing is needed before they are used in the food supply.

Fig No. 139: *Purchases of SF with special interest and claims*



Gluten-free is a popular claim with specialty food consumers, with 21% saying they bought a gluten-free food in the past 6 months. However, nutrition and health may be more compelling drivers for those purchases than actual gluten intolerance. Respondents are at least partially motivated by the fact that these products are often made with alternative grains, like quinoa, that are nutritionally superior and impart a different flavor than wheat. Kosher and Halal certified produce which aligns with religious dietary laws come up with 17%, which is not surprising considering the ethnic diversity in the USA.

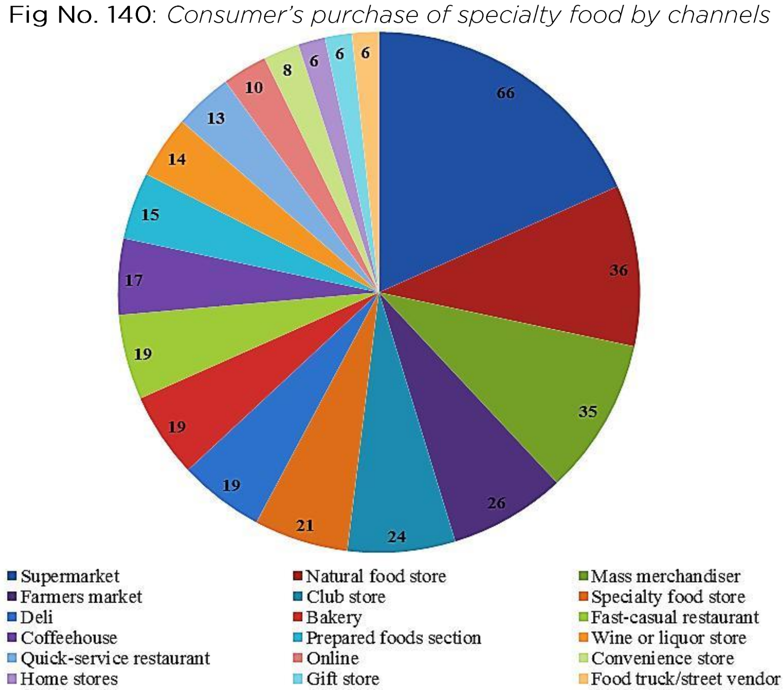
Similar trends and interest have been observed in the UK market, according to Burn-Callander (2014), "gluten-free products, once dismissed as tasteless, stodgy fare for coeliac sufferers, have hit the mainstream" expected to worth over €6bn worldwide by 2018. 'Gluten-free' is now the most popular dietary search term on Google in the UK, as British consumers are now seeking to vary and improve their diets and "1/3 of British consumers either already buy gluten-free products or would consider doing so in the next 12 months" (Burn-Callander 2014). The same growth prospects are presented by the Halal segment as there are about 3m Muslims living in Britain and "well over half of those are under 30" (Burn-Callander 2014).

According to the Specialty Food Association (2015, p. 7) retailers, distributors and manufacturers can benefit by attracting the subset of specialty food consumers who purchased products with sustainable and ethical claims in the past six months. Grocers should stock an array of ethically produced food and beverages and clearly call out their claims. While frequent purchasers of specialty foods are interested in green or ethical claims, there is a gap in food knowledge and awareness among occasional specialty food shoppers. To grow the industry, retailers and manufacturers need to educate lighter users of specialty foods, who are least likely to buy ethical and green products.

Relevant consumer practices: purchase and use

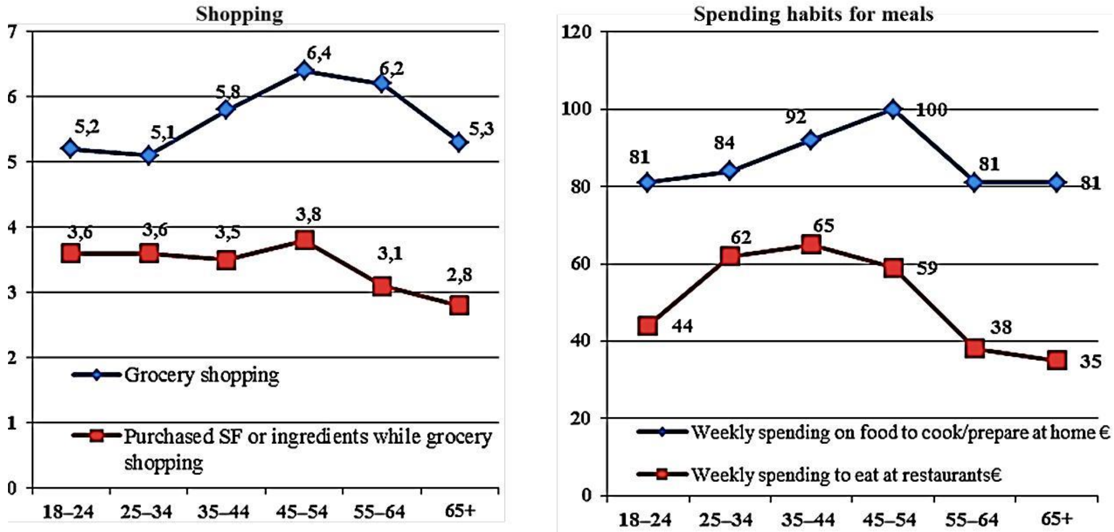
In terms of relevant practice and context in which US consumer purchase and use specialty food products (including MD/MC product), according to Specialty Food Association (2015, p. 8) most of SF consumer (66% vs. 74% in 2013) purchase from supermarkets (83% for the 65+ consumers), 1/3 natural food stores, farmers markets and specialty stores "are the least likely source" of purchases (1/4). Food trucks are a the newest entrants (6%), but they are the most promising channel for young consumers (25-34 years old) who also tend to visit a wider range of stores, valuing convenience "not only with products but also with retailers that are easier to get to" (Specialty Food Association 2015, p. 8).

Fig No. 140: *Consumer's purchase of specialty food by channels*



At the same time, **Younger audiences** (18to 34s) look for variety as well as value and convenience (e.g. ready-to-eat items). In this case as Mintel's research suggest, "non-traditional retailers, such as bakeries, convenience stores, and delis, may want to consider stocking ready-to-eat snacks or portable foods to capitalize on this audience".

Fig No. 141: *Consumer's shopping and spending habits for SF meals (€)*

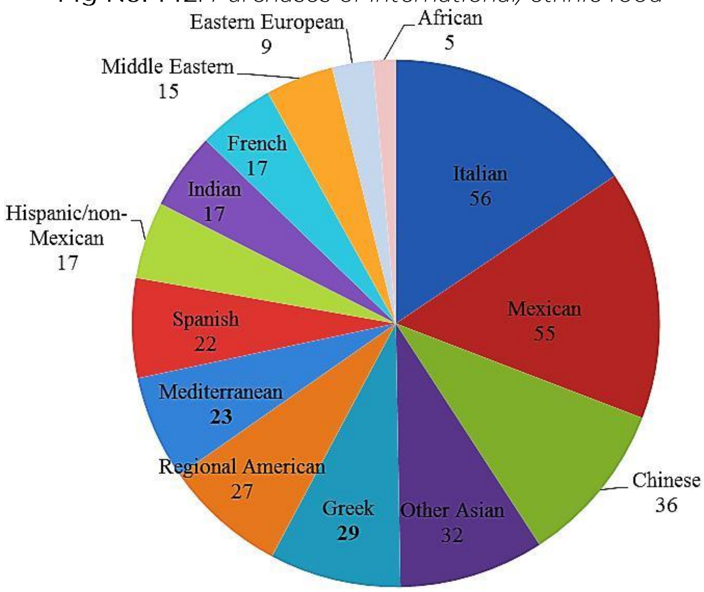


Ethnic Food Preference

Young, affluent specialty food consumers enjoy the broadest variety of ethnic foods sold at retail, probably because this demographic is often well-traveled and exposed to different cuisines and because these foods are portable and accessible (ready-to-eat meals). Such ease of use along with interesting flavors and spices is extremely appealing to these consumer segments.

While Italian, Mexican, and Chinese foods top the list of most frequently purchased ethnic foods, consumption of non-Chinese Asian food such as Thai, Vietnamese, Japanese, and Korean grew in 2014, as did Indian and Middle Eastern foods. Greek food is almost equally purchased by consumers of all ages (65+ scoring the lowers with 21%). The highest purchases come from consumers aged 55-64 (33%), and those aged 18 to 24 with 31%, (other consumer segments account for 29% purchases each). Mediterranean food is purchased more frequent by consumers aged between 25 to 44 years old (26-27%), followed by 45-54 age segment with 23% (again least purchases are made by those aged 65+ accounting only for 14%).

Fig No. 142: *Purchases of international/ethnic food*



Future considerations

One challenge to the specialty food trade's reliance on a youthful audience as its core consumer is the aging of the population. People aged 18–44 represent 36% of the U.S. population; over-55s are the fastest-growing segment but the lightest users of specialty foods. Overall the households with an annual income of €71,000 or more represent less than 30% of the U.S. population the industry could risk long-term flattening if it does not broaden its appeal to mature audiences. On the upside, Mintel expects today's core consumers will remain engaged in specialty foods. To grow the industry, specialty food retailers and manufacturers may want to adapt pricing strategies or develop private-label offerings to engage a larger audience of less-affluent consumers.

The biggest opportunities exist for Greek producers to focused on are Health & Wellness (e.g. all natural, organic, free-from, MD), Indulgence and novel food products (MC products). Producers can take advantage of these opportunities by either entering the dominant supply channels or increase distribution through alternative channels (i.e. the Internet, deli/specialty stores). The Internet and deli/specialty stores are expected to experience the high growth rates in the coming years. Moreover producers should be constantly planning for the development of new products, which will enable continued growth (e.g. specialty cured meats & seafood, yogurts, condiments and sauces offer the great potential). New product development might be the key to success in this market segment as younger consumer segments look for a wider variety of products with superior sensory qualities which are well presented to promote the product's uniqueness. Packaging and different product format (e.g. portioning, on-the-go, ready meals) might increase the appeal of a product across various consumer segments as their needs and eating patterns differ.

Proposal for action

Market intelligence (e.g. consumer reports) is vital to access consumer trends in the market in order to exploit new market opportunities but typically the available market reports are very pricey and might not be afforded by smaller companies. Therefore, a platform or portal could be implemented to make this kind of information accessible at reasonable costs (e.g. through cost sharing) to small and medium sized producers and processors. The same information portal could be used as a forum for enabling producers to exchange information and address common problems that could be solved through collaboration. The gathering of market intelligence could be greatly assisted through establishing a process for strategically gathering market information. Currently there is no active and strategic data collection in Greece for the specialty food industry. This situation contrasts markedly with initiatives occurring in the US and other jurisdictions.

The gathering and sharing of market data, which commercial businesses and industry as a whole could use to make informed decisions, would be aided by objectively defining specialty food from a business perspective. Greek producers and businesses interviewed might define their offerings following the old demand-supply model; however consumers purchase a particular type of product for a various reason which is also changing constantly across products and consumer segments. Such platform could give producers the opportunity to access a wide range of insights and understand how consumers define a specialty food and how to they formulate their needs and preferences into actual purchase, which could enable better targeting.

