



Food Industry Monitor

Food is Health. Competitive scenarios in the food industry

Prof. Carmine Garzia

June 26, 2020

Agenda

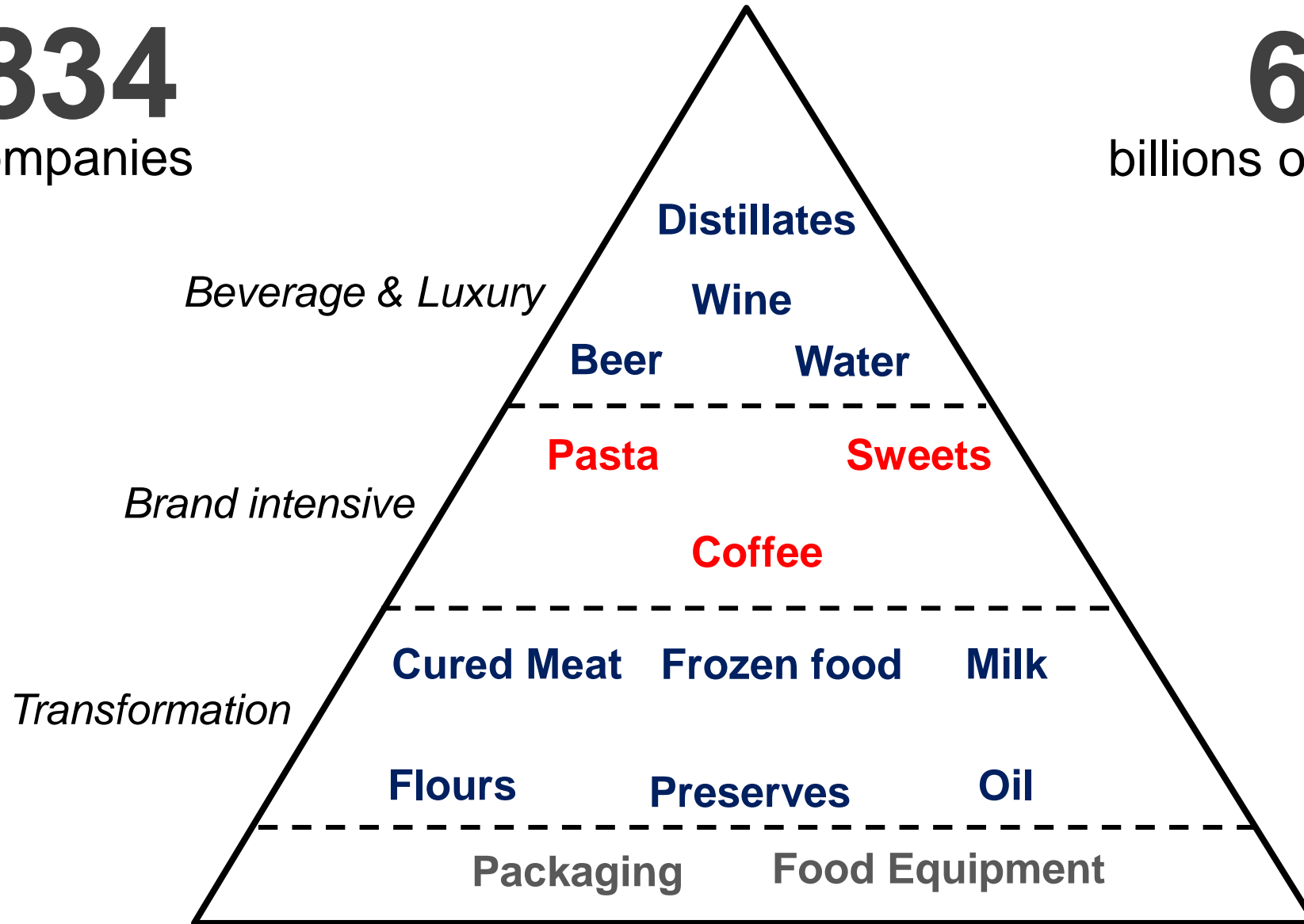
- ***Performance analysis and forecasting***
- ***Content analysis. Evolution of consumer behavior***
- ***Business model analysis. Health innovation and performance***



Performance Analysis - The Sample

834
companies

63
billions of revenues

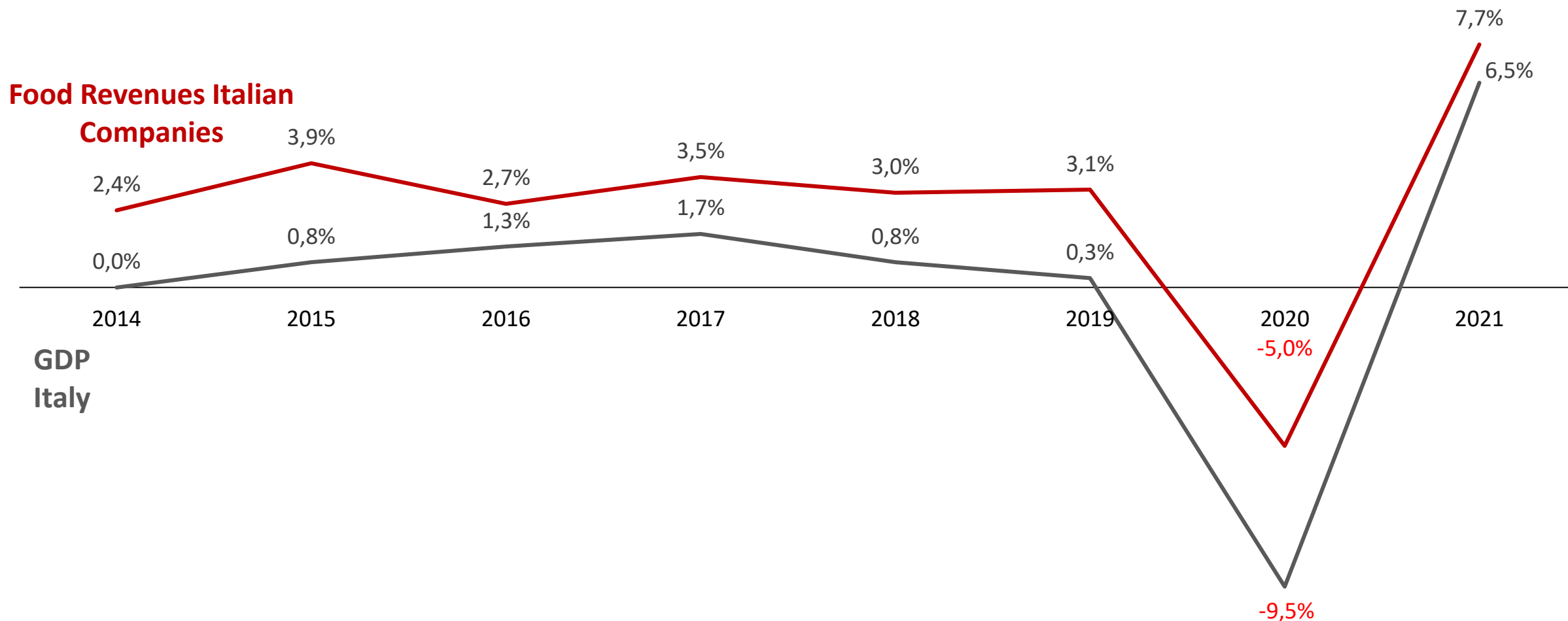


Performance analysis - Food growth vs. GDP

The evolution of the food sector is closely linked to the evolution of GDP (IC= 0.8-0.9)

Country	GDP growth 2020
Italy	-9.5%
France	-8.2%
United Kingdom	-8.3%
Germany	-6.5%
<i>Euro Area</i>	<i>-7.7%</i>
USA	-6.5%
China	1.0%

Performance analysis - Food growth vs. GDP



Scenario assumptions: return to pre-COVID consumption levels starting July 2020, no second waves, no financial shocks

