Italy

1 COUNTRY PROFILE

TABLE 1. COUNTRY PROFILE

	2020	2022
Population	59,641,488	59,030,133
Currency	Euro	Euro
GDP per capita in PPS (2012, EU28 = 100)	94	97

Source: Eurostat and National Statistical offices.

2 HIGHLIGHTS ITALY

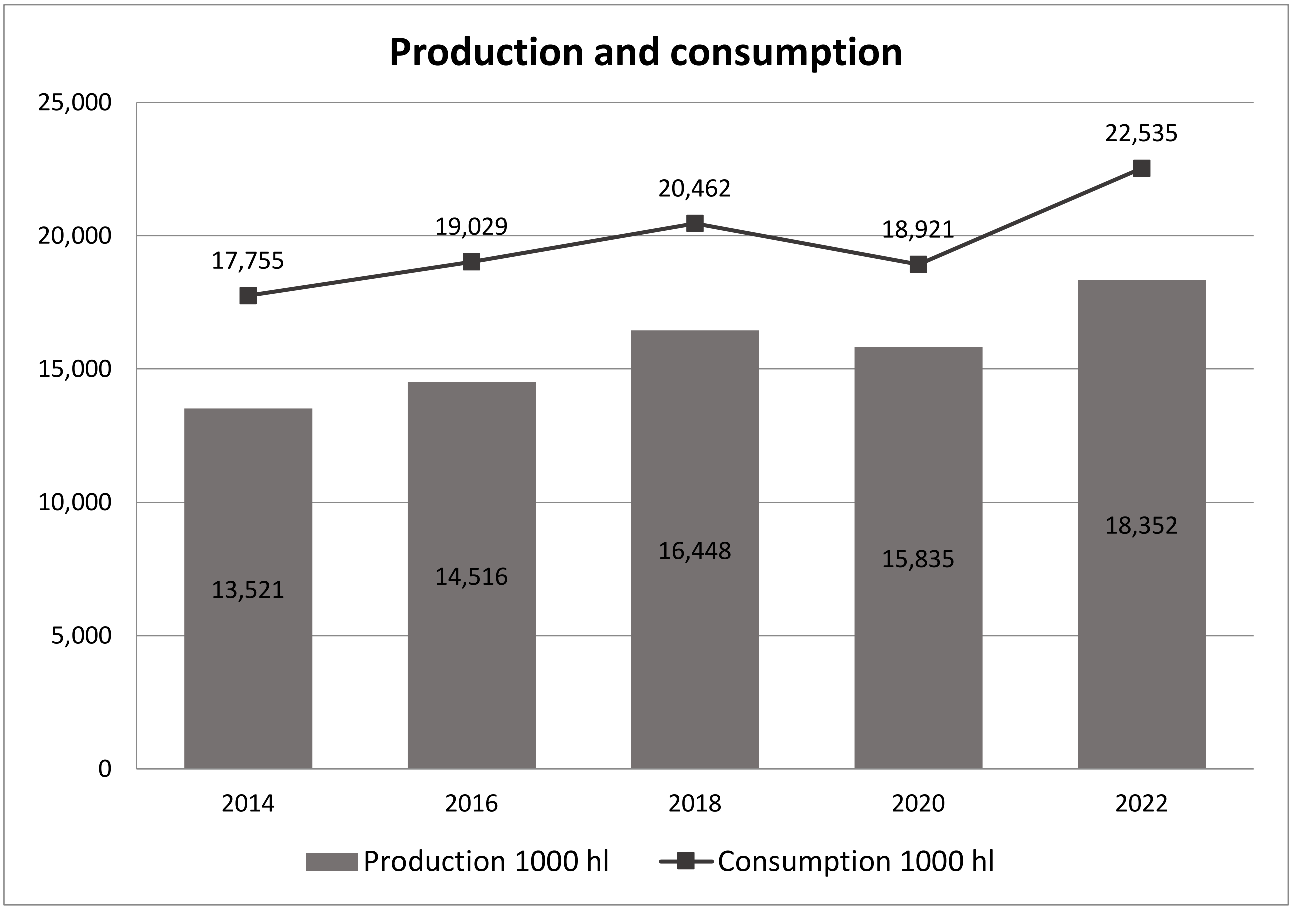
TABLE 2. SUMMARY OF BEER SECTOR'S ECONOMIC IMPACT (AND % CHANGE OVER THE PERIOD 2016-2022)