Restaurants Menus

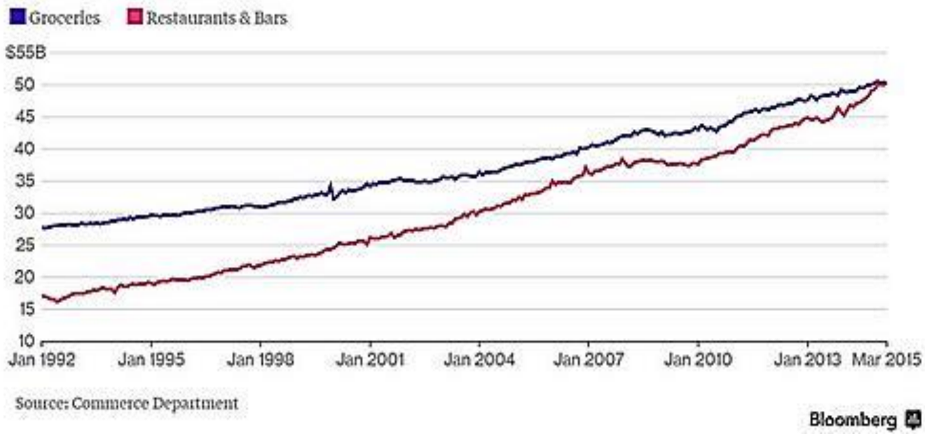
Comparison MC vs. 'All cuisines' restaurants in US: Top MC Menu items (dishes & ingredients)

According to Furst et al. (1996) consumer's decision to eat our might be the result of their "conscious reflection" but might as well be an "automatic, habitual, and subconscious" decision, all in all influenced by various factors (e.g. sensory appeal, socio-cultural context, convenience and personal values). Other reasons are related to food choice including current food trends, economic reasons, and cultural and social factors. The results of Costa et al (2007) qualitative research with 50 Dutch participants showed also that eating out not only save time (which would otherwise be spent on cooking), but they allow for individuals that may find cooking to be a stressful or tiring activity to avoid the cooking process altogether. This is also the result of the shift in perception that foods prepared by individuals should resemble what they eat at a restaurant, which is likely continue in the future as individuals rely on people outside of their own homes to prepare their meals (Stead et al. 2004).

At the same time, participants felt that eating out is preferred to convenience meal (e.g. ready-made), because eating out meals are perceived overall as being more tasty and satisfying than prepared meals. At the same time, according to Lang & Caraher (2001) higher income consumers (also called "time-buying consumers") make the choice not to cook in order to have more leisure, while Larson's et al. (2001) found also that most often people do not cook at home because they do not possess the skills or necessary tools to do so. At the same time Stewart, et al. (2006) study investigating what people value most when eating out (sample consisted of 700 New Jersey residents), they found that beside taste, nutrition, and convenience participants chose to eat out because this associate this practice with entertainment (enjoyment and pleasure), socializing and belonging (Warde & Martens 2000). Overall, higher urbanization level, income, and education have a positive effect on the likelihood to consume food away from home.

According to Finkelstein (1989), for the modern consumer, dining out has to do with self-presentation and the mediation of social relations through images of what is currently valued, accepted and fashionable. In this sense, "the restaurant provides the setting, props and personnel with which to alter abstract desires and images into direct experiences and also acts as a supplier of the individual's fantasies" (Finkelstein 1989). Thus the artifice of the restaurant makes dining out a mannered exercise disciplined by customs that locates people in a framework of prefigured actions, where people can imitate others without need for thought or self-scrutiny. In other words, the practice of dining out gives insight into the character of modern social life, as increasingly consumer eat out not only with family and friends but also with colleagues. According to Nielsen (2008) in past years the most popular out-of-home meal was dinner, cited by 60% of global and 66% of American consumers (which would also eat out during weekdays rather than just during weekend). Even more, during recent years eating out breakfast, in between meals snacks and lunch has increasingly captured consumers' attention (Nielsen 2008). In 2015, FoxNews announce that "for the first time ever, American consumers are spending more money dining out then buying groceries", and they tend to favor deli food and casual dining with a particular interest in ethnic restaurants" (FoxNews 2015).

Fig No. 143: *US Expenditure on dining out vs Groceries*



Similar trends were observed in UK, where the value of spending on eating out has doubled since 1992 (Mesure 2011). According to Mintel (2013) 47% of British consumer in 2013, declared that they would choose something that they could not usually make at home, while 34% claim to be interested in historical or traditional ingredients. In this sense, diners need to be romanced into ordering these particular types of dishes, and as Mintel (2013) suggests the marketing message is as important as the ingredients". According to Food Standard Agency (2014) a survey carried out in December 2014, showed that 3/4 (75%) of British consumers interviewed reported that they had eaten out or bought food to take away weekly (47% saying once or twice in a week and 11% were eating out six times or more), considerably higher than in 2011 (DEFRA 2011). They were also most likely to report eating out at restaurants (30%), and cafes or coffee shops (26%) and buying food from takeaway food outlets (27%) (Food Standard Agency 2014).

In this sense, Barclaycard 2015 report show that restaurant performance has grown in the first month of 2015 by 17.4%, which "suggests that people are relying on restaurants much more frequently this year, supplanting their household food consumption" (in Real Business 2015). In addition to this, online orders from takeaways have seen a massive 52.3% increase in spending, providing an example of more instances where people are choosing not to cook for themselves. In this context, "it seems to be clear is that overall in the UK, consumers are becoming more open to the idea of restaurants and takeaways not only as being part of a special treat, but as everyday experience (Real Business 2015). Even more, Garrahan (2014), report that almost 2/3 of the British public have opted to eat out on Christmas day to alleviate the stress of cooking on themselves and their families (251% increase in Christmas bookings since 2011) but also to save both time and money.

Table No. 26: *UK Eating out behavior in the last 7 days (December 2014)*

	England	Wales	Scotland	Northern Ireland
ANY OF THE BELOW	75%	71%	76%	78%
Eaten in a restaurant	30%	27%	32%	35%[W]
Eaten takeaway food (e.g. Indian/ Chinese/ Pizza/ Fish and chips)	27%	23%	31%[W]	36%[E W]
Eaten in a café or coffee shop	26%[W]	20%	25%	24%
Eaten in a pub	23%[S NI]	22%[S NI]	9%	7%
Bought food or drink from a café, coffee shop or sandwich bar to take away	22%[NI]	20%	18%	16%
Eaten fast food	21%	21%	17%	22%
Eaten food from a work canteen	9%	8%	8%	7%
Eaten food from a cinema, bowling alley, theme park or other leisure facility	3%	3%	4%	3%
Base	*(1,951)*	*(503)*	*(475)*	*(524)*

The food-services sector is constantly evolving, as restaurants cater to changing consumer preferences, new lifestyle choices and demographic shifts. The trend toward health consciousness, coupled with an increasing interest in gourmet and high-quality cuisine, is inducing foodservice operators to adopt value-added options, such as gluten-free foods, farm-to-table restaurant models and locally sourced produce (Brennan & Alvarez 2014; Nation's Restaurant News 2015a). Additionally, as time-strapped consumers look to maximize their purchasing power without sacrificing food quality, they will continue to drive demand for niche food-service players like food trucks and fast casual. Also, the ubiquitous use of smartphones has forced restaurants to cater to consumers that want timely service with minimum effort.

Technology will continue to improve and become a competitive weapon for restaurants trying to provide busy customers with efficient service but (e.g. delivery services and ordering apps) also as a response to the growing popularity of consumer's use of social media to "brag" about the new foods they have tried (Brennan & Alvarez 2014). Earlier this year, Mintel estimated that 29mn Americans posted a picture of a food or drink from a restaurant on social media, this is why many foodservice operators as well as packaged food manufacturers experimented with "vibrant colors and novel shapes to make packaged products worthy of consumer praise and social media posts" (Thorn 2015b).

The changing demographic composition in the US, UK, as well as France and Germany is giving rise to a wide variety of cuisine choices for consumers. As a result, ethnic cuisine is expected to play a larger role in the food-services sector over the next 5 years, as industry players continue to alter their menus to accommodate ever-changing consumer preferences (Brennan & Alvarez 2014). Demand for authentic ethnic food (with verified claims) is expected to remain strong over the next 5 years as the millennial generation and growing immigrant population drive demand (in both US and Europe). Restaurants will continue to chase the strong purchasing power of millennials with culturally diverse appetites.

Ethnic cuisines, including MC and Halal, will travel beyond their urban origins and begin to infiltrate suburban markets (Brennan & Alvarez 2014). Vegetables are projected to be the "hero" in 2016. Vegetable portions are rising and meat portions are shrinking, something many Millennials see as being gentler on the planet, while also "requesting that veggies are ramped up to their fullest creative potential" (e.g. cucumbers are the "it" vegetable, and restaurants are sourcing different varieties of them and using them to "add texture, coolness and freshness" to dishes)(Thorn 2015a).

Another global trend that will soon turn main-stream in the US, after being imported from UK, is the all-natural and simple as consumers are looking for food with recognizable ingredients that they perceive as more natural and less processed and a number of large restaurant chains took on the challenge of removing artificial ingredients from their food in 2015 to retain their customers (Thorn 2015b). For example, "Chick-fil-A, has upgraded its yogurt parfait by using Greek yogurt with half the sugar and twice the protein of the yogurt it was previously using" (Thorn 2015b).

In September 2015, the results from National Restaurant Association, asked 1,575 chefs (members of the American Culinary Federation), to rate hot trend for menus in 2016. Among those selected as "hot" by the most chefs were chef-driven fast-casual concepts, authentic ethnic cuisine (+14%), ethnic condiments and spices (11%), fresh and house made/artisan soft drinks (11%) and pickles (5%), Middle Eastern flavors (11%) and artisan butchery (+5%) (Thorn 2015d).

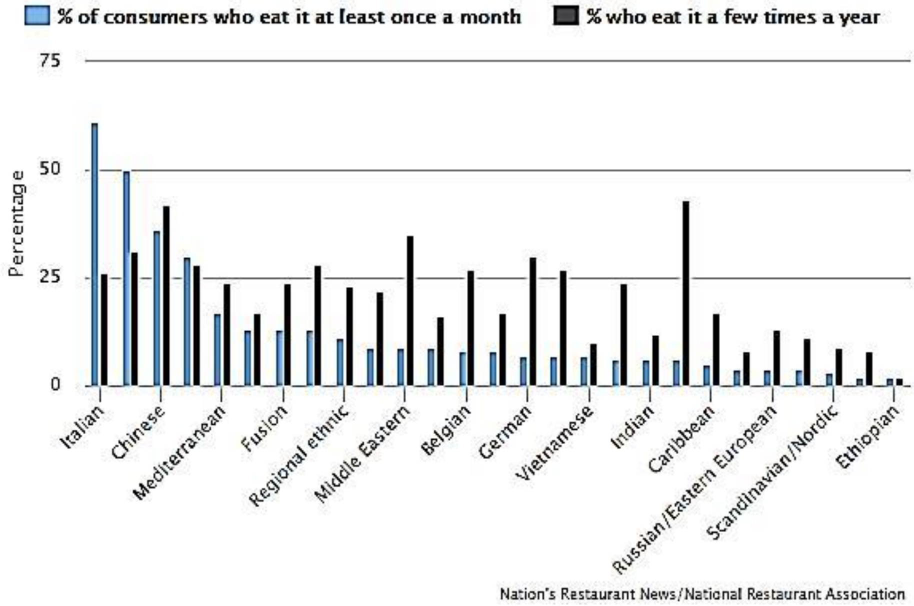
Ethnic cuisines in US food service

In its "*Global Palates: Ethnic Cuisines and Flavors in America*" report, the National Restaurants Association asked more than 1,000 adults about their familiarity with cuisines that originated outside the United States, as well as regional cuisines within the US (Nation's Restaurant Association 2015), they found that 4 out of 5 surveyed consumers eat at least one "ethnic" cuisine each month, and that 2/3 eat a wider variety of cuisines than they did 5 years ago. Typical restaurant diners are more knowledgeable, sophisticated and experienced than they were two decades ago, and generally more willing to try new foods and expand their taste buds (especially younger consumers).