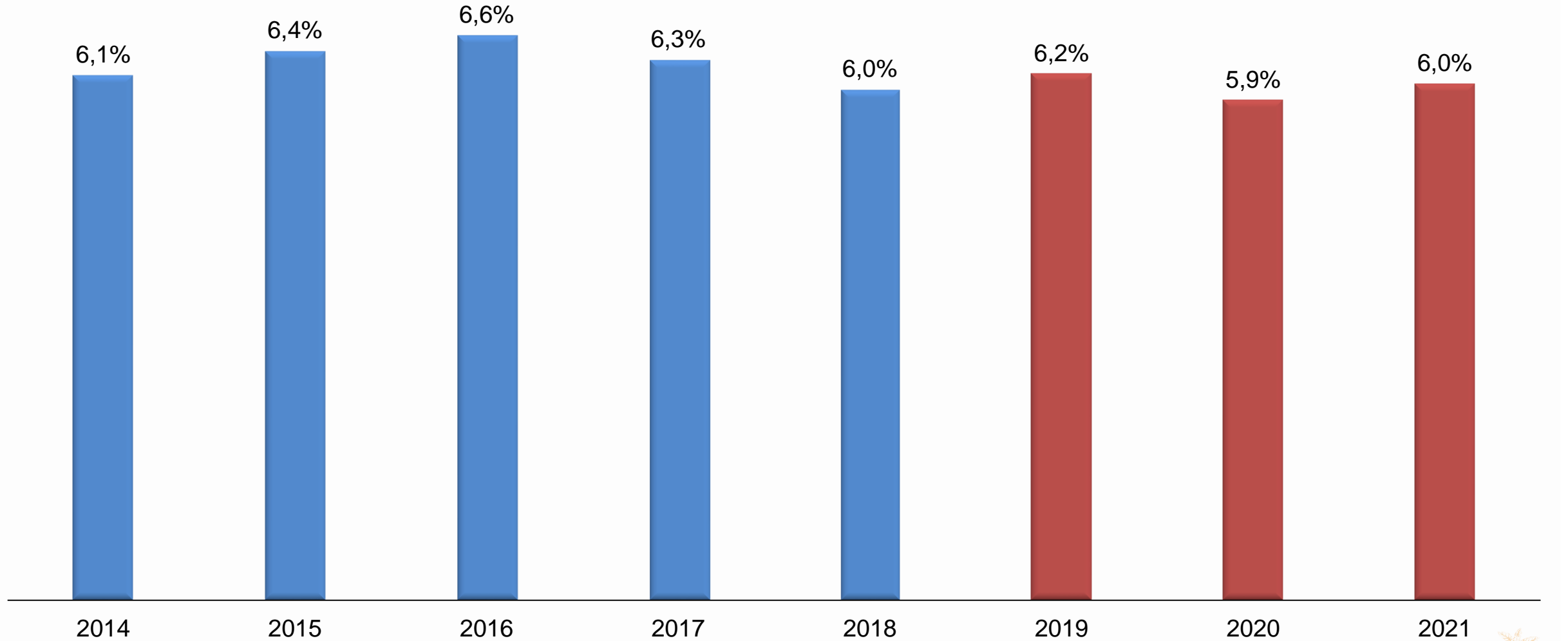
Source: our elaborations and EU Commission.

