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Market Brief - Sector

Greece : FROZEN FOODS IN GREECE

Athens [GR1], GR

FROZEN FOODS IN GREECE
A Thawing Market

Consumption Trends - Perception No Longer Icy

One of the largest growing markets in Greece is the frozen food market, especially frozen vegetables, french fries, dough, fish, poultry (primarily chicken and chicken products), and meat and meat products. For the most part, Greek food habits still remain traditional - but new trends in diet, more women working outside, and the recognition that frozen food is not necessarily of inferior quality has changed all that. Now, about 30% of families, particularly in Greece's larger cities, have microwaves and freezers, indicating a wide-scale shift in acceptance of frozen foods.

TABLE 1

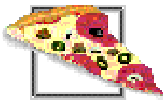
Type of Frozen Food	Percent of Greek Consumers Who Buy
Vegetable	63%
Dough/Dough by-products	41%
Seafood	59%
Meat/Poultry	29%
Pre-Cooked Meals	5%
No Frozen Foods At All	6%

Year after year, frozen foods have become more prevalent in Greek households, the result of a sector that is constantly working to improve its market share. There are many companies active in the sector, with 4 or 5 emerging from the crowd as leaders. Not only is consumption of frozen foods increasing but the range of available products is widening as well. Both factors create the potential for rapid expansion and lucrative prospects for producers. The results of a recently conducted study are shown in Table 1. This study revealed another interesting fact: 82% of all frozen food consumers live in Athens; the rest of Greece is not yet as receptive to frozen food consumption.

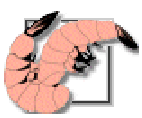
Markets Ripe for the Taking

French fries: Consumption is stable at 40 to 45 MT annually, of which almost 93% goes to the restaurant business and the remainder to household consumption. In 1997 household consumption was 3,300 tons, with sales amounting to 1.6 million drachmas, or $500,000. Frozen fries, although reasonably priced, are not yet viewed by Greek housewives to be of equal quality to fresh potatoes. However, with an increasing number of women in the work force, their ease of preparation is sure to be a marketing factor.

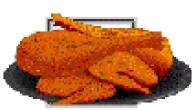
Vegetables: Peas are the most preferred frozen vegetables, followed by green beans and okra, though consumption of corn and mixed vegetables is rapidly increasing. Total frozen vegetable consumption in 1997 was 14.5 tons, valued at 15 billion drachmas ($45 million), not including bulk sales. An annual increase of 3-4% is projected. Vegetable meals, Greek traditional recipes, i.e. briam (a mixture of potatoes, zucchini and eggplant) and artichokes, all ready to be cooked after adding oil and/or tomato juice, have been introduced recently into the market.



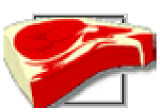
Dough: The 1997 sales of dough reached 21,000 tons, valued at 12 million drachmas ($40,000). The most popular item is "fillo" dough, or strudel leaves. The frozen dough sector is in general a dynamic sector, with growth increasing in large jumps immediately following the introduction of a new product, but then subsiding to normal levels. For example, 1996 sales of "boukitses" (bite-size products) jumped 130% from 1995 levels (the year they were introduced); by 1997, however, sales had only risen 70% from 1996 levels. The dessert sector is replete with new products: Greek syrup desserts, galatompoureko (milk pie), baklavas, kataifi, etc., have all recently entered the frozen market. Pizza, the first frozen product available, has, after multiple fluctuations, reached a stable market position.



Frozen seafood: For many years, consumption was stable around 40,000 tons, but the last few years show an increase of 10-12% (fish sticks alone sell about 1,000 tons annually). The market size is currently about 30 billion drachmas, or $100 million. The majority of frozen seafood is sold packed. Changing weather conditions coupled with the cost fluctuation, frequent changes in EU and national wholesale legislation, quality control etc. have negatively affected the frozen seafood industry, but it still maintains an important place in the Greek diet.



Frozen poultry and poultry products: Frozen poultry consumption has increased by an average of 4% annually over the last few years. Poultry is mostly consumed by restaurants, tavernas and fast food chains where consumption has increased 10% annually. The restaurant industry buys whole poultry or parts in roughly equal quantities, whereas parts are favored in household consumption.



Frozen meat and meat products: Most consumption, particularly in the meat products section, is in the hotel/restaurant/fast food sector. Advertising aimed at increasing direct consumer purchases of frozen meats has been largely unsuccessful, and recent attempts to focus on household consumption have not had the expected results. Limited opportunities exist for hormone-free, high quality U.S. beef, mainly for the top hotels and restaurants.