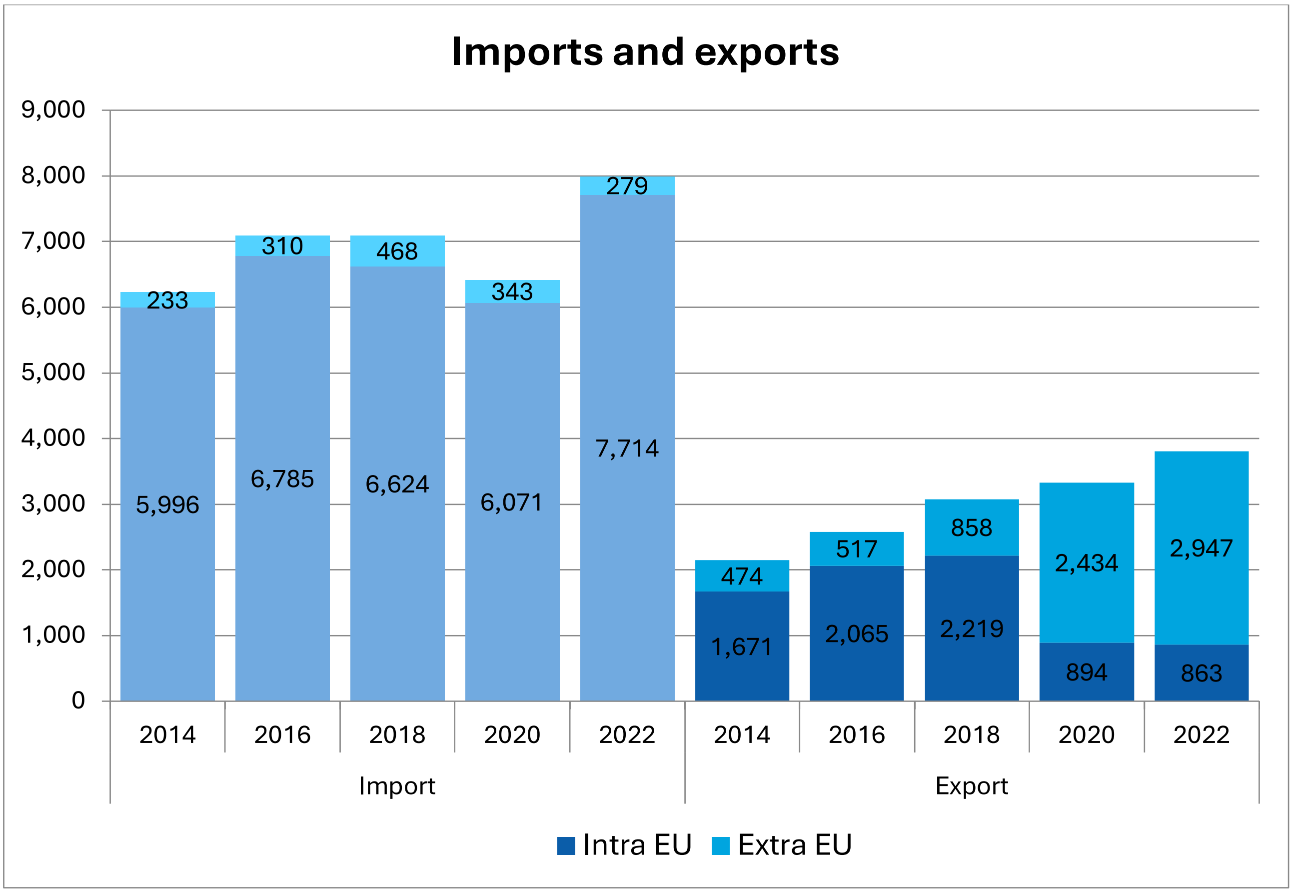
		2016	2018	2020	2022
Total number of jobs	[26.3%]	136,727	137,361	143,438	172,724
Value-added (mEuro)	[33.5%]	2,706	2,991	2,180	3,615
Government revenues (mEuro)	[22.7%]	3,413	3,489	2,931	4,186

Source: Calculations - different sources.