*2019, 2020, 2021: forecast



Performance Analysis - Profitability

Trade margin - ROS

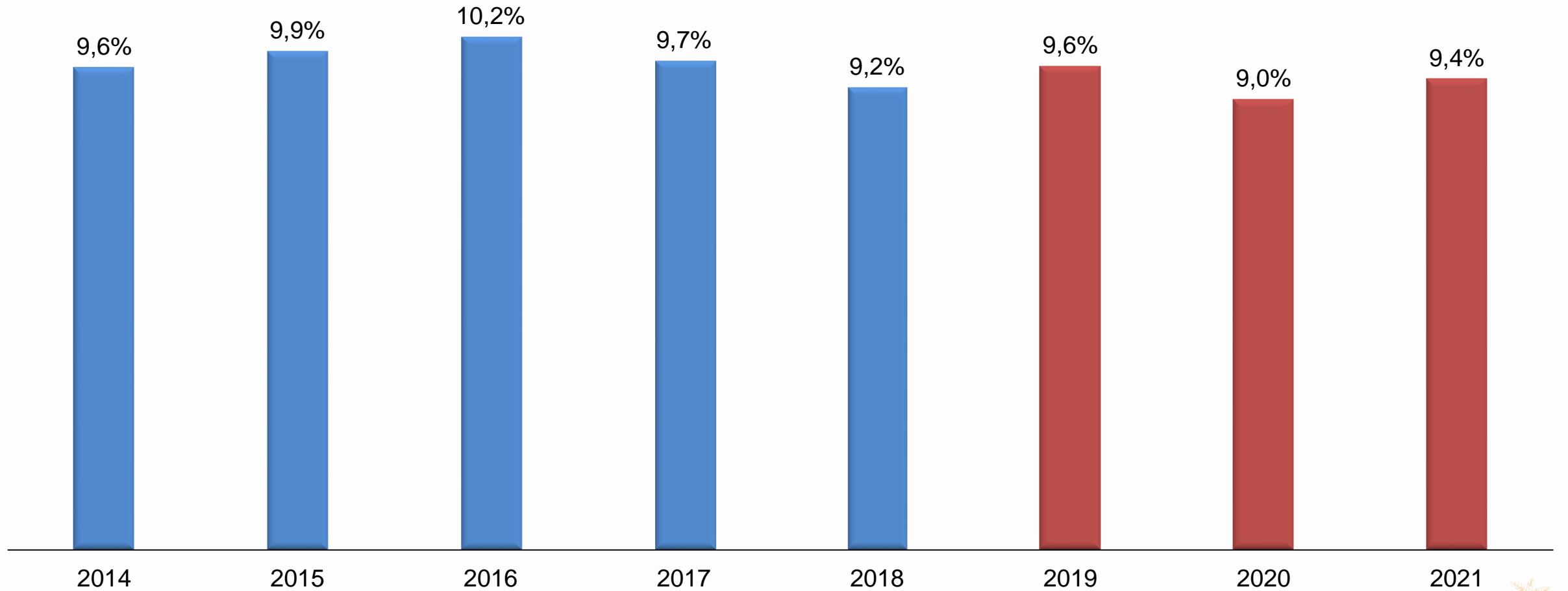


*2019, 2020, 2021: forecast



Performance Analysis - Profitability

Return on Investment - ROIC

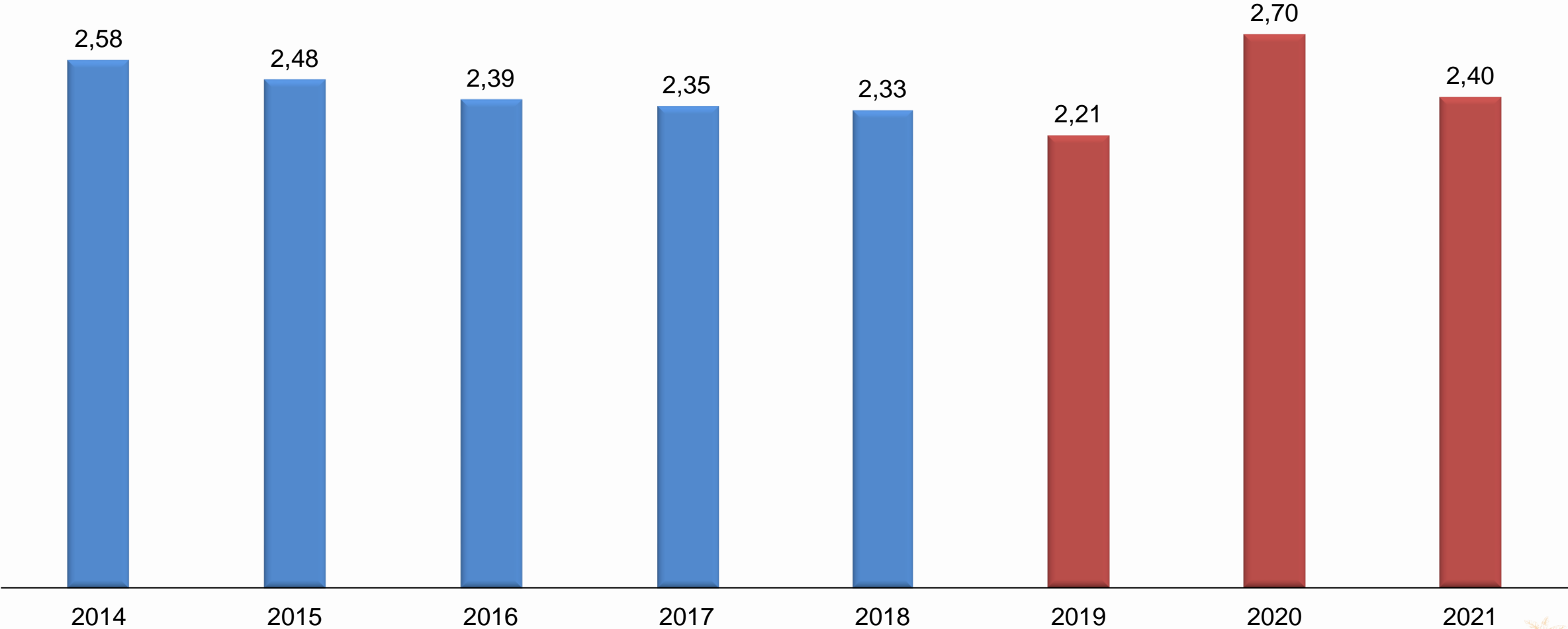



*2019, 2020, 2021: forecast



Performance Analysis - Financial Structure

Initial rate of indebtedness



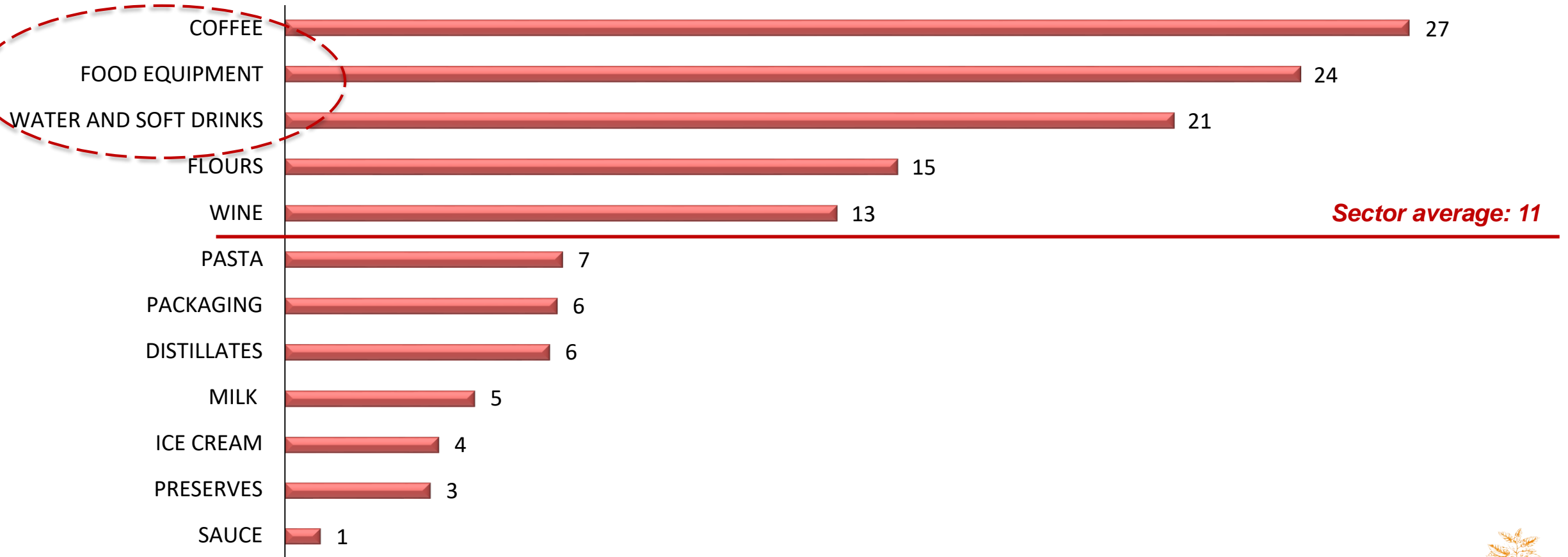
 *2019, 2020, 2021: forecast



Performance Analysis - Financial Sustainability Growth

Sustainable Growth Index (2014 - 2018)

$$\frac{(\text{CAGR revenues} * 100) * (\text{average ROS} * 100)}{\text{Average Indebtedness Rate}}$$

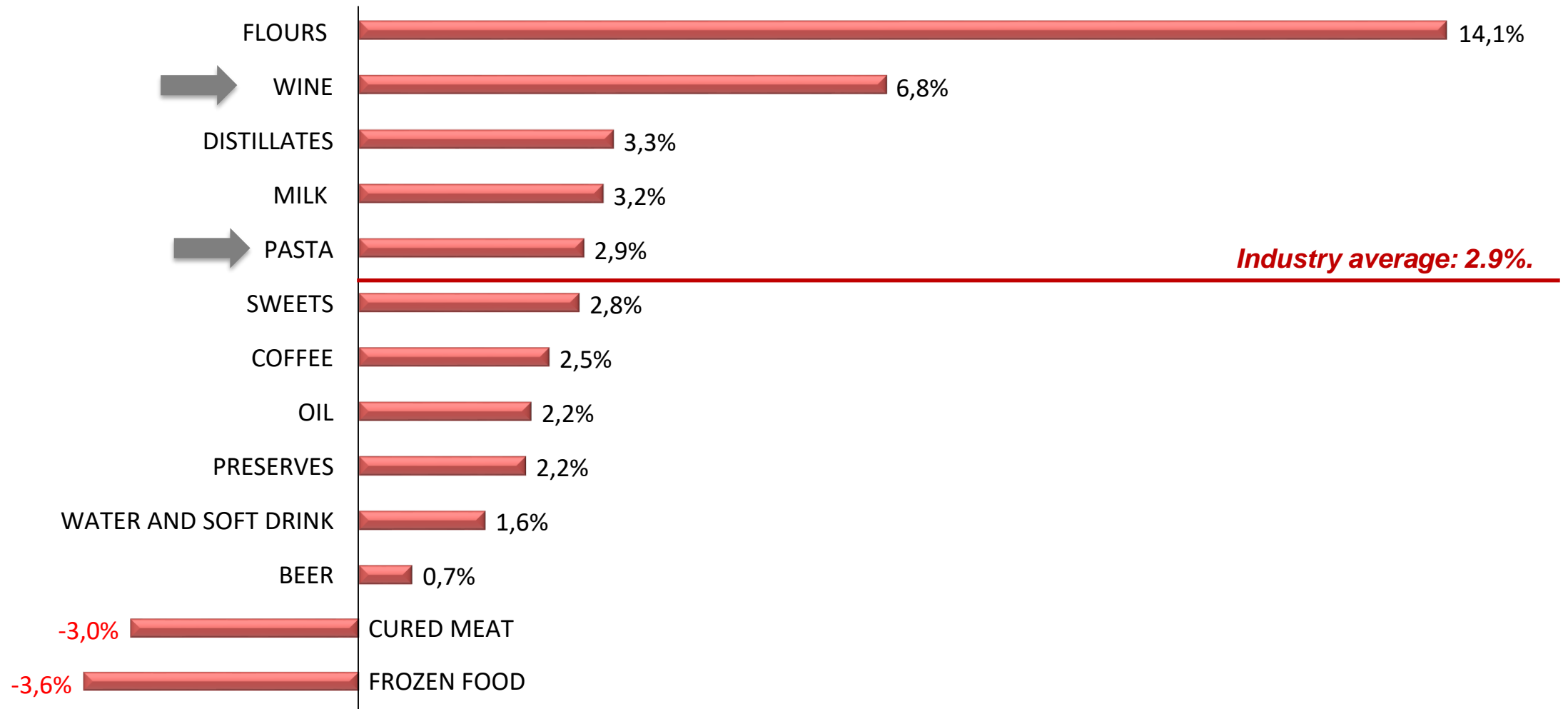


*sweets, oil and beer ICS not calculated



Performance Analysis - Revenue Growth

Cumulative Revenue Growth (2020 - 2021)



*2020, 2021: forecast

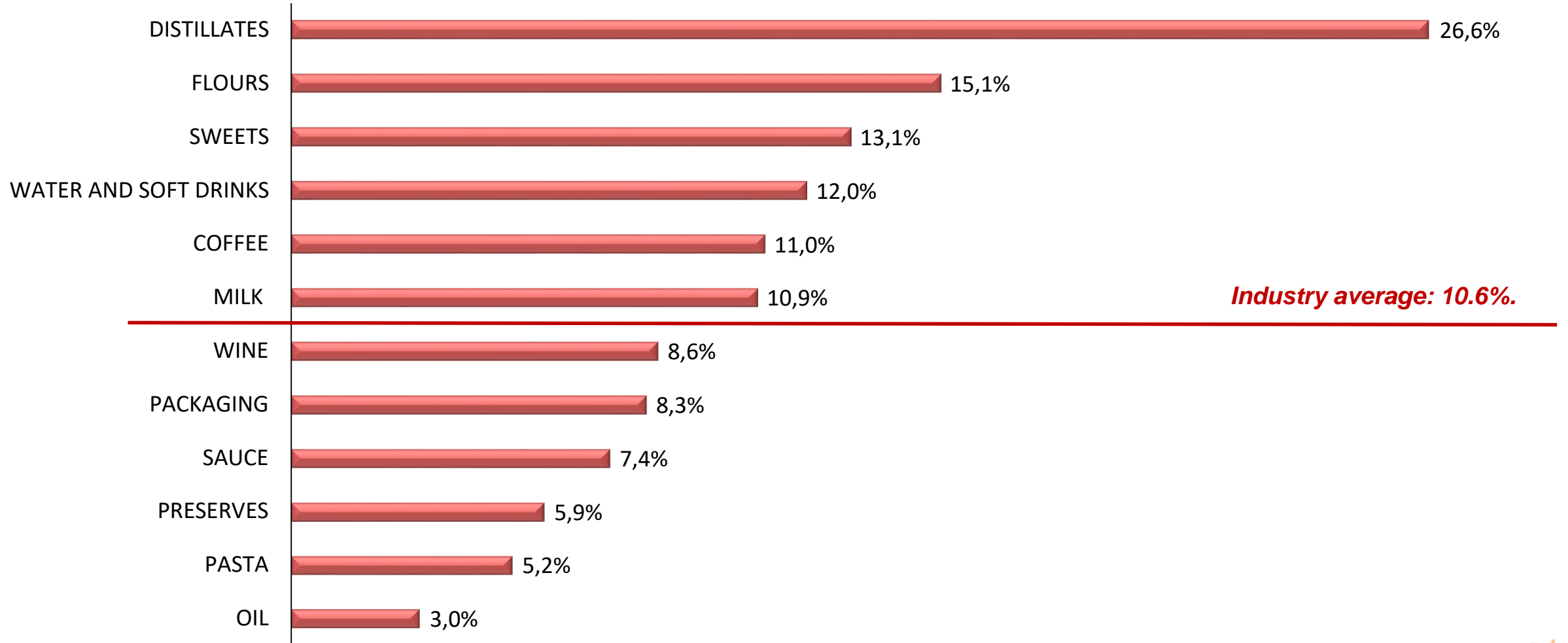
*Packaging, Beer and Food Equipment not calculated