Competition

Most competition, overwhelmingly so in the vegetable sector, comes from fresh products: Greece is among the top 15 fruit/vegetable producers in the world, producing about 9,000,000 tons annually. Although overcoming the apparent advantages of fresh produce in the vegetable sector may be difficult, given Greece's producer status, in other sectors it may be relatively simple. Consumers must be shown that the hygiene, freshness and ease of use inherent in frozen goods are to their advantage.

The primary competitors to U.S. exports are EU member states. The EU market favors food products from within, a competitive advantage which cannot be easily overcome by outside countries.

There are generally 3-4 trade leaders in each category of frozen foods. FROZA, BARBA STATHIS, and KANAKIS dominate in the vegetable/dough/pie sectors; McCain and FROZA in french fries; and KALLIMANIS, NORA, LIANOS, and APOSTOLOU in the seafood sector. Excellent opportunities are available, however, for U.S. firms with European subsidiaries, enabling them to compete on a more equal basis with EU suppliers. The key to success in the Greek market is to have an experienced agent or joint venture partner, with a suitable background, experience and extensive sales network, who can offer full support to the end-user.

Distribution - Breaking the Ice

About eighty percent of Greece's import trade is handled through sales agents and distributors. Sales agents operate on a purchase basis without actually importing the product themselves. Distributors operate on a wholesale (and in some cases, retail) basis with exclusive sales rights for certain districts or for the entire country.

New-to-market food products require prior approval by the Supreme Chemical Laboratory. Products complying with the terms, regulations and provisions of the current Food Code do not require a special permit to be imported and marketed into Greece. Otherwise, an application for clearance, in Greek, should be submitted to the Supreme Chemical Laboratory. It takes about 2-3 months for the tests to be completed. All procedures are handled by the importer.

Once products have been imported, there is a large network of stores available for distribution. A recent survey states that there are about 23,000 food stores throughout Greece, including 18 supermarket chains and 22 medium size supermarkets. The latter figures are significant, as 61% of consumers prefer to buy frozen foods from a supermarket.

Import Regulations

As a member of the European Union, Greece subscribes to EU regulations. It is useful to note the special import provisions that exist for meat and seafood products - these products may only come from U.S. plants approved by the EU. The fact that the U.S.-E.U. Veterinary Equivalency talks have not resulted in an agreement on poultry products has restricted imports of U.S. poultry products. When U.S. plants are once again licenced for export, demand for U.S. turkey could reach their pre-ban level of 2,000 mt per year.

In addition to import restrictions, all food imports into Greece must comply with EU packaging and labeling laws. In summary, food products entering the Greek market for retail sale must be labeled in Greek and include:

- Name of product
- List of ingredients in descending order
- Volume of net weight and in certain cases net drained weight.
- Food additives
- Minimum self life
- Special storage and use conditions
- Name of trade mark and address of the producer or packer, or distributor
- Place (country) of production or origin
- Instructions for its use in case the product may be misused.

(All measurements in metric units.)

Key Contacts

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LIST OF IMPORTERS

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ANGUS S.A. (Meat-Poultry-Seafood)
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PIGGY S.A.
Mr. Anestis Diakodimitris (Meat-Poultry)
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GR-145 65 Kryoneri, Attika
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Fax: ++30-1 816-1444

NORA LTD. (Seafood)
Mr. Nikos Giannidakis
19A Filonos Str.
GR-185 31 Piraeus
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K. KALLIMANIS S.A. (Seafood)
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AMASA (Seafood)
Lianos Bros.
226, Pireos Str.
GR-177 78 Tavros, Athens
Tel. ++30-1 3411-139
Fax: ++30-1 3422-374

INTERFROST (Poultry-Meat-Seafood)
Mr. George Siskos
226, Pireos Str.
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Fax: ++30-1 3422-420

SPENTZOS S.A. (Meat)
45, Chrys. Smyrnis tr.
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Tel. ++30-1 7663-072
Fax: ++30-1 7249-051

A. & X. YFANTIS S.A. (Meat)
Mr. Alexandros Yfantis
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Fax: ++30-1 8075-692

ZYMNIS S.A. (Meat)
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GR-112 53 Athens
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BLUE BELL (Dough-Pies)
Mr. Fotis Maniakis
67, Dimokratias Ave
GR-175 63 P. Faliro, Athens
Tel. ++30-1 9841-313
Fax: ++30-1 9883-452

GENIKI TROFIMON (FROZA AND BARBA STATHIS) (Vegetables/Pies)
23rd Klm Athens-Lamia National Rd.
GR-145 65 Aghios Stefanos
Tel. ++30-1 3495-627
Fax: ++30-1 3495-656

KANAKI S.A. (Dough-Pies-Leaves)
Mr. A. Filippou
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Fax: ++30-1 5558-960

McCAIN HELLAS (French Fries)
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Fax: ++30-1 6129-955

LAZARIDI Frozen Vegetables
17, Vlahaki Str.
Thessaloniki
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