The "big three" ethnic cuisines still dominate, with roughly 9 out of 10 respondents having tried all 3 at least once in their lives. Italian is the most frequently eaten ethnic cuisine: 61% of those surveyed said they eat it at least once a month. 17% surveyed consumers say they eat Mediterranean cuisine frequently, while 24% eat it occasionally, according to the report. In addition, 25% are not familiar with this cuisine, while 11% are familiar but have never tried it (more than half of those surveyed said they tried at least once Greek Cuisine).According to Thorn (2015), "French, Greek and Spanish cuisines are all Mediterranean, but the more generic term is often used in marketing menu items from those countries, as well as Italian and North African items". Although the "big three" remain as popular as ever, awareness of them, at around 90%, is about where it was in 1999, the last time the NRA conducted an ethnic food survey.

Among the cuisines that have grown most in terms of consumer awareness (meaning they have tried them at least once), is "Mediterranean," which increased 38% points (the highest among other ethnic cuisines). MC with its focus on healthful oils, seafood and vegetables, has also been more integrated into people's everyday lives, with the number of surveyed consumers saying they eat it frequently rising 11%. That's followed by sushi and/or sashimi, rising 9%, and Spanish, rising 7%.

Fig No. 144: *USA Consumer's ethnic cuisine eating habits*



Most experimentation with ethnic foods is done at dinner. More than 3/4 of respondents (77%), said they eat ethnic food most often during the evening meal, while 18% pointed to lunch as their main time for ethnic eating (Thorn 2015). Younger consumers also eat ethnic at breakfast. Although 66% of people ages 18 to 24 and 72% of those ages 25 to 34 who were surveyed said they mostly ate ethnic food at dinner, 8% and 6%, respectively, said breakfast was their top time for ethnic food. That's compared with 0% among people ages 35 to 64, and 1% of people ages 65+.

Offering ethnic food as a special item can be an effective selling point, the study found. When asked if they would consider trying ethnic food as a special at their favorite restaurant, even if it were different from the type of food normally offered there, 80% of respondents said they would. However, 84% of respondents said they prefer to eat ethnic cuisine at restaurants that focus on that cuisine (Thorn 2015).

According to Nation's Restaurant News (2015), Millennials and baby boomers consumers will still be the most influential diners in 2020. In 2020 Millennials over age 25 will represent about 19% of the US population, partially because of the immigration (90mn from 86.5mn currently). Most of them will be well-educated and part of the middle-income group (earning about $45,000). The will also be "recession trained", which means that in that value will play a key role in her decision making. Younger consumers will be more diverse, the non-Hispanic white population is the largest group expected to peak in 2012 at 1999.6mn (Nation's Restaurant News 2015).

Today, there are 80mn boomers, but by 2020 there will be 76mn (of which 72% will be while, non-Hispanic and the remaining 28% will be dominated by African-Americans and Hispanics at 11% each). Currently about 30% of boomers are single, but this will increase to 45% by 2020 (half of which will be women). Boomers (55+) are the biggest spenders on full service restaurants (which they seek as an opportunity to socialize), particularly those between 65 to 74 years old. These trends are expected to hold true in 2020 in US.

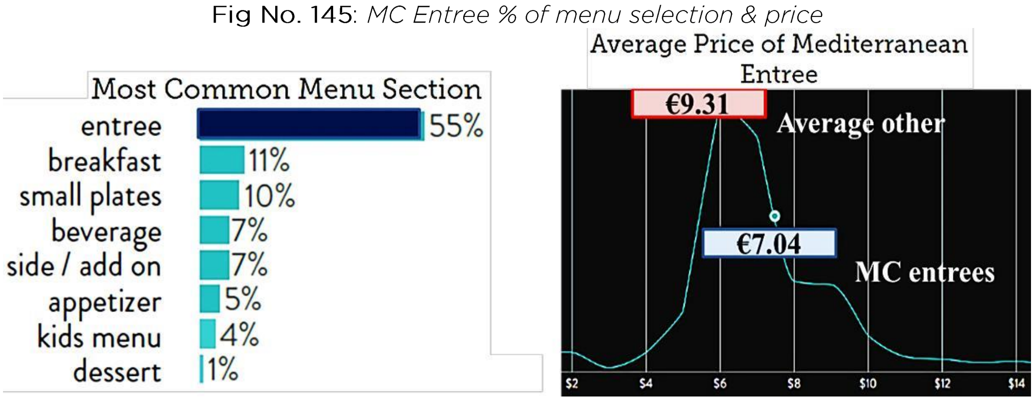
Mediterranean cuisine in US restaurants

In this section we will look at what are the popular ethnic cuisines in restaurants in the US. Food Genius is a leading foodservice analytics, focused on one of America's most popular and growing cuisine types" and according to their report (prepared in 2nd Q of 2015), MC "has been growing in popularity over the last number of years. Partially this is due to the successful growth of new casual dining operators like Zoe's kitchens and the massive rise of the Greek yogurt category", and the numerous endorsements from health experts, who promote MC well-balanced diet with numerous health benefits (PRWeb 2015).

Food Genius's took under consideration data corresponding to over 93.304 menus (63.483.789 items) in 359,180 locations in USA. The report focuses on what ingredients (plant-based ingredients mostly), dishes, proteins, and dressings are most commonly utilized within Mediterranean cuisine in the US and their findings are generally in line with the outcomes presented in the Google Trends section of this report. Thought increasing in popularity, MC only comprises 3% of all restaurants menus nationally and only1% of locations nationally are in identified as MC operators.

For MC restaurants, the entrée comprises 55% of all menu items, followed by breakfasts (11%), and small plates (10%), while beverages account for 7%. According to Food Genius (2015, p. 2) "this is due to the higher representation of lower priced operators among MC restaurants"; over half of all identified as Fast Casual operator. The average price of a MC entree in the United States is €7.04 (the most common price points are €5.60 - 6.50) lower compared to €9.31 the average price across all restaurant, while entrees among Italian restaurants are priced considerably higher, with an average of €12.50 across the US (Food Genius 2015, p. 23).

Fig No. 145: *MC Entree % of menu selection & price*



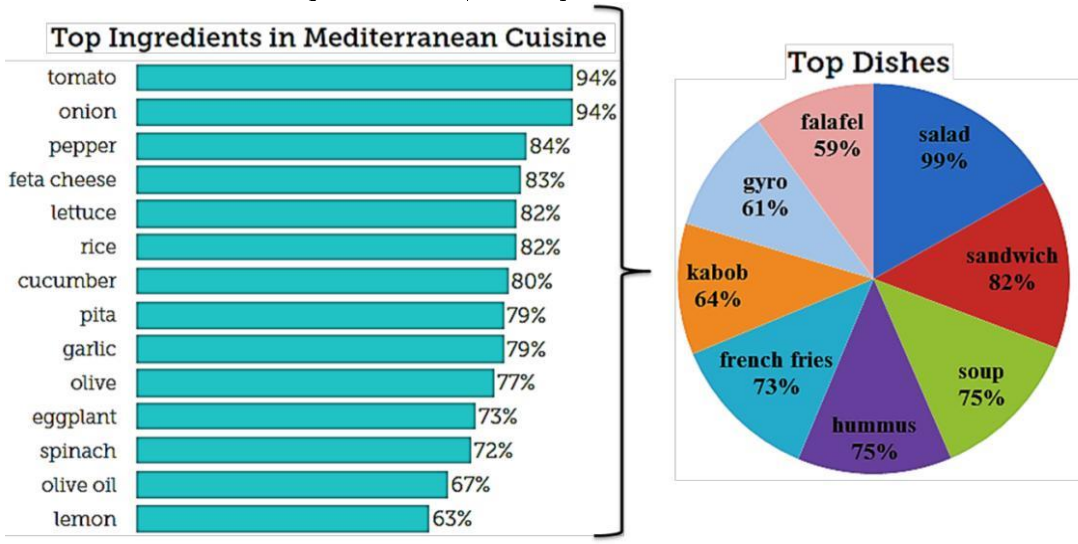
In our primary research, we have asked various industry actors if they think that their clients consider Mediterranean diet products as expensive. The results showed that the majority of importers and retailers consider MD products as affordable (cheap) with average prices. However, the majority of Russian respondents indicated that MD products are either expensive or very expensive (partially also due to the import ban).

Top Ingredients and menu items in MC

According to Food Genius (2015, p. 10), beside the staples such as tomatoes, onions, peppers, and lettuce, certain ingredients have strong associations with MC such as **Feta cheese** which is the most popular cheese type mentioned in MC as well as **garlic**, **olives**, **olive oil**. The top dish featured on all MC menus is '**salad'**, which for 2/3 menus salad is in fact "*Greek salad*" (which grew faster over the last 2 years that Caesar, cobb or chef's salads), 40% of those same menus call out Caesar salad.

The second most popular is sandwich with 82%, most popular sandwich style featured is the **sandwich wrap**, which is mentioned on almost half of all sandwich menus. With 75% the following items featured are **Soup** (1/6 of all menus that call out soup feature *avgolomeno*) and **Humus**. Among other mainstream but growing MC items in all menus (including others than MC) are **Greek salad**, **Feta Cheese** and **Gyro** which has been used more often in LTOs (e.g. Arby's) over the last year, while **Pita Bread** has continued to grow in recognition as a popular sandwich carrier.

Fig No. 146: *Top MC Ingredients and dishes*



Understandably, complementary ingredients such as Tzatziki have grown as gyro dishes have also grown in usage over the last year (Food Genius 2015, p. 21).

Niche & growing MD in all menus

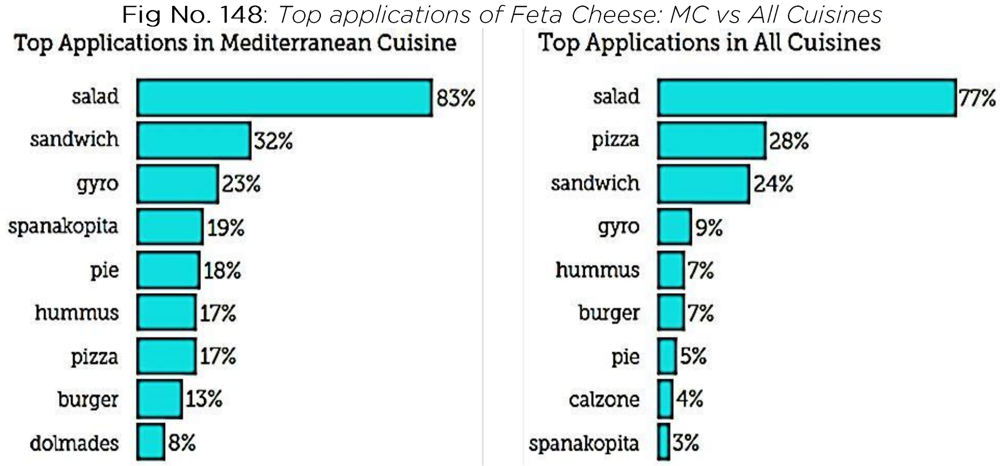
Fig No. 147: *MC Terms with large % change in menuing from Q4-2013 to Q4-2014*

Many Mediterranean style dishes that are increasing usage in restaurants overall across the US over the last year include Shawarma and Souvlaki, two popular styles of meat preparation in Greek cuisine. Baklava is a popular MC pastry dessert, while Dolmades are commonly featured in appetizers or small plates. An ingredient that will most likely see the greatest rise in use in the near future is Greek yogurt. It has long been touted as a healthy dairy option and a staple in nutritional diets; the rise of many LTOs by chain restaurants that feature Greek yogurt is indicative of its growing popularity and long-term impact (Food Genius 2015, p. 21).

MC Ingredients: usage in menus by type of dish and restaurant

Feta is a POD thus products manufactured in other countries beside Greece "can only be marketed as feta-like or feta-style" (Pappas 2015). This raised a couple of debated in the last years, with EU arguing that in the US POD rules are not enforced which could misled consumers into purchasing knock-off products. Nevertheless **Feta** cheese continues to be "a point of national pride and a huge source of income for Greece (over 100.000tons annual production). The imports of Feta cheese skyrocket in the past couple of years and sales of Greek feta rose to €260mn euros in 2014 (Churchill 2015).