*Independent variable: Real GDP



Performance analysis - Export growth

Growth of cumulative sportazioni per compartment cumulative (2020 - 2021)



*2020, 2021: forecast

*Packaging, Beer and Food Equipment not available



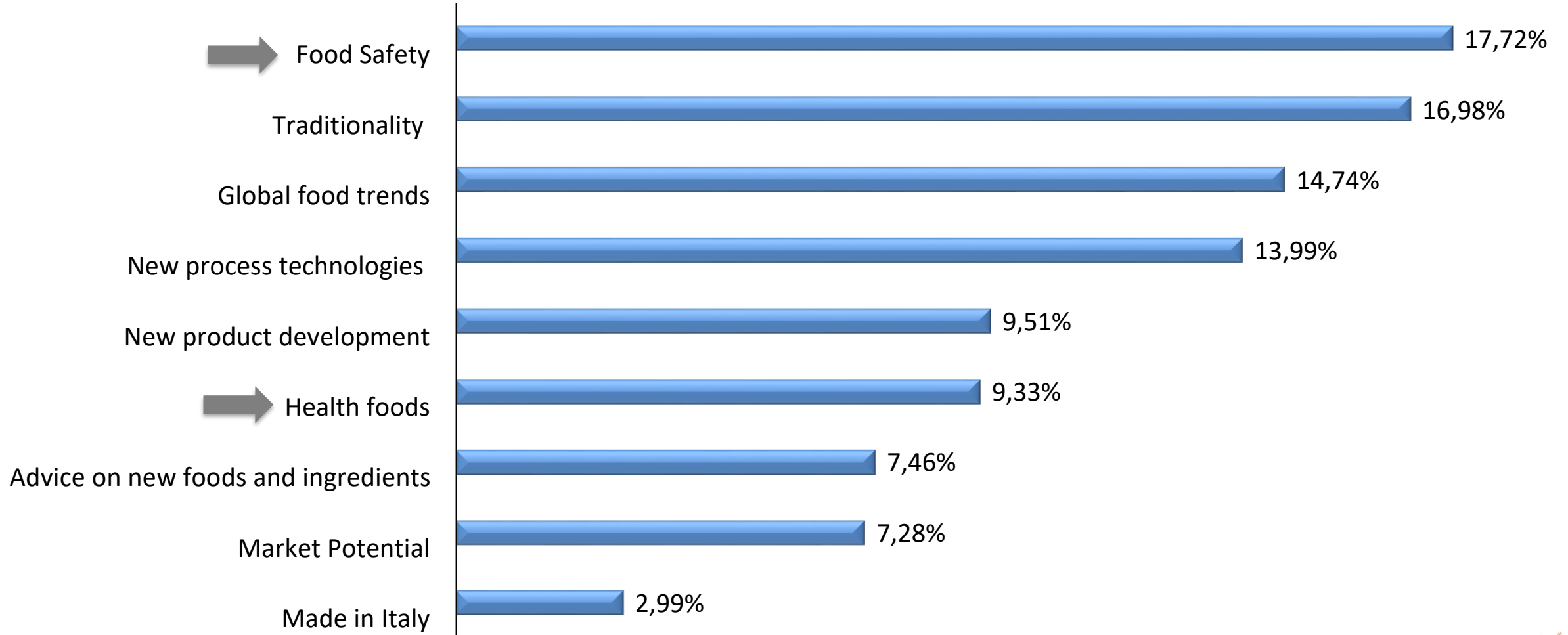
Content analysis - Objectives and structure

- ***Content analysis gives insight into consumer behavior***
- ***42 web titles analyzed, 60% international***
- ***Period of observation: 2015-2019***
- ***Identification of recurring topics and perceptual cluster analysis***