The beer sector has had a growing impact on the Italian economy in recent years, with significant increases in the number of jobs, value added and government revenues attributable to the industry. Over the period, 2014 to 2022, both the domestic production of beer and consumption has increased noticeably. Consumption consistently outstrips production, which is supplemented by significant imports of beer, particularly from within the EU. In 2022, around one third of beer consumption was imported. Exports, while smaller in volume, have also seen growth in this period, particularly driven in recent years by a growth in exports outside the EU. This likely reflects the importance of exports to the UK, which in 2020 started to be classified as extra-EU.

FIGURE 1. EVOLUTION OF MAIN INDICATORS (2014-2022)





Source: National Associations.

3 A SNAPSHOT OF THE BREWING SECTOR

Over the six-year period of 2016 to 2022, production of beer increased by almost 4 million hectolitres in Italy, sitting at over 18 million hectolitres in 2022. Over the same period, brewing companies and breweries both increased in numbers, with an additional 150 breweries. Most of this increase was due to the increase in microbreweries, which were up from 718 in 2016 to 870 in 2022.

TABLE 3. BASIC CHARACTERISTICS OF THE BEER SECTOR (2016-2022)

	2016	2018	2020	2022
Total production (in hectolitres)	14,516,000	16,448,000	15,835,000	18,352,000