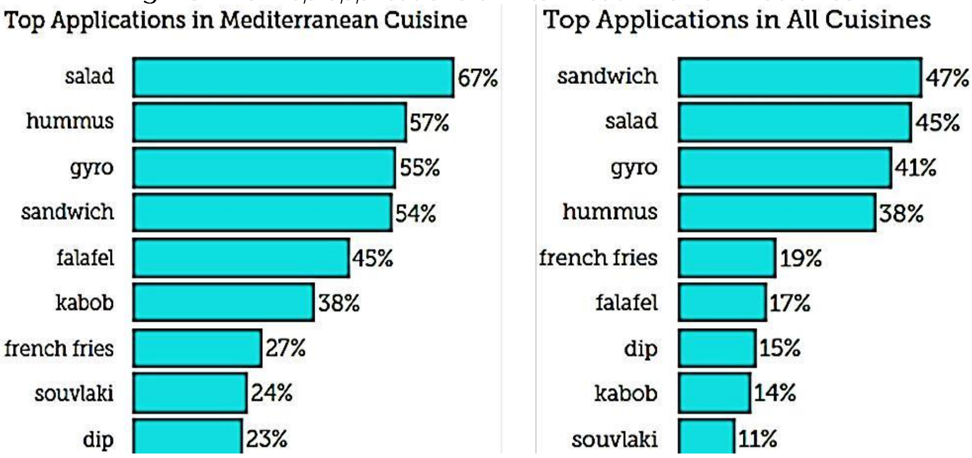
Fig No. 148: *Top applications of Feta Cheese: MC vs All Cuisines*



Feta cheese is commonly called out in salads among both Mediterranean restaurants and restaurants overall. Given its close associations with the region, it is understandable that feta cheese overall will be mentioned more often in MC; every dish that appears on both lists is ranked higher in MC. While restaurants overall prefer pizza and sandwiches with feta cheese, MC demonstrates its use in sandwiches, gyros, spanakopita, and pie more often, though pizza does appear on 17% of Mediterranean menus as well (Food Genius 2015). However, there are various other types of cheese in Greece (e.g. haloumi) which according to Fletcher (2014) could appeal to the American consumer but according to specialty cheese merchants in the US they struggle to sell Greek cheeses beyond feta (most have abandoned that niche to ethnic delis) and part of the problem is "purely the image, not the quality".

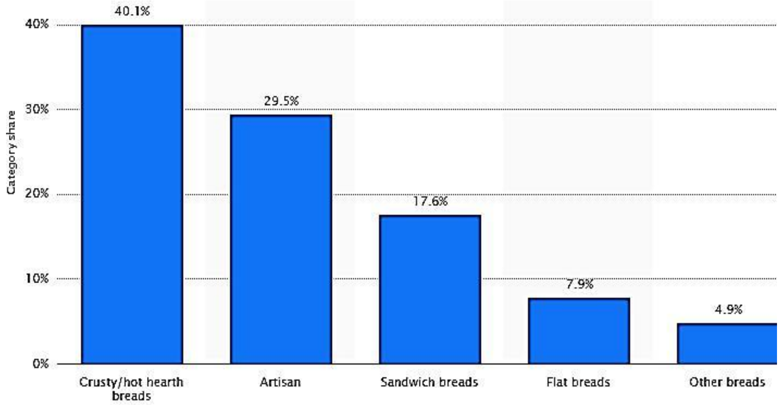
Pita bread is used both a complementary ingredient to salad and a frequent carrier to both hummus and sandwiches, pita bread has demonstrated a versatility that has allowed it to grow in popularity in the US. Its uses are quite similar between MC restaurants and all cuisines restaurants. All the top dishes associated with pita bread appear on both lists, though in varying order. While restaurants overall appear to favor pita bread in sandwich, salad, gyro, and hummus applications more than any other type of dish, MC restaurants also commonly pair it with falafel, kabob, and souvlaki (Food Genius 2015).

Fig No. 149: *Top applications of Pita Bread: MC vs All Cuisines*



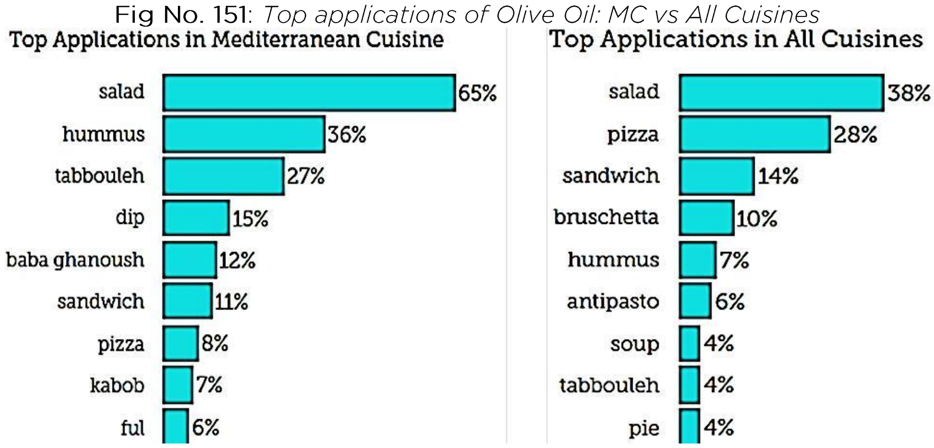
According to US Foods (2015) Greek pita can enhance the menu of a restaurant, especially in the sandwich section, since this product is very popular among US consumer. In 2015 sandwich breads (in which pita bread is included) accounted for a share of about 17.6 percent of total U.S. bread sales (Statisa 2015). Overall bread sales are predicted to be flat for some bread types as American consumers are looking for healthier products and varied experiences in terms of taste and texture. In this context according to Watson (2014) "Hispanic and Mediterranean influences are key drivers of sales for tortillas and flatbreads, while artisanal manufacturers are introducing new flavor combinations" (e.g. olive and olive oil, garlic and jalapeno flavors).

Fig No. 150: *US: Category share of bread sales by type in 2015* (Statista 2015)



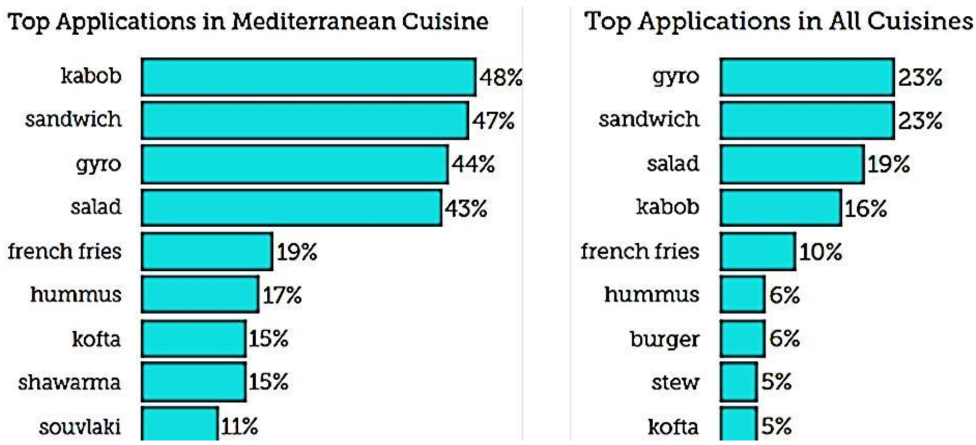
Olive oil is a well-known ingredient in the United States and ubiquitous among many different types of cuisine, especially among Italian-inspired restaurants. This is reflected in its ranking of popular dishes – pizza, bruschetta and antipasto are all distinctly Italian dishes. In Mediterranean cuisine, however, olive oil is used far more often in salad and dip applications such as hummus, tabbouleh (Food Genius 2015).

Fig No. 151: *Top applications of Olive Oil: MC vs All Cuisines*



About 97% of U.S. consumption of olive oil in 2012 were covered by EU imports (including Greece), in general "health and taste are top reasons why consumers choose olive oil over other oils and fats, being also more willing to pay more for olive oil to receive (Wang, Moscatello & Flynn 2013; USITC 2013). However when purchasing olive oil alone, most of consumers are confused regarding the attributes and description of olive oil, thus unable to asses is their purchase "the real thing" or not (Butler 2014). This is why according to USITC (2013, p. xvi; Mann 2015) educating the consumer is a step forward Greek companies (e.g. GAEA) should be using to get closer to the American consumer.

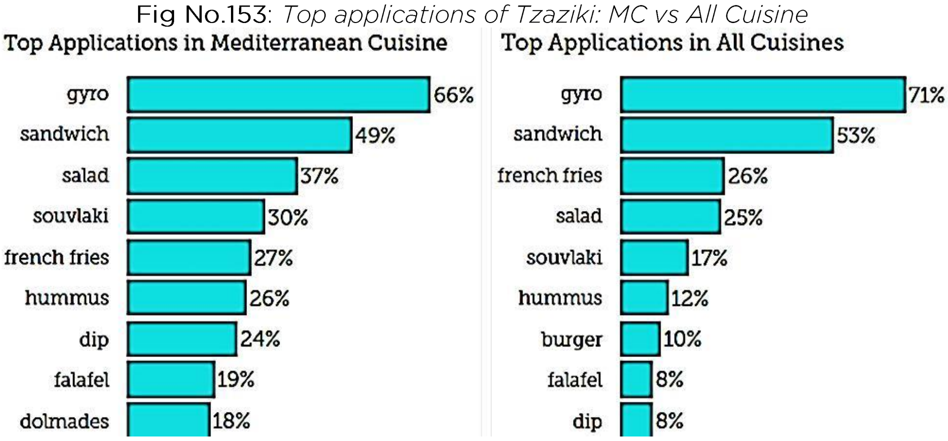
Fig No.152: *Top applications of Lamb: MC vs All Cuisine*



The use of lamb in restaurants nationally differs compared to other ingredients with MC association. While other ingredients show a greater variation and acceptance in restaurants, lamb appears to be more established as a distinctly MC ingredient in application (Food Genius 2015). Dishes such as kabob, gyro, and hummus appear on both menus, and among national restaurants, even items like kofta, demonstrate strong MC influence in how lamb is used. Other popular applications in mc include shawarma and souvlaki.

Similar to lamb, tzatziki has a strong and uniquely MC association, which restaurants reflect in their menus. The only popular dishes that are unique to each list are dolmades (in MC menus) and burgers (in all cuisines restaurants). Both MC restaurants and all cuisines restaurants associate tzatziki with gyros and sandwiches as the most popular applications (Food Genius 2015).