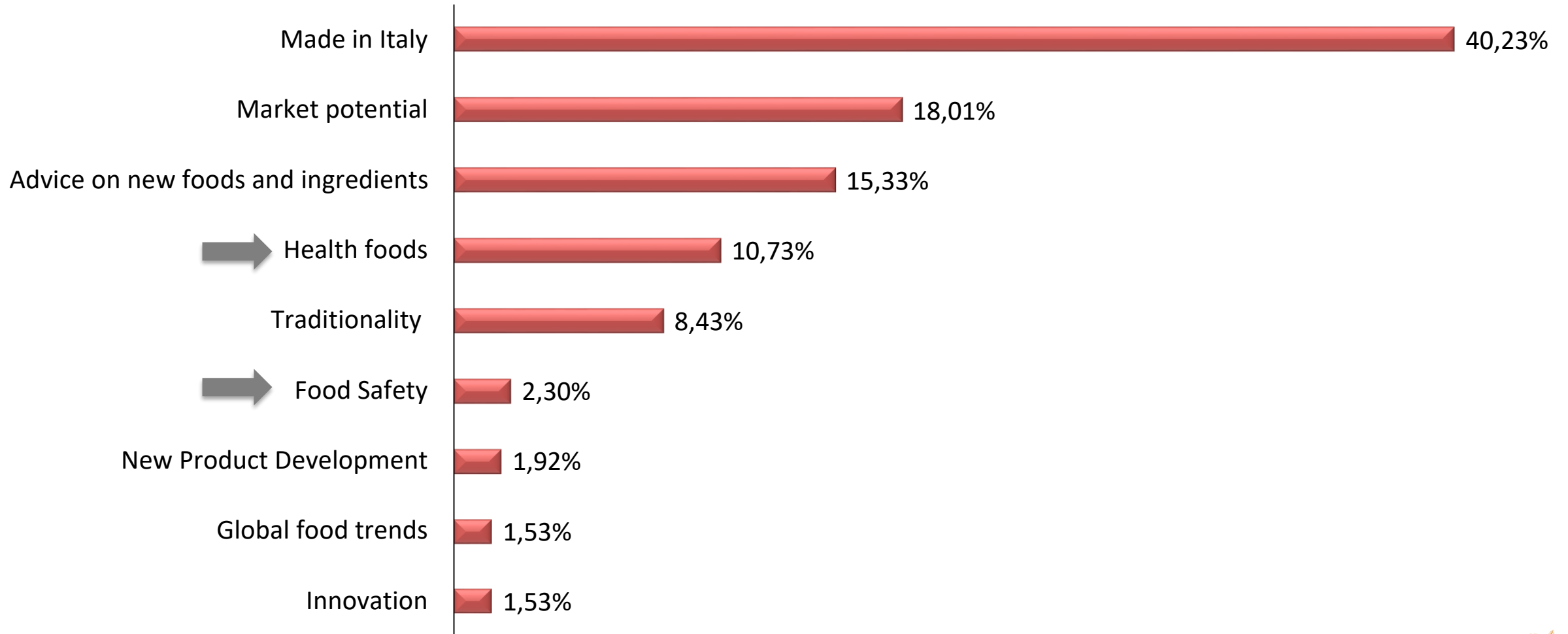
Content analysis - Predominant topics

Topics predominant in the media international



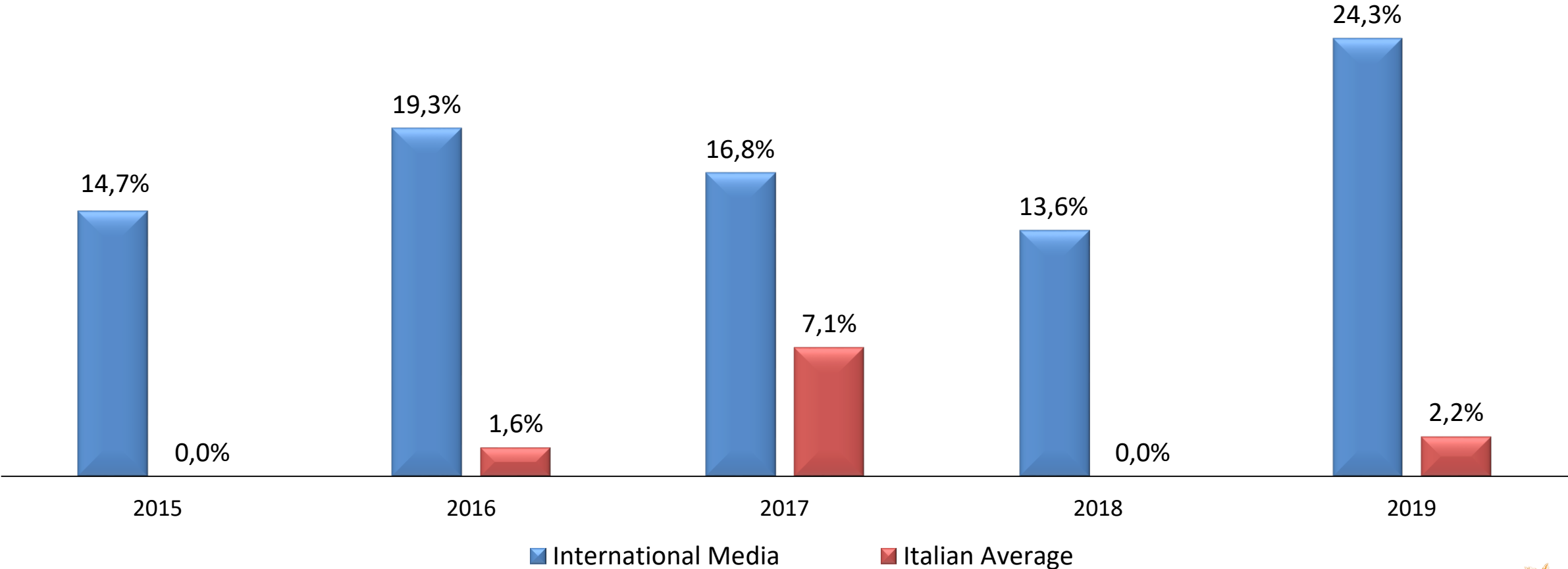
Content analysis - Predominant topics

Topics predominant in the media national



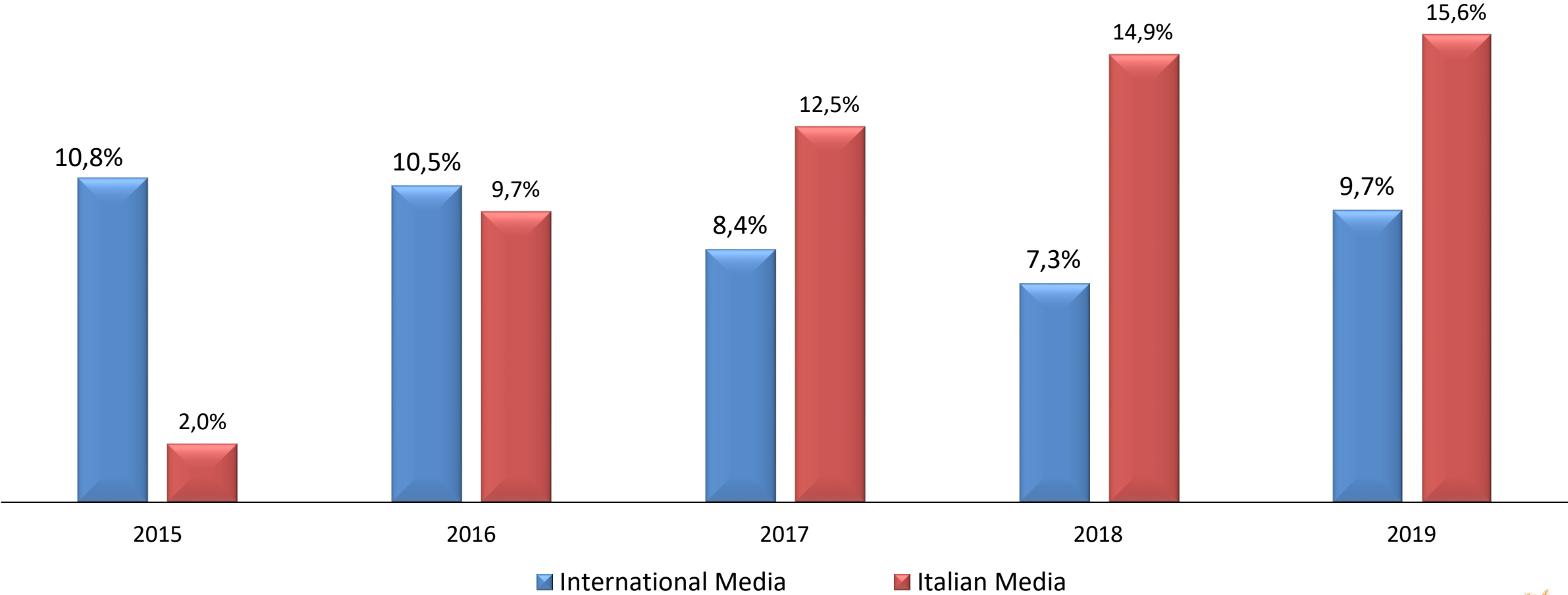
Content analysis - Topic trends

Food Safety



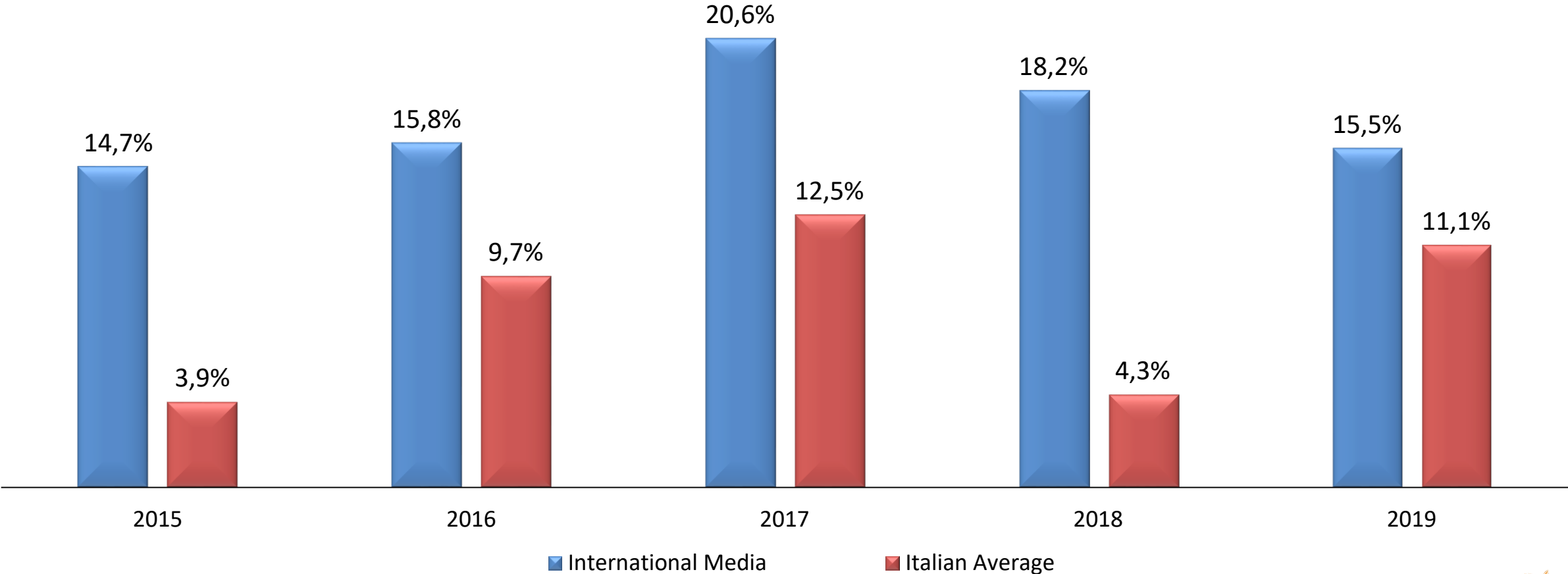
Content analysis - Topic trends

Health foods

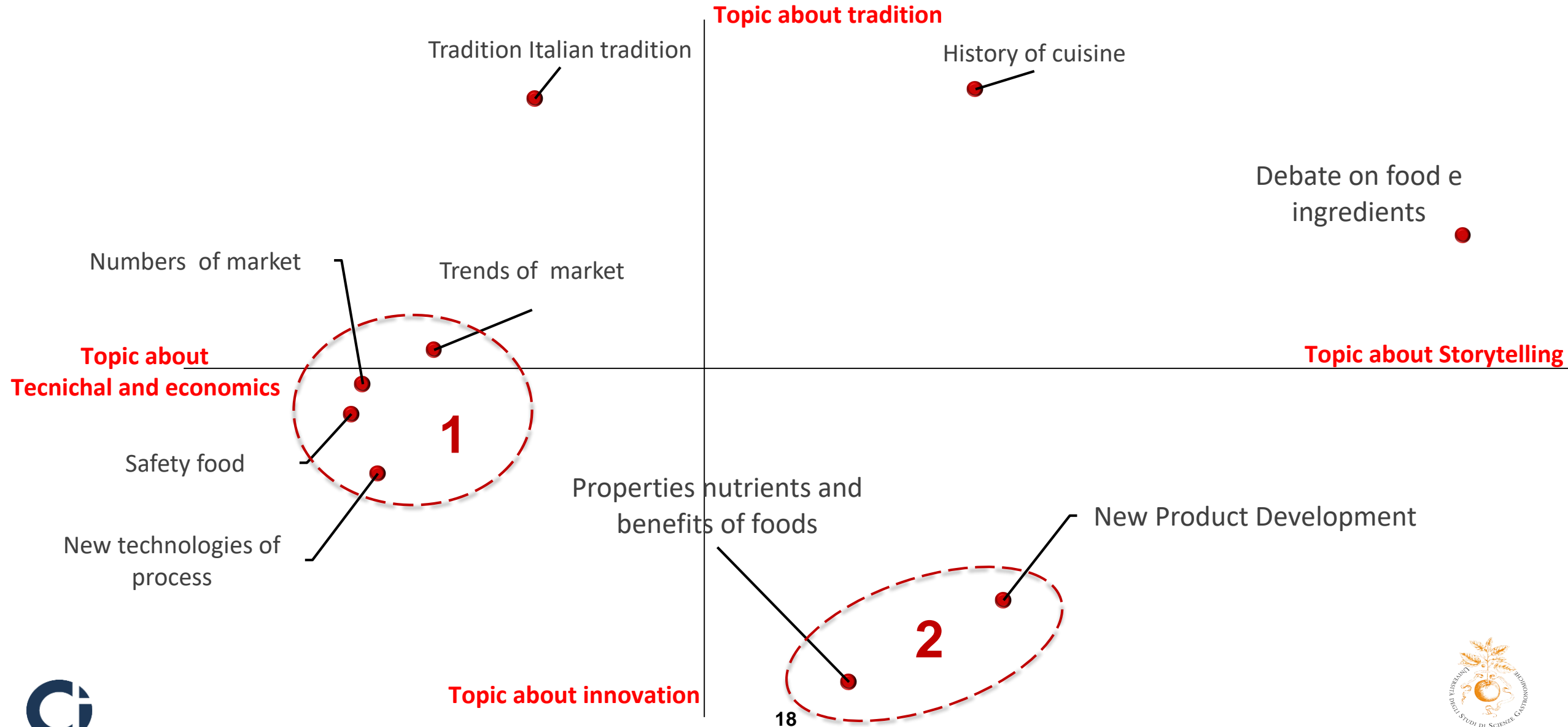


Content analysis - Topic trends