Brewing companies	751	868	764	878
Breweries (including microbreweries)	757	874	769	916
Microbreweries	718	692	756	870

Source: National Associations

4 LOOKING AT THE BEER MARKET

Consumption in Italy has also increased in recent years, with an increase of over 3 million hectolitres consumed between 2016 and 2022. Domestic consumption was 22.5 million hectolitres in 2022. Along with this, an increase in consumer spending was also observed, reaching €11 billion in 2022.

Average consumer pricing over the time period has remained relatively stable, with a notable increase seen from 2020 to 2022, which explains some of the increase in overall consumer spending. The split between hospitality and retail consumption in 2022 was equivalent to the split in 2018, after a temporary drop in hospitality consumption in 2020 due to the pandemic. These results indicate a strong recovery from the COVID pandemic.

TABLE 4. BASIC CHARACTERISTICS OF THE BEER MARKET (2016-2022)

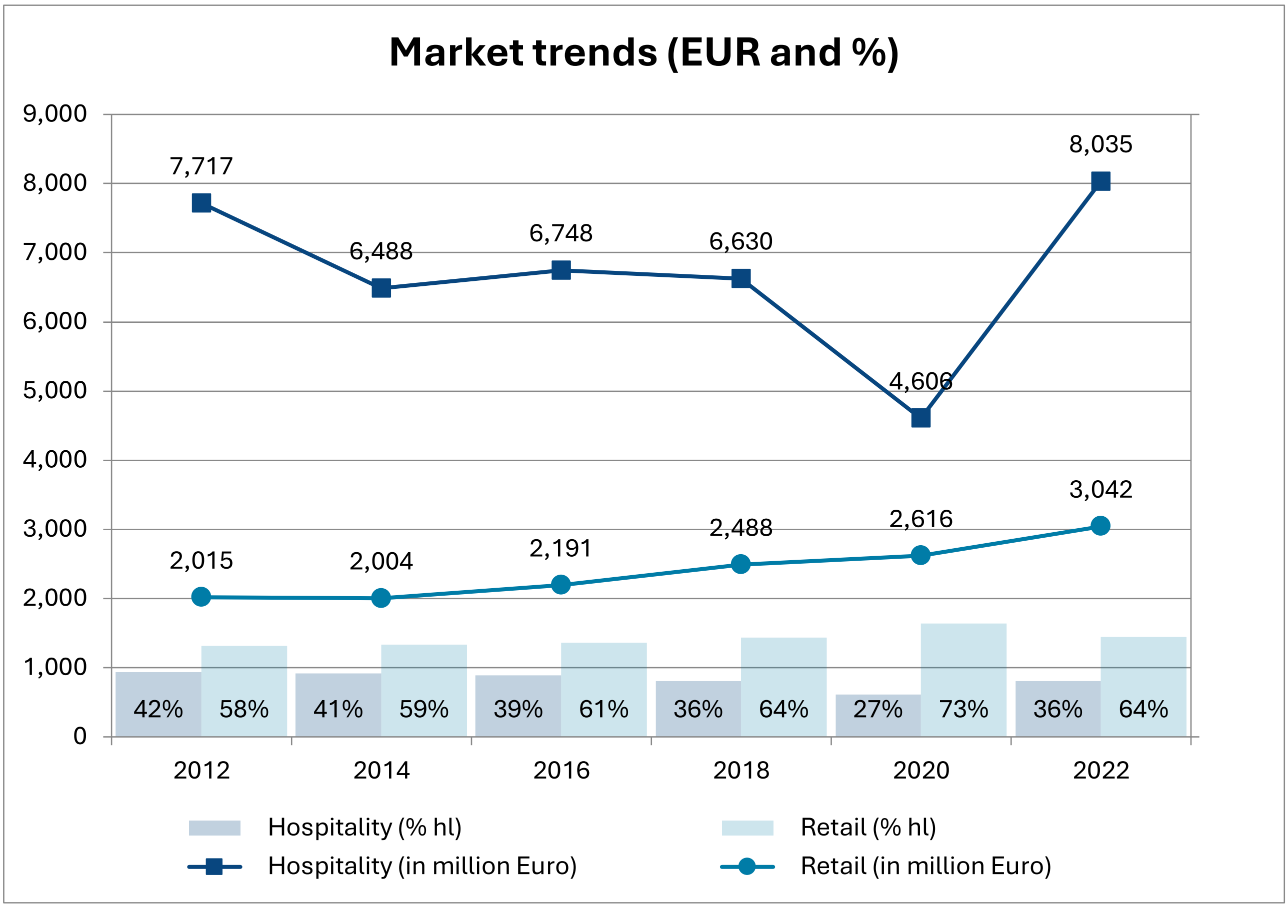
	2016	2018	2020	2022
Total consumption in hectolitres	19,029,000	20,462,000	18,921,000	22,535,000
Total consumer spending (in million Euro)	8,939	9,118	7,222	11,077
Consumption of beer per capita (in litres)	31	34	32	38
Beer consumption hospitality	39%	36%	27%	36%
Beer consumption retail	61%	64%	73%	64%
Consumer price hospitality (€ / litre)*	9.00	9.00	8.98	9.96
Consumer price retail (€ / litre)*	1.90	1.90	1.90	2.10