Fig No.153: *Top applications of Tzaziki: MC vs All Cuisine*



MC dishes usage in menus by type of restaurant

Hummus is featured on 14% of all menus across the United States and in 75% of all Mediterranean menus. Hummus has been for some time a staple of MC cuisine, growing in interest among those American consumers seeking more-healthful snacks because of its low fat but high in protein content. The sales of "refrigerated flavored spreads, a segment dominated by hummus-totaled €501mn at U.S. food retailers in 2012 (up 11% from 2011 and 25% over 2010)" (Kesmodel & Fletcher 2013). The popularity of this dish "has caught the attention of big food companies like PepsiCo, which owns 50% of Sabra and Kraft Foods Group Inc. which owns Athenos" (Kesmodel & Fletcher 2013). According to Nebo Agency (2015), PepsiCo "delivered 2ms samples (2008 to 2010) to 11 American cities, and other 12mn samples reached 28 more cities once Sabra's Virginia plant went online 2years later". Today over "26

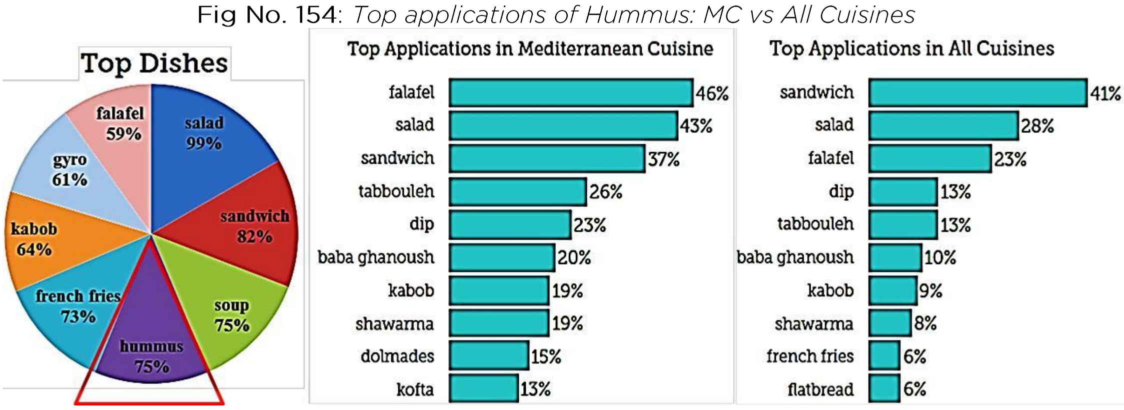
% of US households buy the chickpea dip regularly, although that's a huge number comparatively speaking, roughly 80mn consumers still don't know what hummus is"

(Nebo Agency 2015).

However the popularity of hummus in the US market is not something new, take for example Holy Land which in 2000 introduced hummus flecked with jalapeño, guacamole-flavored hummus, hummus and peanut butter flavors and hummus mixed with diced habanero peppers to heat-seeking Somalis, a growing local community (Edge 2010). Even more Holy Land sells Greek hummus in packages blazoned with cucumbers to evoke tzatziki. According to Mina Penna, a brand manager at Sabra Dipping Company, "adaptability is one reason the hummus sells well" and American consumers love this product because is high fiber count and is gluten free. To market this product producers are taking "something that's new to the American consumer, like hummus was, and then add ingredients they know and love, like sun-dried tomatoes" (Edge 2010).

The most popular dish associated with hummus in MC is falafel (46%), the top associated dish with hummus is salad (43%) and sandwich (37%). Interestingly, sandwich (41%), salad (28%) and falafel (23%) also appear as top 3 in all cuisine restaurants. Hummus is also commonly associated with dips such as baba ghanoush and tabbouleh, due to its ubiquity as a side dish, appetizer, or component to an entrée, while all cuisine restaurants sometimes menus hummus with French fries and flatbread menu items as well (Food Genius 2015).

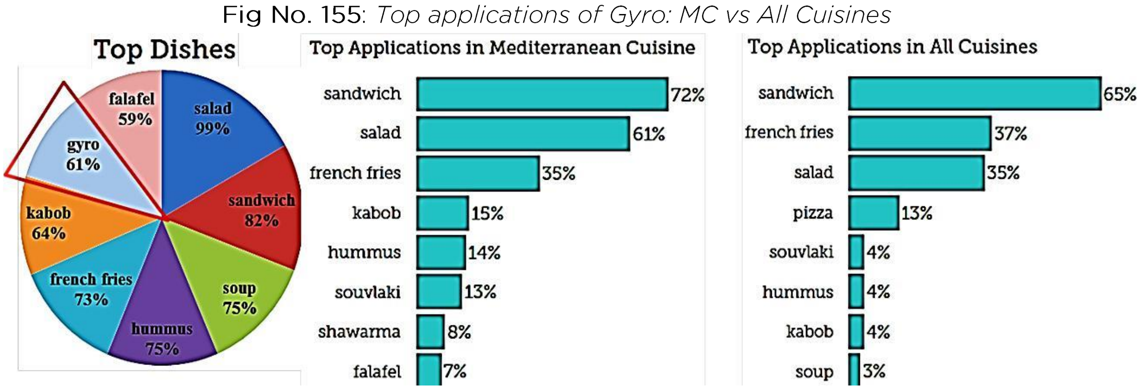
Fig No. 154: *Top applications of Hummus: MC vs All Cuisines*



According to Valinsky (2014) the trend-tracking group Baum and Whiteman predicted that 2015 will be the year when hummus becomes the "it" food for Americans. Once a niche product, hummus is following the same trajectory as the Greek yogurt".

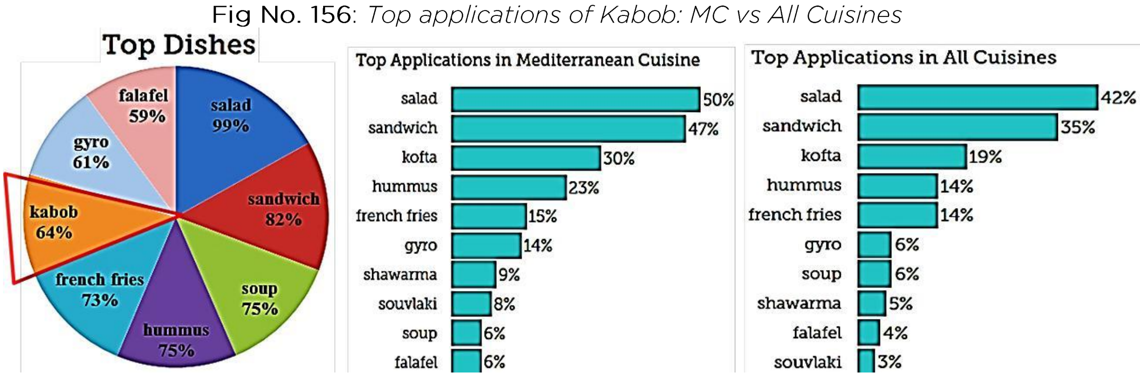
Gyro is featured on 14% of all menus across the United States and in 61% of all Mediterranean menus. In menuing, MC and all cuisines restaurants share similar ideas in dish application for gyros, both in traditional MC dishes and nontraditional applications (Food Genius 2015). While MC operators pair gyro with sandwich and salad in similar rates, non-Mediterranean dishes prefer sandwiches overwhelmingly over salads. In addition, non-Mediterranean restaurants call out applications such as pizza, burger, or coleslaw.

Fig No. 155: *Top applications of Gyro: MC vs All Cuisines*



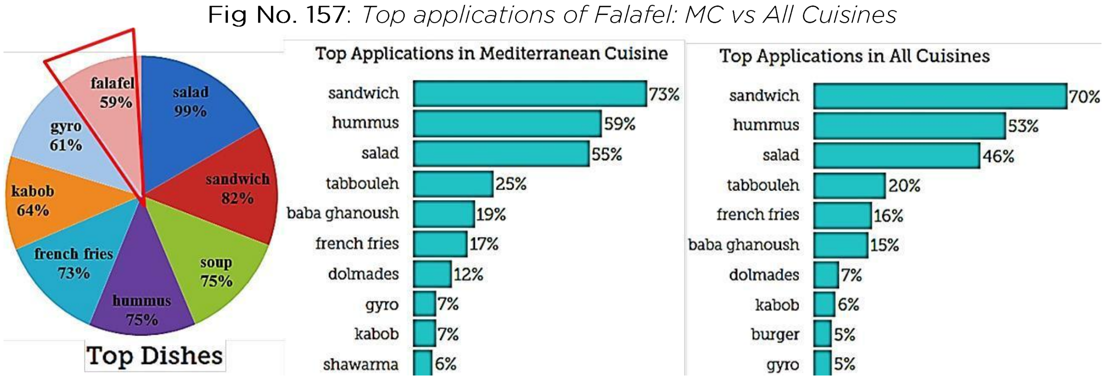
Kabob is featured on 9% of all menus across the US and in 64% of all MC menus. In menuing, in both types of restaurants this dish application is similar. The most popular types of proteins that are called out in kabob menus are chicken, beef, lamb and shrimp. In restaurants nationally, kabobs are almost 50% more likely to be mentioned with beef than with lamb. In MC restaurants, however, the difference in usage is much less pronounced, though beef is still the preferred meat product after chicken in each segment (Food Genius 2015).

Fig No. 156: *Top applications of Kabob: MC vs All Cuisines*



Falafel is featured on 9% of all menus across the US and in 59% of all MC menus. Both MC and non-Mediterranean restaurants most often associate falafel with sandwich application, but it is also popularly paired with hummus and salad offerings. Typically offered as a side dish, it is not unusual to see other side dish varieties such as tabbouleh, baba ghanoush, or dolmades to be mentioned as well. Falafel has seen a growing popularity in non-Mediterranean cuisine over the last few years, as evidenced by chains such as SUBWAY offering a falafel sandwich in its core menu with 5% of all restaurants overall call out falafel in burger application (Food Genius 2015).

Fig No. 157: *Top applications of Falafel: MC vs All Cuisines*



CONCLUSION and RECOMMANDATIONS

Google trends findings revealed a growing long-term interest in Mediterranean Cuisine, Mediterranean Diet and Greek food worldwide and in countries investigated in this study (MC is overtaking MD/MF in the UK, projected to continue so in 2016, while in the US since 2011, both MD and MC have outperformed the F&D category). However the interest in MD, MC and Greek Food is quite diverse at a national and regional level indicating the need for local adaptation of selling proposition (MD or MC or Combination), with different strategies for ingredients & finished products.

The appeal of MD and MD is partly due to the general consumer's interest in healthier diets and eating habits, in the US according to Nithercott (2014), MD "is a health rock star, it seems that every week researchers release news about another of the Mediterranean Diet's benefits, and as a result, American consumers are adopting the overseas eating plan en masse". Moreover, unlike the numerous fad diets that appear in US's nutritional history, Mediterranean Diet has staying power, because is "less of a diet and more of a lifestyle, one that's been shown to be beneficial time and again" (Nithercott 2014).

MC seems to be associated by consumers with specific food categories, indicated by the use of terms such as "vegetables", and different meats, "chicken, fish, lamb", the specialty food segment and with eating out as indicated by the frequent use of the term "restaurants", and only marginally associated with MD, which confirms our literature and restaurant menu findings presenting MD and MC as interrelated but nevertheless parallel trends and showing that consumer seem to differentiate to some extent MD, MC and Greek Food. While MD related search terms, make more references to “diet recipes” and “diet plans” an indication of cooking and dinning at home practices. Overall, at a global and national level both MD and particularly MD seems to be associated by consumers with Greece. As indicated for example by the search terms “Greek Ionian diet”, “Greek mediterranean diet” in the UK and Germany (similar to global findings). Greek food appears to be associated with both eating out and cooking at home practices, as indicated by the presence of “recipes”, “restaurants” and “menu” search terms in both top and rising queries, even more, consumers seem to be also interested in “ancient Greek food”, indicative of overall search for authenticity trend (also presented in the Consumer Profile chapter).

While the ageing consumers seem to adopt healthier diets due to the growing concerns over food related chronic diseases, which could explain Google Trends search terms “diet recipes” and “diet plans” associated with MD, younger consumer (e.g. Millennials which are actively seeking for ethnic cuisines) segments appear to be more strongly interested in both MC and MD, with a stronger focus on the diversity of Mediterranean cuisine. According to Graham (2014), worldwide, the age-old question, “What do you want for dinner?” was translated by consumers in a continuous expansion of their palates to incorporate an even greater variety of ethnic food and a yearning for new global flavors. Younger consumers as well as those with children, are especially open to more daring food choices, “their palates are becoming more adventurous and sophisticated, and they are eager to explore lesser-known cuisines with unique flavor combinations” (Graham 2014).

For example, the interest of British consumer in MC is projected to grow by 26% by 2020, against 6% recorded today. Considering their growing interest in both healthy eating, indulgence and MC presents Greek producers with a great long-term opportunity in the foodservice sector. At the same time, the largely mediatized concerns regarding the increasing rates of obesity and food consumption related diseases resulted in higher demand for “health and wellness foods offering” in various product categories are projected to hold significant sales potential over the coming years. For example, busy, on-the-go lifestyles often dictate a need for quick but heathy meals-replacements, which are showing strong volume sales growth of 2.3% in 2015 signaling a shift in a consumer mindset to one focused on health, with nutrition bars (such as the Greek Mediterra) and Greek yogurt segments projected to grow 5% by 2018 in the US market alone (Food Business News 2015; Nielsen 2015).