Traditionality



Content analysis - Perceptual positioning of topics and strategic clusters



Business models - Healthy offer

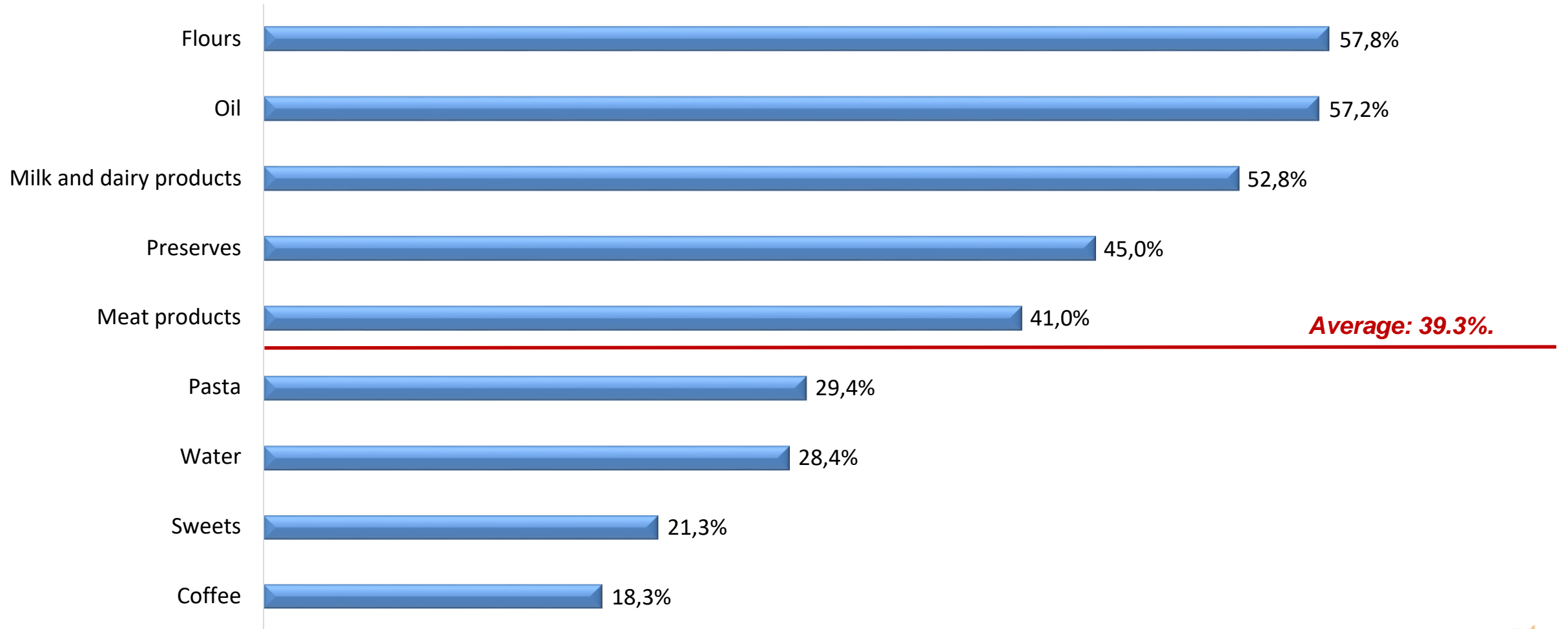
Health products may have one or more of the following characteristics:

- ***contain raw materials of **organic** origin***
- ***raw materials are subjected to **clean transformation processes*****
- ***do not contain artificial **additives and preservatives*****
- ***may have functional health **benefits*****