*Source: National Associations. Note: * Prices are averages inclusive of taxes and duties.*

5 TRENDS AND DEVELOPMENTS

Although retail consumption has a market share of 64 per cent of consumer purchasing, the value of the hospitality market for beer is significantly higher than that of retail purchasing. Above €8 billion, hospitality spending is almost €5 billion more than its retail counterpart. Along with this, we see that consumption volume in the retail sector is nearly double that of the hospitality sector. This is due to the much higher average price of beer in the hospitality sector compared to the retail sector. The hospitality sector has recovered well from the pandemic, with a consumption high observed in 2022.

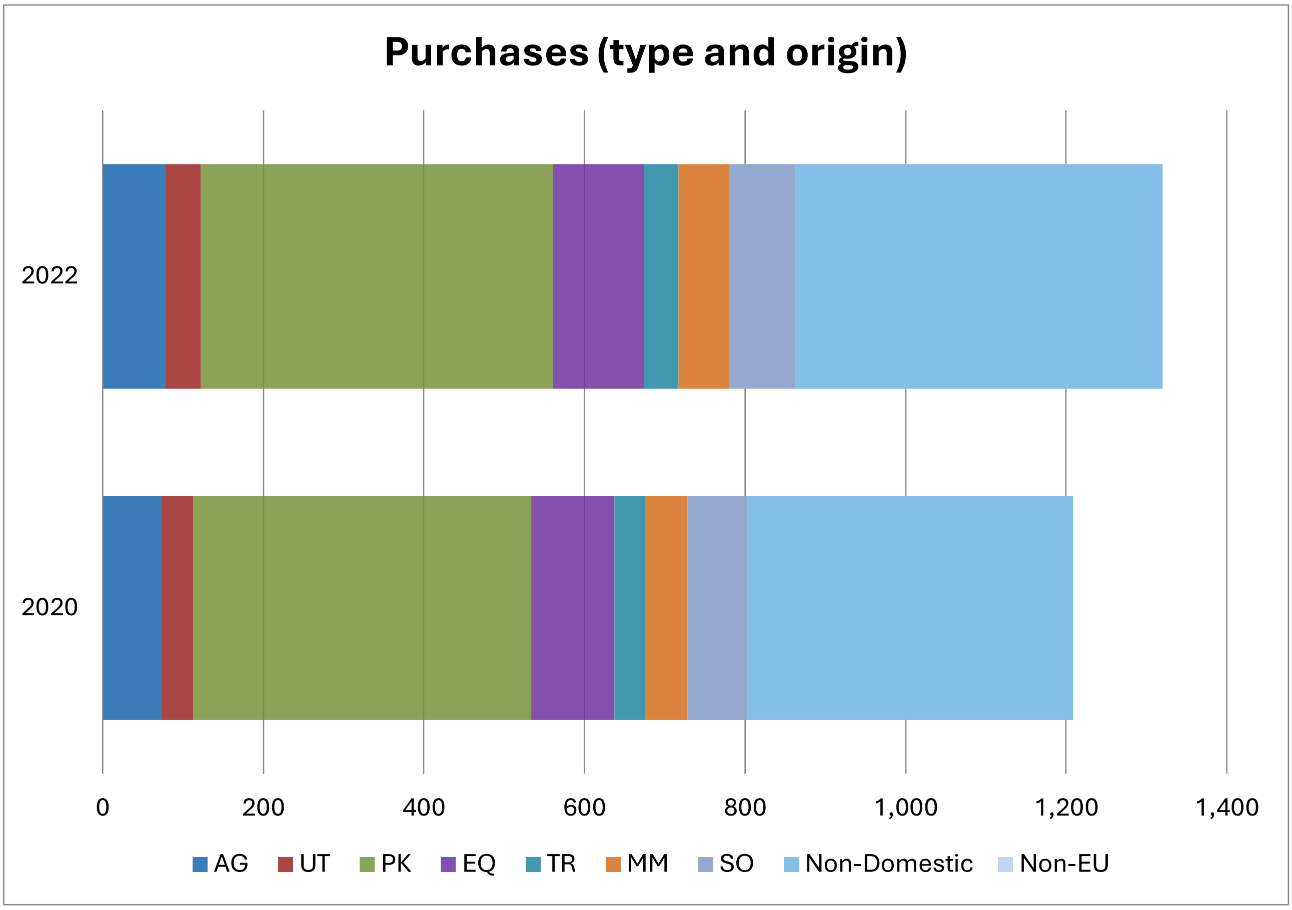
FIGURE 2: RECENT CONSUMPTION TRENDS (2012-2022)



Source: National Associations.

The value of upstream purchases for brewers has increased slightly from 2020 to 2022, from around €1,200 million to €1,300 million. This has been spread across multiple sectors, likely reflecting the increase in production observed in this period. Packaging remains by far the most important source of domestic inputs along the supply chain for Italy's beer industry; €439 million was spent on this sector in 2022.

FIGURE 3: SPLIT OF BEER SECTOR'S SUPPLY CHAIN PURCHASES



Note: AG – Agriculture; UT – Utilities; PK – Packaging; EQ – Equipment; TR – Transport; MM – Media / marketing; SO – Other services.