The foodservice industry on the whole, is also feeling the effects of demographic changes, most notably the increasing number of smaller households demanding convenient, easy-to-prepare packaged food, the rise of health-conscious millennial consumers driving up demand for fresh and organic products, and finally the growing ethnic population, with their own specific tastes and preferences.

Among the various foodservice concepts, fast casual and independent restaurants focused on customization, speed of service, and convenience, will continue to thrive with even more specialty and offering – as restauranteurs seek to differentiate themselves from the rest of the market. Especially because the 35-44 year olds consumers are now eating out more than ever; driven by "premiumized informality" they seek for real, immersive, artisanal and engaging food concepts, which could prove profitable for the industry long term (e.g. higher customer satisfaction results in higher expenditure) (Horizons 2015). Demonstrating also that consumers are willing to pay more for foods they consider to be of better quality or healthier (Taylor 2014).

Whiting this industry, the new craze for Mediterranean food is currently changing the face of street and restaurant landscape. Both MD and MC appear to be an established trend reinforced by growing popularity among consumers and the foodies segments (spawned also by well-known products such as Greek yogurt, hummus, and quinoa) (Wu 2015). Recent foodservice examples of this include "Suvlaki" in Soho, London which claims to be a fast casual Greek grill house concept; Roti Mediterranean in US, Mediterranean style "better burger" concepts in Germany and Bistro Philippo in Hesse selling Mediterranean-inspired "crossover cuisine", are just few examples.

Good performance was noted among the independent foodservice actors that offer distinctive and gourmet healthy offerings (including MD/MC), with innovative presentation and packaging indicating the functional health benefits of a specific food item (e.g. juices/smoothies, energy bars and snacks). Considering that "aspirational gourmets", "pragmatic foodie" and "experimental" consumer segments represent a large part of population, and in the UK are expected to reach 28%, 42% and 79% among young-mature consumers; product innovation will be the winning strategy for new entrants in the overseas F&D markets.

The emergence of thriving health (MD) and ethnic niches (MC and Greek Food) show strong future growth, offering attractive prospects in the retail sector for Greek producers; also since these segments to some extent tend to be sheltered from direct competition from current large players. The ethnic food sector holds "enormous potential for growth in Europe", growing faster than F&D, 14%CAGR/year; less than 1% of retail food spending (Datamonitor 2015). In the UK sales of ethnic food stand at €2.45bn (more than half of the entire European market); currently the only country where ethnic foods make up over 1% of retail packaged food sales, while in the US, specialty foods are becoming an increasingly significant part of the U.S. consumer's diet: 15% of the total food market in 2014 - €103bn sales (growing nearly 10 times faster than F&D). However, the grocery sector in each of the five countries investigated in this study is one of the most competitive and cutthroat in the retail industry. Highly competitive, concentrated and consolidated with aggressive retail marketing and pricing policies, it enables supermarkets and hypermarkets to keep hold of the biggest portion of volume and value sales according to current statistics.

In most countries (with the partial exception of France) the rise of the discount grocers will play a leading role in reshaping the grocery sector, tempting cash conscious consumers away from the established brands in these markets. Low switching costs and the limited product differentiation lead to increasing buyer mobility, which in turn forces larger retailers to maintain attractive pricing schemes, thus impacting considerably the opportunity for Greek producer to enter the markets through these segments and still gain feasible financial benefits.

At the same time, this environment adds rising pressure on big players which need to adapt to fast changing consumer needs who are interested in both premium ethnic and artisanal products. Even more, though specialty and organic retailers do not feel the same price sensitivity, they are not able to secure a large volume of customers, and may have no choice but to commit to long term supplier contracts in order to secure a steady supply, quality, or specifically prepared products. Once again this has various consequences for Greek producers who may struggle to compete with the aggressive marketing and pricing policies of the existing players.

Thought our research findings indicate that the prospects and the opportunities for marketing Mediterranean Died, Mediterranean Cuisine as well as Greek Food products, are beyond positive, as presented by the growing global demand for these product, just as is the case with other commodities, currently Greece appears to be missing out on the opportunity. While big Mediterranean and non-mediterranean players in the market are already marketing food products under the MD/MC umbrella (e.g. Italy and the Metro Cash & Carry Group) including fresh food produce and ingredients (e.g. fruits and vegetables), as well as processed and packaged food products which are marketed using the Mediterranean product denomination. In other words, “history is repeating itself” as it is in the case of olive oil (and feta cheese) which recorded a rise in demand over 100% in recent years, especially for premium produce, but which Greek producers are exporting in bulk rather that preserving and promoting its own distinctive identity.

Overall these findings can inform Greek producers and exporters about the current and future trends in consumer’s interest and demands and aid them with new product development, and subsequent strategic planning of marketing activities. It can also assist with the re-branding or re-positioning of current products, revealing possible consumer needs for changes in product content as well as the use of specific terms of promotional messages that could capture consumer’s interest.

When marketing MD and MC, producers should consider the possible variation in consumers’ understanding of MD/MC benefits, their needs and preference. This can help them with new product definition and development; positioning and distribution (especially since there seem to be regional variation in interest of MD or Mc even within a country). Educating the consumer can also pose as a necessary step considering that, given the overall health and wellness narratives, consumers might only associate MD with particular benefits and only some of the MD’s food groups (Carman 2007).

General Proposals

- Size matters in exports – need for collaborative arrangements, e.g. clusters. The capability of the producer is highly important as they have to endure the level of investment the market needs (comparable with those of big players), as the fees that major stores charge food makers to gain shelf space, can run into the hundreds of thousands of Dollars/Euros.
- Consumers driven by Neophilia demand variety & novelty – need for continuous NPD (including packaging) – retailer driven. For example, producers can tap into the olive oil's broad appeal widely accepted as a healthier fat alternative (and more recently lauded for olives' polyphenol content). This item already enjoys broad flavor acceptance among consumers, although it has yet to reach its potential in packaged food and applications.

  Another example is the 'gourmet' herbs and spices which achieved more significant status within the Mediterranean diet during the past few years; with several recent studies showing their benefits on the diet, in particular their strong concentrations of antioxidants. At the same time spices are not just about flavor and enjoyment, food and its synergistic effect seems to be where the biggest benefit is. For the packaged food industry, it's all about creating new flavor combinations using spice blends that consumers might not want to replicate at home (e.g. multiple combinations like herby, spicy, and peppery: basil, black pepper, paprika).
- Overall positioning: Mediterranean Greek, authentic but not traditional.

  Need for local adaptation of selling proposition (MD or MC or Combination). The main powerful themes conveying the attraction of MD/MC for consumers are: Linking pleasure and health, Cultural and culinary diversity; a return to the natural roots; Environmental awareness and sustainability. However how these themes are actually understood and applied in practice might differ by country, national regions and consumer segments.
- Different strategies for ingredients & finished products. Multinational food companies have been experimenting with ingredients, often being unable to find appeal broad enough to start or sustain a new brand (DiMartino 2014). The first step in deciding which new flavors to introduce depends on the geography and demography of your restaurant clientele, as well as your customers' comfort zones. What's new and hot may mean one thing to one group and something else

to another group. For example in the US as the buying power of Latino and Asian consumers expands, fruit flavors, hotter spices, different textures and grains and even packaging innovations are becoming essential for big food manufacturers trying to appeal to diverse appetites.

" Distributors expect exporters to have done their market research before contacting them. For the small food players getting the right placement on shelves is critical. Entry will be facilitated if the company has international sales experience, a defined target market, English website (and English language capabilities) and online ordering capability, strong domestic sales, sufficient capacity and working capital to target international sales.

" Non- GMO certification becomes top product attribute for specialty foods. In the USA the 'all natural', GMO-free and organic are the top 3 attributes of products in the Specialty Food Segment (since 2013). According to Tanner & Purcell (2015, p. 11) 94% of the food manufacturers offer all-natural products (representing 2/3 of sales), regardless of the "litigation frenzy over 'all-natural' claims", while 86% of producers are using this claim when labeling their products.

" Efforts should be made to expand the range of product categories exported (Snacks, less but better meat in dishes). As ethnic trends grow in popularity, challenges arise in retaining the cuisine's authenticity. Availability it is still a major issue for both consumers who are constantly looking for variety, and especially for operators who need both volumes and consistency (Dixon 2014). To some extend low availability and costs are pushing some of the operators to use products which might not be "the most authentic, but something that is as close to authentic as they can present without completely eliminating their profit margin" (Dixon 2014).

Specific Proposals for Phase B projects

" Consumer trust in the artisanal pillar of specialty food is eroding - Greek producers of selected products can be defended by the utilization of Traditional

Specialties Guaranteed EU certification (supports authenticity). This is medium term time horizon proposal, requiring about two years to be completed.

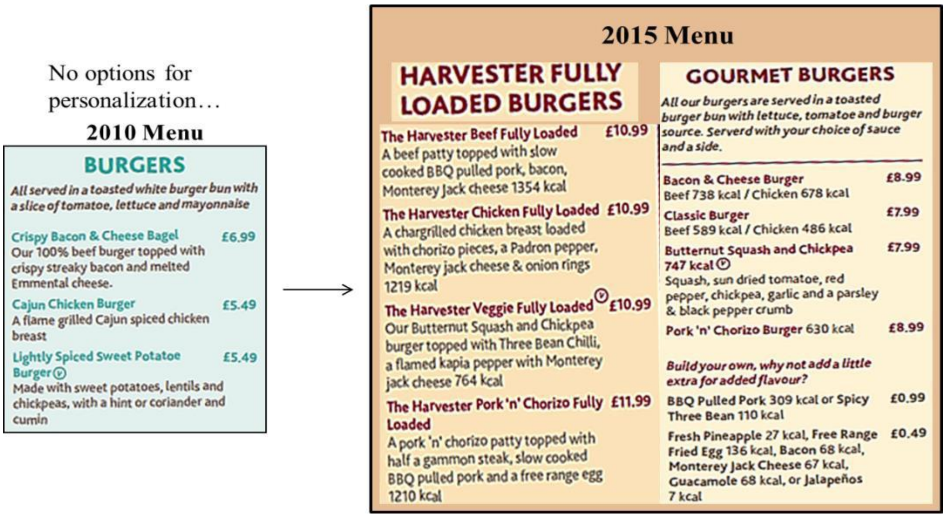
- Greek products (and their names) not well known, differentiation is an advantage, as long as consumers can place you in a known category – create a Sensory Lexicon and place products in world map categories with the help of representatives of international purchasers. Examples of product categories that can benefit from this project include Cheeses (other than feta), wines, cured meats, herbs etc.
- The health driven narrative dominated by "super foods", e.g. Kale & goji berry.

  Greek equivalents not supported by widely known scientific research, e.g. sultanas, currants etc. - Create a manual of support literature for lay audiences as a marketing tool for exporters. AFS has already created such a manual for an exporter of traditionally processed table olives and the feedback on its usefulness has been very positive.
- Halal is a strongly growing market both in Europe and in the US. – Explore possibilities of halal certification, especially for lamb meat. For example, in France and the UK, there is strong demand for ethnic meals, halal prepared products and kosher certified products.
- Social media is an important source of information for consumers – Create strong central portals for Greek products and tourism services.
- Finding and being ready to deal with the appropriate distributor is difficult for the average Greek processor – Create (and update) list of likely distributors for Greek SMES in target countries & their respective requirements.
- Mediterranean herbs are increasingly popular; however, they face strong price competition from Eastern Europe, Asia & Latin America - Certification of native Greek varieties (including regional variations). Emphasis on regionality is already used by a small number of to-end herb traders with considerable success.
- The international MD/MC Market is dynamic, very varied, complicated and complex. It is prohibitively expensive for independent farmers or processors to follow developments and formulate an appropriate response. - Establish an Interdisciplinary Centre – Named Chair - on Mediterranean Diet & Cuisine that will collect and disseminate up-to-date information and advice to potential exporters.