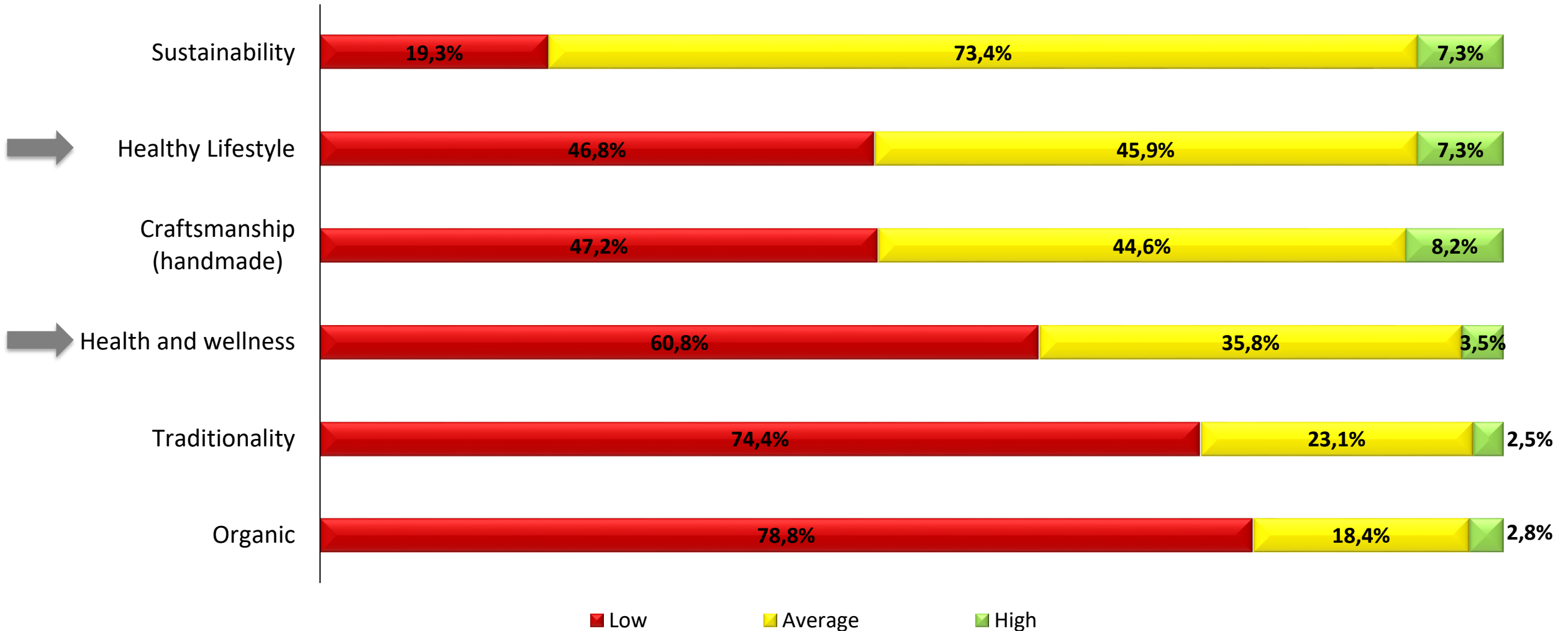
Business models - Healthy offer

Presence of products on total range of products offered by Italian companies



Business models - Communication content

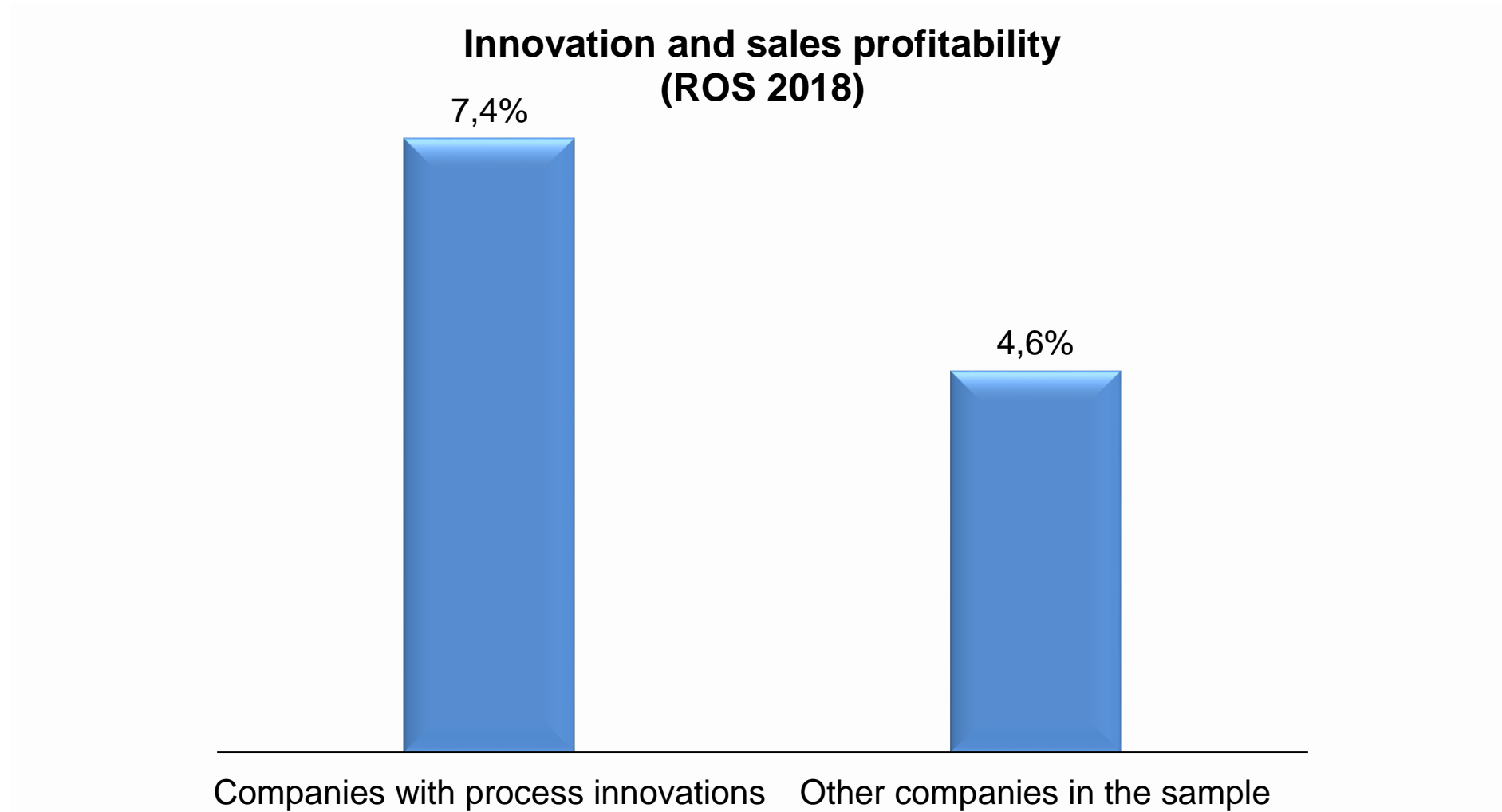
Communication contents of Italian companies



Only 20% of companies do communication on the functional benefits of health products



Business Models - Impact on Profitability

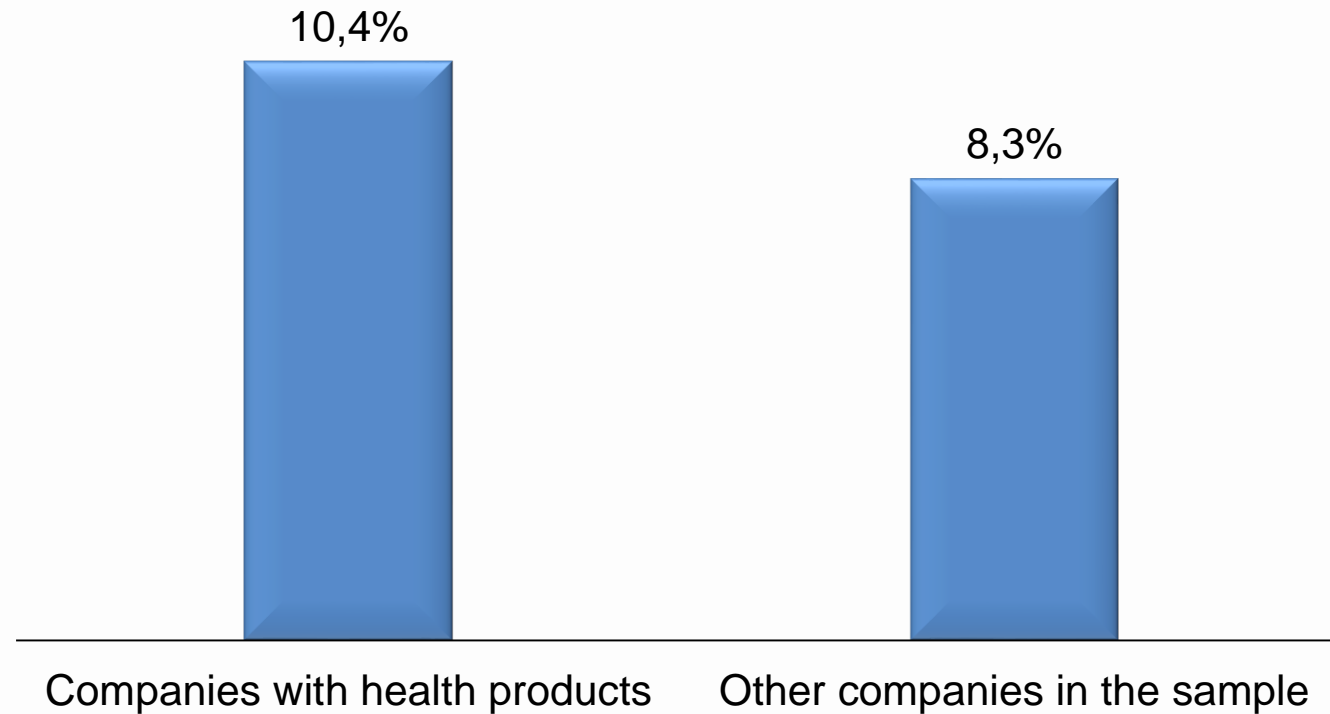


**Calculations performed with unstandardized beta of the scalar variable health communication transformed into a dummy variable*



Business Models - Impact on Profitability

Health product offerings and return on investment (ROIC 2018)