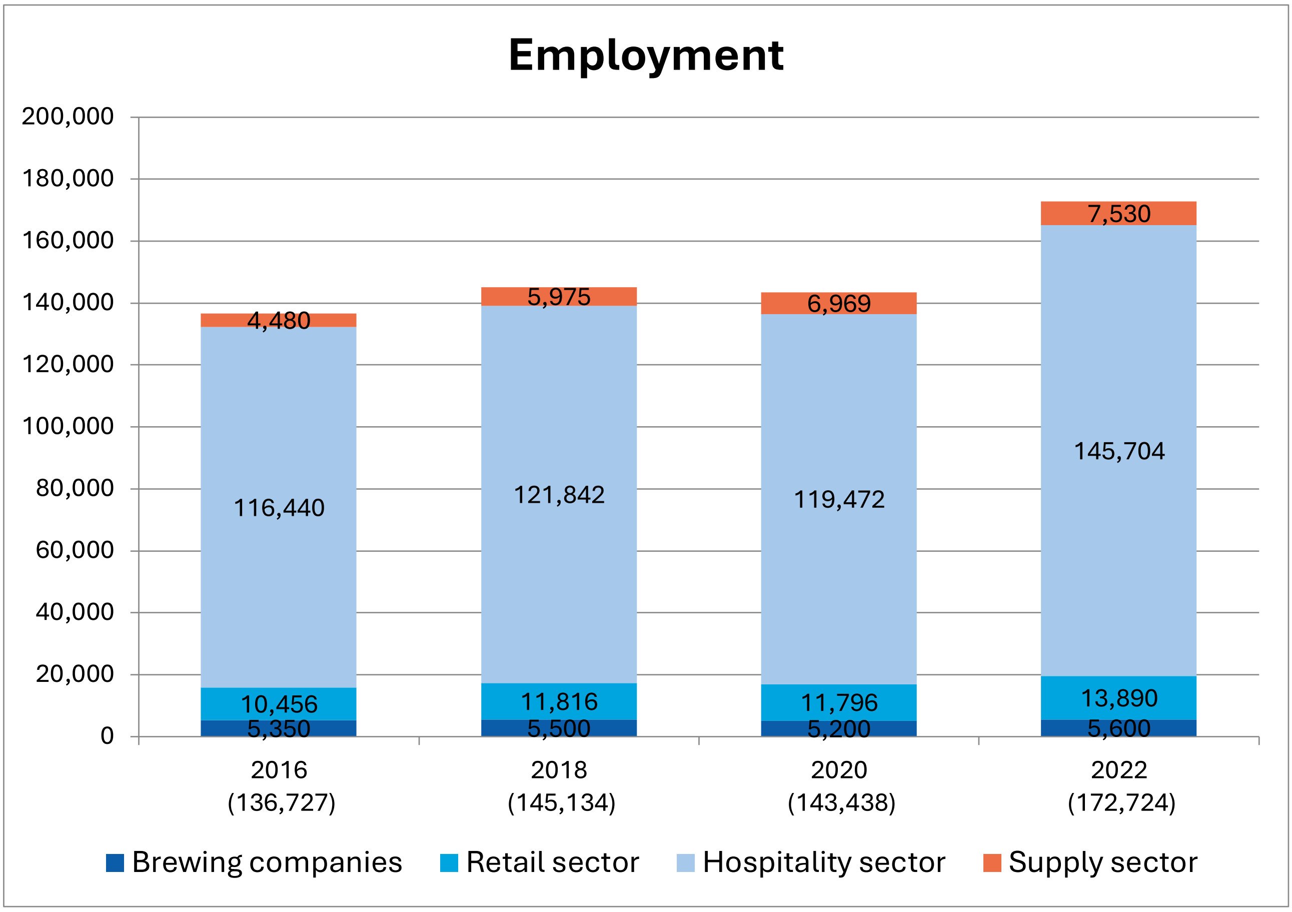
Source: Calculations based on data from Eurostat, and the Individual Brewers Questionnaire.