- Disciplines required:
  - Marketing,
  - Tourism,
  - Social/Cultural Anthropology,
  - Nutrition,
  - Food Science,
  - Agronomy.
- Support services required:
  - ICT

APPENDICES

Appendix: Harvest's Restaurant Menu in UK (2010 vs 2015), focused on all-options personalization



Appendix: Example of cost related for entering the US market via a large distributor

KeHE Distributors (http://www.kehe.com/Home.aspx)
Employees: 500
Annual Turnover: $372.000.000
Online questionnaire for potential vendors

Thank you for your interest in working with KeHE Distributors, a leader in natural, specialty & fresh products. We service over 30K retailers and manage over 60K items across 9 warehouses. We have marketing opportunities available to expose your products to our many retailers; however it is ultimately up to you to gain distribution at retail. Entering the food industry can be an expensive endeavor, please make sure you have the financial means to adequately support your line. Product that is not deemed successful after 1 year will be discontinued at vendor's expense.

Costs to Consider:

" Samples
" KeHE Shows, Events & Publications
" Cover 100% of spoils (Warehouse & Retail)
" KeHE Promotions: minimum of 2 per year, minimum of 15% discount
" Retail Support: slotting fees, free goods, promotions, advertising, demos etc.

If approved you will be asked to sign our Policy & Procedure and Hold Harmless document, provide a Certificate of Insurance (Liability standards are $2M per occurrence, $2M General Aggregate & $2M products), W-9, copy of a blank invoice, price list and spec sheet

Importers:

" Ziyad Brothers Importing, turnover $16.000.000
" Krinos Foods Inc., turnover $21.700.000 (owned by Greeks, based in US)
" Peloponnese, the only Greek exporter, turnover $12.880.000 (Based in Thessaloniki)

Appendix: France Case Study No.1

Epsilon Distribution.
(http://www.epsilondistribution.com/)
Employees: 10
Annual turnover:5.000.000€

Greek owner, started out in 1996 with Greek food offering, soon had to expand to Mediterranean, and now to French cuisine.

Business model

" Volumes 1350 tons/year
" Listed products 930
" Clients 850

The large product range, compared with the number of clients shows the flexibility of the company and backs the claim of the owner that he goes for quality and flexibility on the basis of market requirements. His approach to product development is clearly innovative, see for example the site (http://www.epsilondistribution.com/boutique/liste_produits.cfm?type=13&code_lg=lg_fr&num=31&pag=3)

His offering includes:

" Table olive cocktails with herbs and vegetables in various ethnic styles. Such combinations are marketed under the Epsilon brand.
" Food ingredients like cod-eggs used for the classic Greek side-dish tarama, as well as established country of origin products such as feta cheese are marketed under Greek brands.

The company sources products from a variety of countries, including France itself (e.g. spices from Spigol, http://www.spigol.com)

Clientele:

" Itinerant (open markets) market traders (60%),
" Restaurants and caterers (20%),
" Wholesalers and small supermarkets (20%).

Economic analysis

Annual turnover 5.000.000€ - stable over the past 5 years, Employees 10 – increased from 7 in 2011.
The company's Net Profit in 2011 stood at just under 300.000€, representing 6% of turnover. The average profitability for the same year of French food importers listed in the "Best Food Importers" database (http://www.bestfoodimporters.com/) stood at just under 1%. This is clearly a successful model. Sources: Rungis Market

(http://www.rungismarket.com/en/vert/portraits_grossistes/GeorgesPapakirykos.asp)

Appendix: Zoës Kitchen

Zoës Kitchen
Annual turnovers: €108mn (in 2013)
The chain is present in over 150 locations across 15 US states.

"Zoës is not an overly complex concept ....[it] is well positioned, serving Mediterranean cuisine, which is growing in demand. It is also focusing more on dinner, which has helped lift AUVs". During the 2015 "Fast Casual Summit" among the "Top 100 Movers & Shakers"
Zoës Kitchen was ranked No. 6 (Fast Casual 2015, p. 6). In 2014, Zoës Kitchen went public in 2014. Subsequently, comparable-store sales rose about 7% (Reuters 2014). According to Technomic's Top 500 list, sales rose more than 36%, while unit count was up 40% in the last year. By the end of 2015, Zoës expects to be 24% bigger (Zoës Kitchen 2015).

In terms of emerging trends, according to Fast Casual (2015, p. 36) and The National Restaurant Association's survey of 2014 emphasizes that Mediterranean cuisine is ranked No. 10. The success of brands such as Zoës Kitchen and Garbanzo Mediterranean Grill showcases the growing popularity of Mediterranean cuisine. Like Asian cuisine, consumers are gravitating to Mediterranean fare because of its health halo and bold flavors. Mediterranean cuisine increasingly is appearing on restaurant menus across numerous segments, according to recent research from both Technomic and Food Genius (Maze 2014).
The cuisine's growing popularity even has inspired non-Mediterranean concepts to add to their menus: Tropical Smoothie Café added Mediterranean flatbreads; Au Bon Pain introduced a Mediterranean Power Pack; Panera came up with Mediterranean chicken flatbreads; and Planet Smoothie featured the Mediterranean Monster.

Garbanzo Mediterranean Grill

Employees: 500
Units: 75 (2015) – 120 (by 2016)
Garbanzo Mediterranean Grill is owned and operated in Colorado, the founder Alon Mor grew up in the Mediterranean region. The company offers guest a variety of healthy, high-quality Mediterranean items (prepared/baked fresh on-site) with an emphasis on flavor, freshness and authenticity, also offering guest the ability to customize every meal. While several ingredients are bought locally, others are imported directly from the Mediterranean region (Business Wire 2010). With strong digital operations (used to stay ahead of the industry curve), the company

plans to have 80% of catering come from online ordering in the next few years.

Catering Menu:	
BUFFETS Minimum 10 people; Add additional people in groups of 5	
Full Buffet $13.00/person	Pita Buffet $11.50 per person
Mediterranean Platter Buffet $14.50/person	Kabob Catering Buffet $12.50/person (Chicken) $13.50/person (Steak)
BOX LUNCHES Minimum 6 people	
Stuffed Pita Box $10.25/person	Garbanzo Greens Salad Box $10.25/person
SALADS & TRAYS Entree Size, Serves 5 People	
Garbanzo Greens (plain) $29.99	Party Tray $21.99

Appendix: Mediterranean Diet Questionnaire

Questionnaire Mediterranean Diet

Company's name:		
E-mail:		
Country:		
Retail		Wholesale
Restaurant		
Fast Food Restaurant		
Super Market		
Delicatessen		
Patisserie		
Other		
1. Have you ever heard about Mediterranean Diet?		

Yes ☐ No ☐

1.1 How popular do you believe Mediterranean Diet is in general?

Not at all popular	Slightly popular	Moderately popular	Very popular	Extremely popular

1.2 How popular do you believe Mediterranean Diet is among your clients/customers?

Not at all popular	Slightly popular	Moderately popular	Very popular	Extremely popular

2. What products do you have in mind when you hear about Mediterranean Diet? Please fill in up to five (5) products.

Customer perceptions of MD

3.1 Do your clients/customers believe that MD helps longevity?

Not at all	Slightly	Moderately	Highly	Extremely

3.2 Do your clients/customers believe that MD promotes a balanced diet?

Not at all	Slightly	Moderately	Highly	Extremely

3.3 Do your clients/customers believe that MD is healthy?

Not at all	Slightly	Moderately	Highly	Extremely

3. Do your clients believe that MD helps them look fit?

Not at all	Slightly	Moderately	Highly	Extremely

Management perceptions

4. Do you think MD is a fad that will go away?

Not at all	Slightly	Moderately	Highly	Extremely

5. Do you think MD is a life-style?

Not at all	Slightly	Moderately	Highly	Extremely

7. Do your clients consume products included in the Mediterranean diet?

Yes ☐ No ☐

7.1 If yes, how often?

Daily	Weekly	Monthly	Quarterly	Semiannually	Yearly

8. Do you feel that a meal labeled as Mediterranean diet could be consumed as ready cooked?

Yes ☐ No ☐

9. Do you think that your clients find Mediterranean diet products are expensive?

Not at all	Slightly	Value for Money	Highly	Extremely

10. Do you believe that a meal consisting of ingredients included in the Mediterranean Diet is tasty?

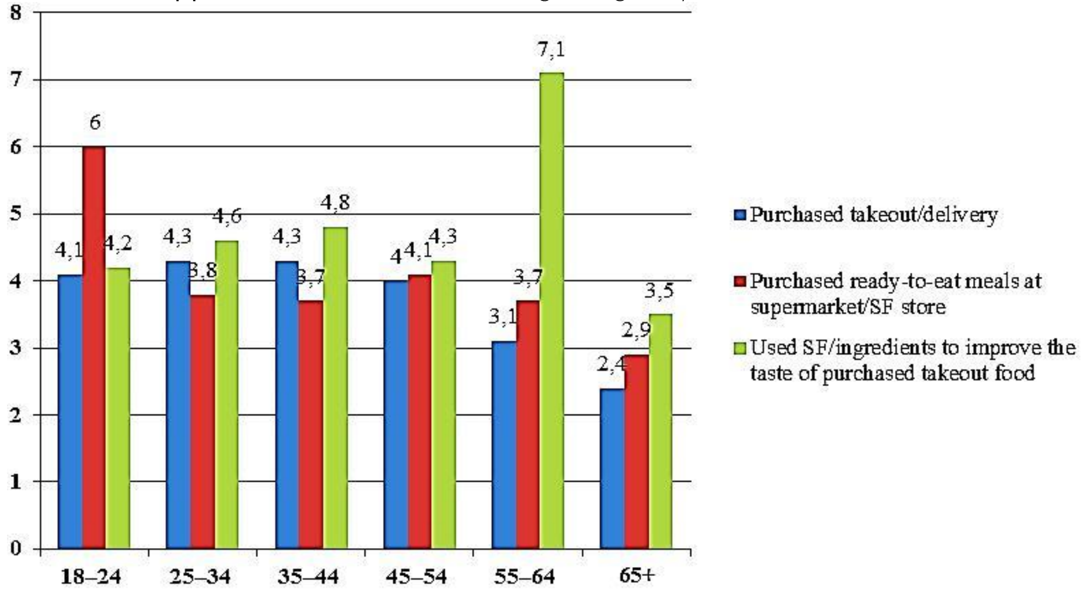
Not at all	Slightly	Moderately	Highly	Extremely

11. Have you observed recently any tendency (upward/downward) regarding the consumption of products included in the Mediterranean diet?