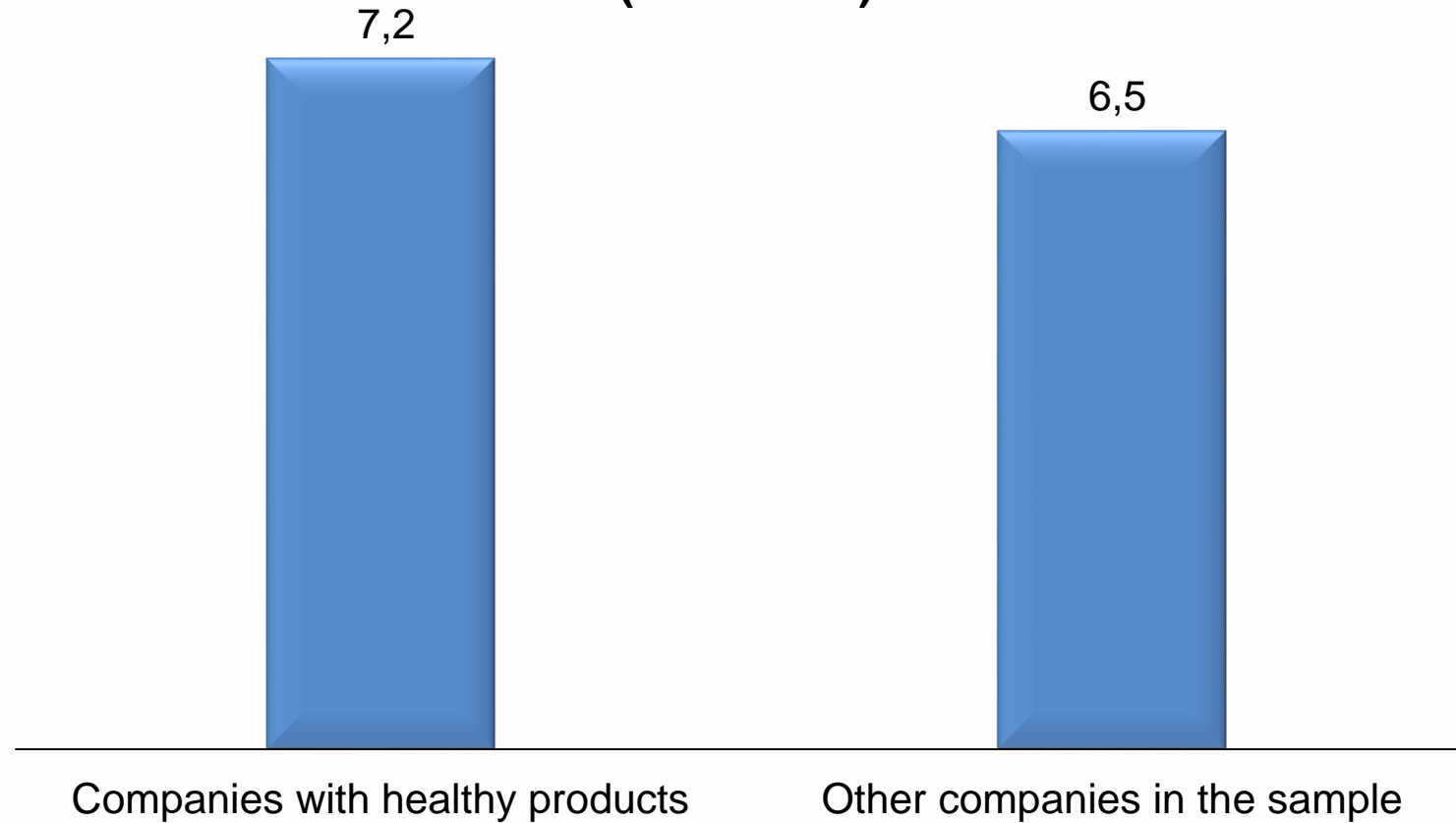


**Calculations performed with unstandardized beta of the scalar variable health communication transformed into a dummy variable*



Business Models --Impact on Productivity

Healthy product offerings and productivity of tangible investments (2018-2009)

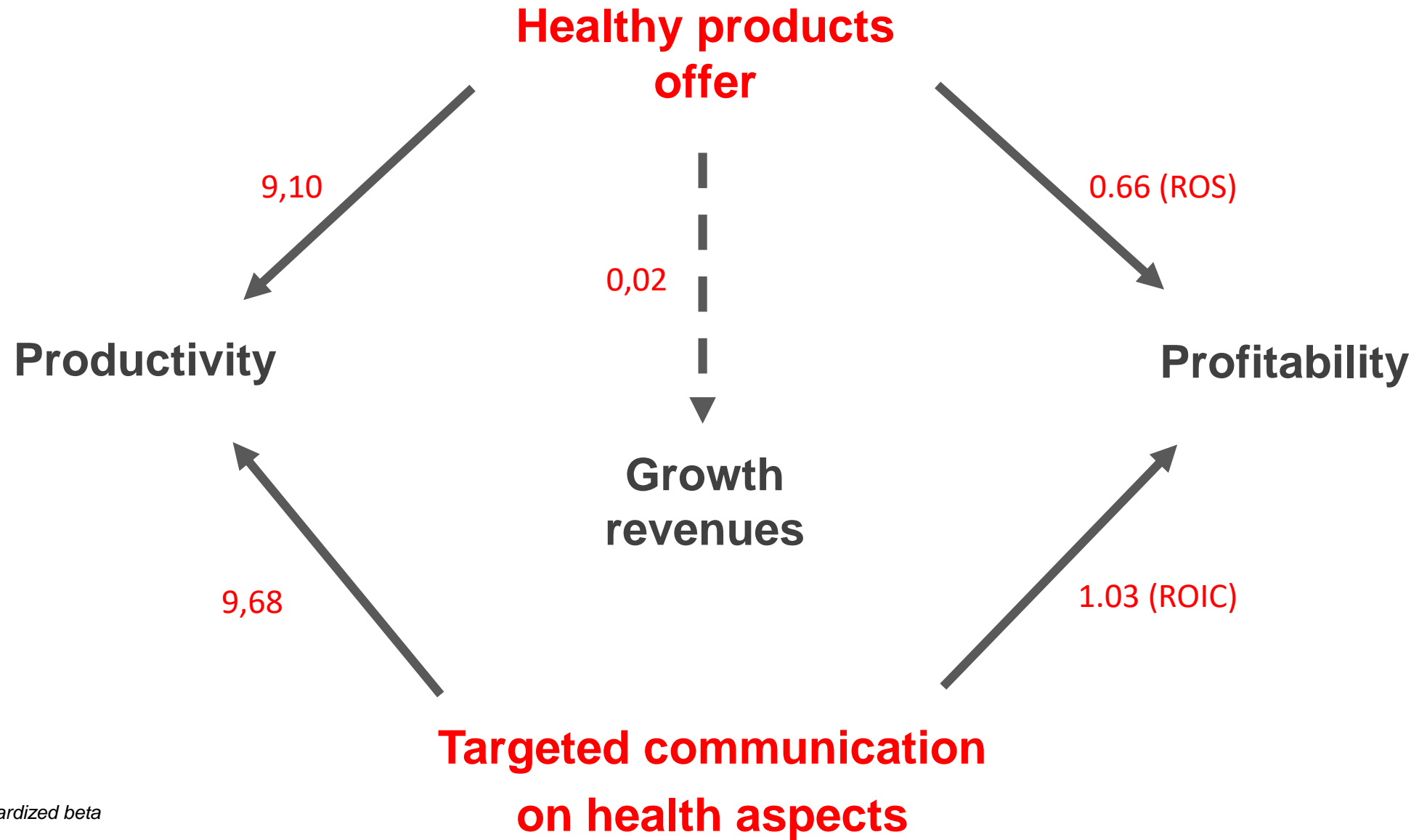


*Productivity: Revenues / tangible fixed assets

*Calculations performed with unstandardized beta of the scalar variable health communication transformed into a dummy variable



Business Models - Impact of Healthy Offerings



Non-standardized beta



METHODOLOGY

This research report is based on public data and data collected from restricted access databases, which were processed by a team of researchers at the University of Gastronomic Sciences in Pollenzo, Bra.

Representative samples of the various sectors of the food industry were constructed by extracting companies with ATECO codes, and all the companies identified in this way were checked to verify the congruity of the activity carried out with the sector to which they belonged.

The financial statements of the companies were acquired from the AIDA and CERVED databases in optical format and were reclassified according to the financial statement formats currently in use in the context of economic-business analysis.

The report was written by Prof. Carmine Garzia in collaboration with Dr. Francesco Maria Gentile who coordinated the research team for the collection of questionnaires, the construction of databases and statistical processing. The research team, composed of: Margherita Testa, Sofia Eleonora D'angelo and Pier Lorenzo Rolando, carried out the collection of empirical data on business models and strategic choices of companies.

The research project was carried out with the support of Ceresio Investors.

The computations were based on public budget data available as of 5/25/2020. The report was closed as of 06/20/2020.

<http://www.foodindustrymonitor.com>