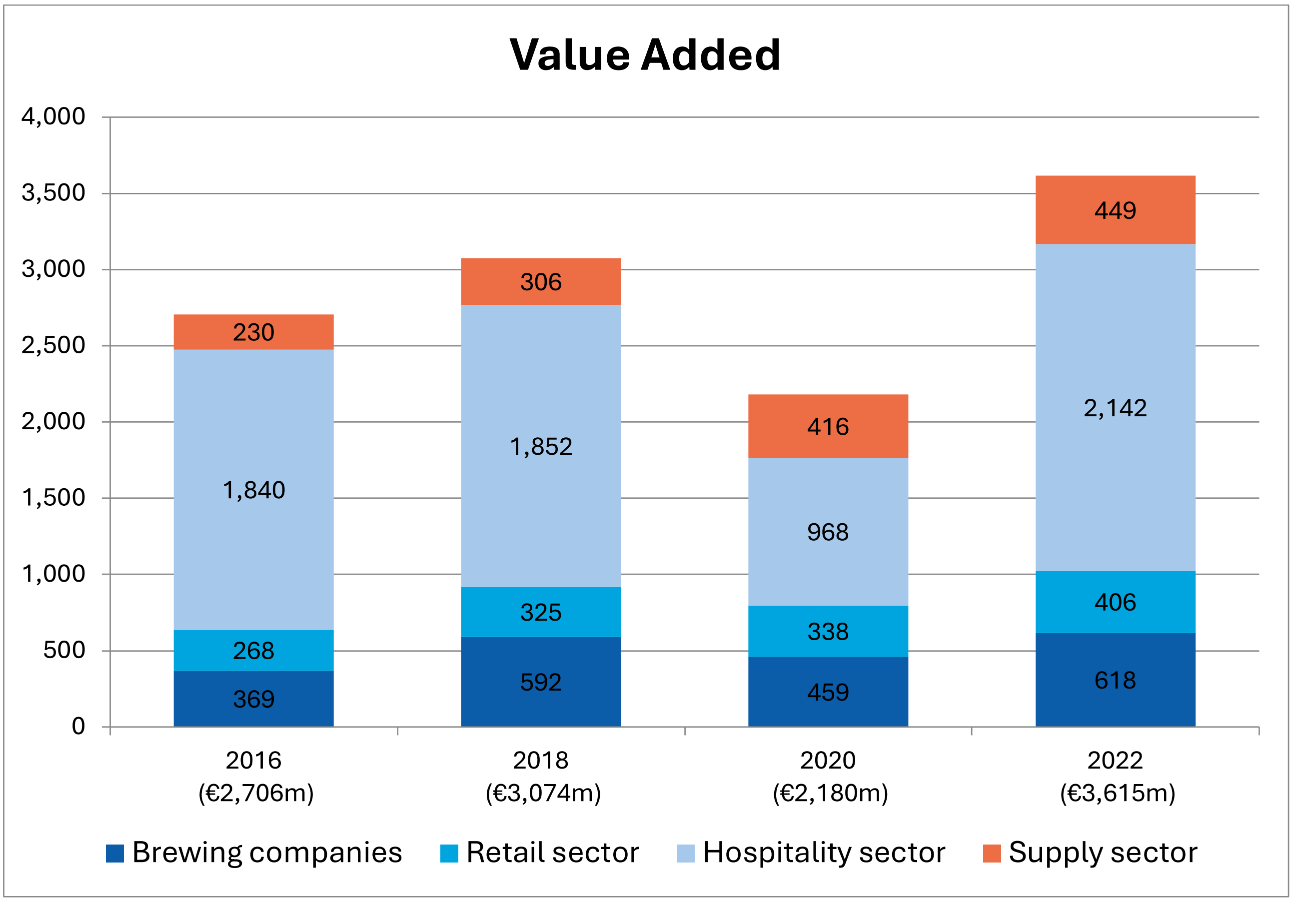
6 THE IMPACTS BEYOND THE SECTOR: RELATED JOBS AND VALUE ADDED

Italian employment attributable to beer is highly concentrated in the hospitality sector, above that of most countries in Europe. There was a large increase in jobs attributable to the sector in 2022 relative to earlier years, above that seen before the pandemic. Additional jobs in service and retail sectors have also contributed to an overall growth in jobs attributable to the beer sector.

Despite the fall in value-added in 2020, there has been a clear recovery (particularly within the hospitality sector), and it is now above pre-pandemic levels. This has been a continuation of a positive trend from 2016. This trend has been made up of growth in value added across all the different sectors within the beer industry: supply, hospitality, retail and brewing companies.

FIGURE 4: CHANGE IN EMPLOYMENT AND VALUE ADDED (2016-2022).





Note: The figures in the employment chart are to be considered as estimates.