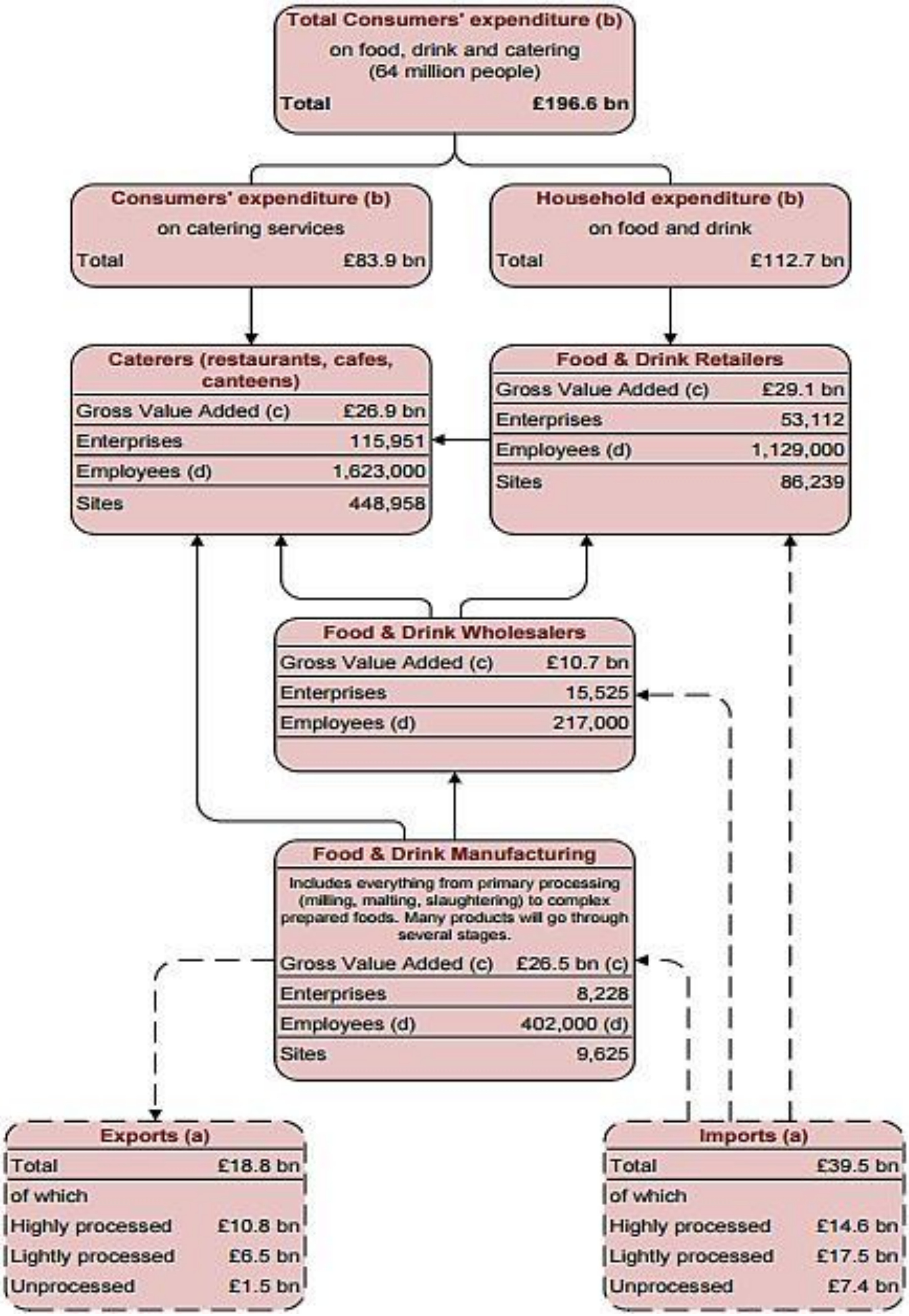
Upward	Constant	Downward

12. Is Mediterranean Diet perceived by your customers as related to the national cuisines of Mediterranean countries? If yes, please name the top countries.

Appendix: *Consumer's habits regarding the purchase of SF meals*



Appendix: UK 2015 F&D chain value (DEFRA 2015, p. 7)



Appendix 3: *Sales of Specialty food at retail by category*

	2012 $ Million	% Share	2014 $ Million	% Share	% Change 2012–201
Cheese and Cheese Alternatives	3,434	8.0	3,708	7.2	8.0
Coffee, Coffee Substitutes, and Cocoa	2,860	6.7	3,476	6.8	21.5
Frozen and Refrigerated Meat, Poultry, and Seafood	2,515	5.9	3,189	6.2	26.8
Chips, Pretzels, and Snacks	2,499	5.8	3,112	6.1	24.6
Bread and Baked Goods	2,015	4.7	2,351	4.6	16.7
Candy and Individual Snacks	1,636	3.8	2,082	4.1	27.2
Condiments, Dressings, and Marinades	1,565	3.6	1,754	3.4	12.1
Frozen Lunch and Dinner Entrees	1,403	3.3	1,666	3.3	18.7
Yogurt and Kefir	1,304	3.0	1,568	3.1	20.3
Nuts, Seeds, and Dried Fruits and Vegetables	1,277	3.0	1,339	2.6	4.8
Frozen Desserts	1,067	2.5	1,338	2.6	25.3
Cookies and Snack Bars	1,117	2.6	1,282	2.5	14.8
Energy Bars and Gels	779	1.8	1,126	2.2	44.7
Refrigerated Salsas and Dips	859	2.0	1,080	2.1	25.8
Refrigerated Juices and Functional Beverages	776	1.8	1,069	2.1	37.8
Shelf-Stable Fruits and Vegetables	809	1.9	980	1.9	21.1
Baking Mixes, Supplies, and Flours	826	1.9	956	1.9	15.8
Teas	821	1.9	953	1.9	16.1
Oils and Vinegars	765	1.8	938	1.8	22.6
Water	656	1.5	818	1.6	24.8
Ready-to-Drink Tea and Coffee	610	1.4	799	1.6	30.9
Pickles, Peppers, Olives, and Other Vegetables	754	1.8	782	1.5	3.6
Seasonings	659	1.5	760	1.5	15.4
Crackers and Crispbreads	688	1.6	752	1.5	9.4
Cold Cereals	747	1.7	741	1.4	-0.8
Shelf-Stable Juices	649	1.5	727	1.4	12.1
Soup	642	1.5	706	1.4	10.0
Carbonated Beverages	564	1.3	655	1.3	16.2
Beans, Grains, and Rice	552	1.3	647	1.3	17.2
Shelf-Stable Pasta and Pizza Sauces	601	1.4	631	1.2	5.1
Sweeteners	420	1.0	531	1.0	26.3
Entrees and Entree Mixes	444	1.0	524	1.0	17.9
Frozen Fruits and Vegetables	443	1.0	510	1.0	15.0
Shelf-Stable Pastas	450	1.0	474	0.9	5.4
Shelf-Stable Functional Beverages	285	0.7	422	0.8	48.2
Frozen Appetizers and Snacks	406	0.9	421	0.8	3.6
Other Dairy and Alternatives	304	0.7	414	0.8	36.5
Shelf-Stable Meat, Poultry, and Seafood	393	0.9	409	0.8	4.1
Refrigerated Condiments	304	0.7	341	0.7	12.3
Shelf-Stable Salsas and Dips	291	0.7	333	0.6	14.3
Nut and Seed Butters	203	0.5	297	0.6	46.6
Conserves, Jams, and Spreads	182	0.4	196	0.4	7.6
Puddings and Shelf-Stable Desserts	166	0.4	188	0.4	13.1
Frozen Breakfast Foods	144	0.3	165	0.3	14.7
Refrigerated Pasta	74	0.2	133	0.3	78.0
Milk	106	0.2	129	0.3	21.6
Hot Cereals	105	0.2	128	0.2	21.6
Eggs	17	0.0	31	0.1	76.3
Rice Cakes	22	0.1	29	0.1	32.3
Refrigerated Pasta and Pizza Sauces	18	0.0	29	0.1	61.0
Frozen Juices and Beverages	7	0.0	8	0.0	17.9
Other	2,741	5.8	3,535	7.0	29.0
Total	**42,974**	**100.0**	**51,232**	**100.0**	**19.2**

Appendix: *Products characteristics sold in US Specialty stores in 2014*

MANUFACTURERS perspective

	% Manufacture	% Sales
All natural	94	71
GMO-free	57	33
Organic	32	12
Sustainable	29	17
Eco-friendly	26	14
Fair Trade	18	7

Source: Mintel

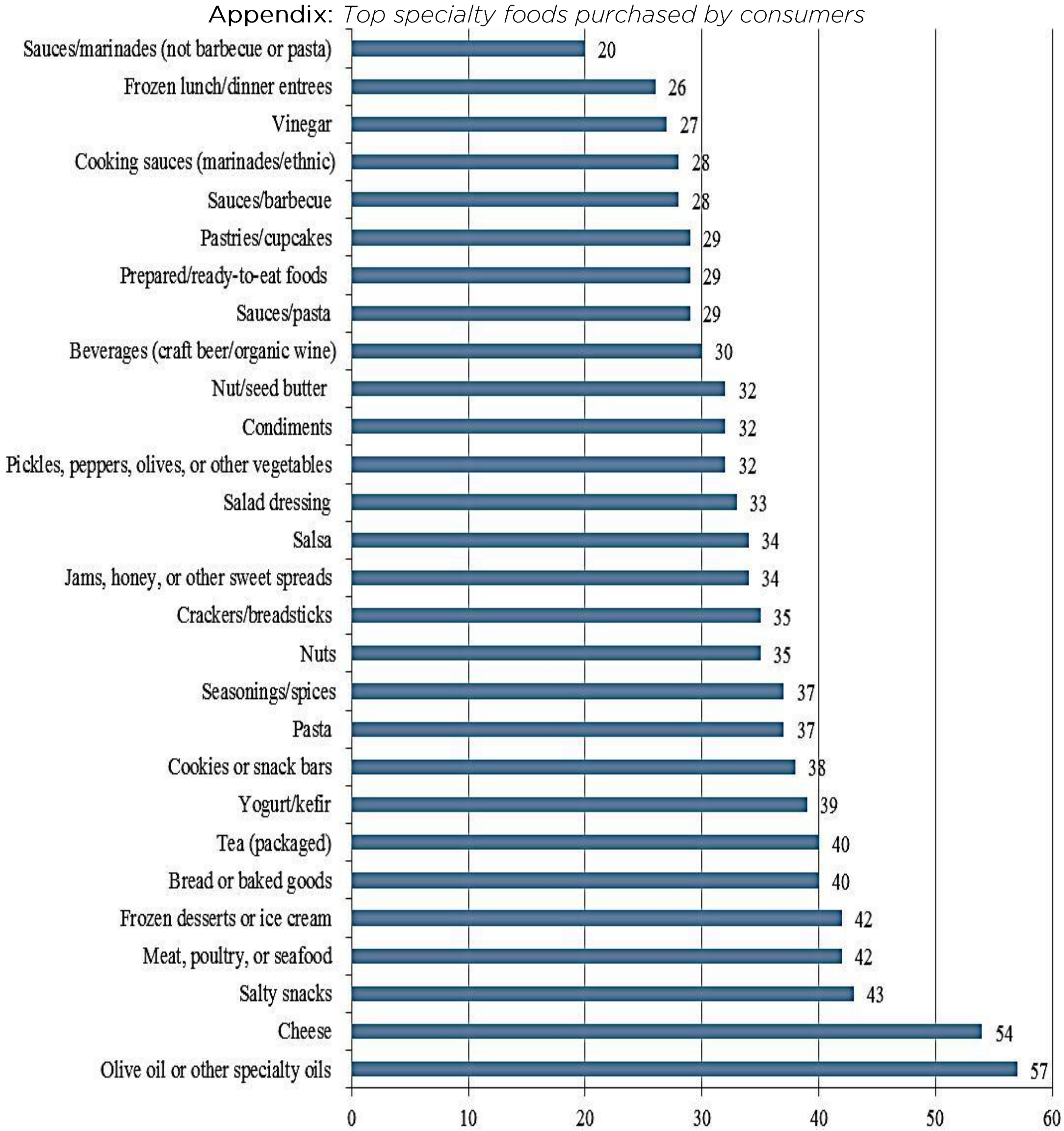
IMPORTERS perspective

	% Import this type of products	% Sales
All natural	100	67
GMO-free	77	49
Organic	69	14
Sustainable	62	13
Fair Trade	62	12
Eco-Friendly	69	25

RETAILERS perspective

	Sell this type of product in store(s)	Carry this type of product	Estimated mean % of sales
Local	91	17	
Organic	86	12	
All natural	83	26	
GMO-free	66	14	
Fair Trade	64	5	
Sustainable	61	10	
Eco-friendly	55	5	

Appendix: *Top specialty foods purchased by consumers*



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