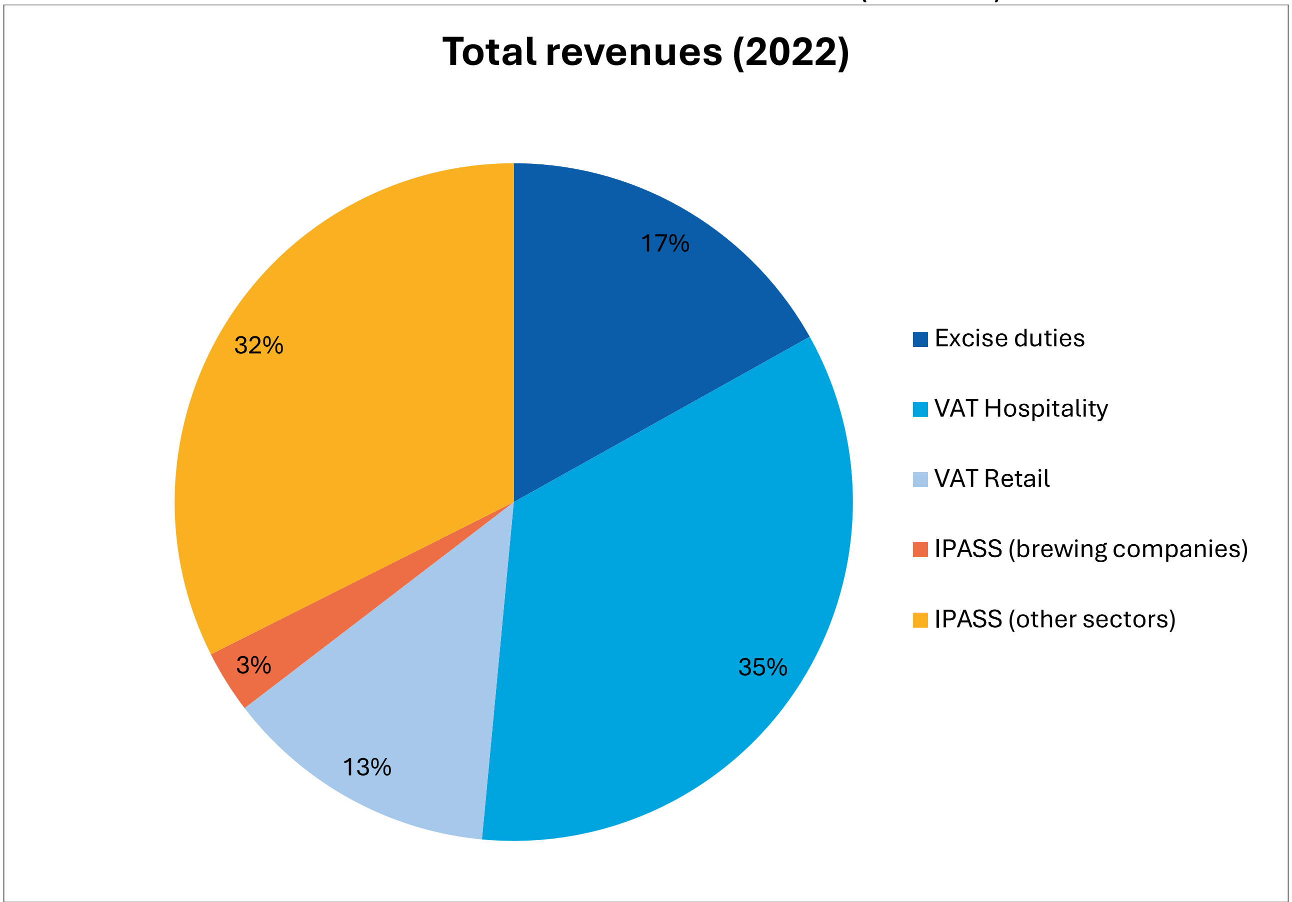
Source: Calculations based on data from Eurostat, National Associations, and the Individual Brewers Questionnaire.

The employment in the supply sector can be broken down using the estimates from the responses to the survey to brewers. These imply a job breakdown of: 1,805 jobs in agriculture, 2,896 jobs in packaging, 528 jobs in transport, and 751 jobs in media and marketing (the remaining corresponding to utilities, equipment, other).

7 GOVERNMENT REVENUES RELATED TO BEER

Government revenues are exceedingly high in Italy, with a significant jump in total revenues seen from 2020 to 2022. The VAT collected from both the hospitality and retail sectors hit all-time highs in 2022, contributing to the overall high in total revenues collected which reached nearly €4.2 billion. This increase in government revenues reflects a growth in the industry.

FIGURE 5: GOVERNMENT REVENUES RELATED TO THE PRODUCTION AND SALE OF BEER IN 2022: (BILLION EURO)



Note: IPASS - Income, payroll tax and social security

Source: Calculations based on data from Eurostat, and the National Associations.

Outside of VAT, IPASS pay roll taxes have increased significantly for both brewing companies as well as other associated sectors.

TABLE 5. GOVERNMENT REVENUES, €M (2016-2022)

	2016	2018	2020	2022
Excise duties	661	711	646	707
VAT Hospitality	1,217	1,196	831	1,449
VAT Retail	395	449	472	549
IPASS (brewing companies)	67	94	113	125
IPASS (other sectors)	1,073	1,051	869	1,357
Total government revenues	**3,413**	**3,489**	**2,931**	**4,186**

Note: IPASS - Income, payroll tax and social security

Source: Calculations - different sources.