

# **Eataly**

## **Structure**

Eataly is a chain of large format/ footprint Italian marketplaces (food halls) comprising a variety of restaurants, food and beverage counters, bakery, retail items, and a cooking school. Eataly has competitors in different segments, namely specialized retail, restaurant, and general retail. Its competitors in specialized retail are Ditalia and H-MART, in restaurant, its Le District and in general retail, its Williams Sonoma, Dean & DeLuca, Harrods, and Whole Foods.[1] Also, the food halls can also be considered one of the biggest competitors of Eataly. Eataly operates in an environment which has increased economic pressure due to inflation because of which the food prices rose by 4.9% year over year through July 2023, fueled by a 7.1% increase in food-away-from-home costs. It becomes challenging for premium quality Eataly to operate, particularly in North America, because according to the McKinsey's Consumer Pulse Survey 2023, 66 percent of consumers have sought out less-expensive goods, an increase of four percentage points from 2022. There are also accelerating pressures on profitability due to pandemic's upheaval, which caused the grocers to increase their capital expenditure at a CAGR of 7.5%[2]. This is where Eataly has been successful because of their independent supply chain operations and the vertical integration of their businesses. The industry is subject to regulatory changes and in an effort to understand traceability of certain foods, FDA has introduced the FSMA Final Rule which goes into effect in January 2026. [3]. The Netflix documentary Poisoned, which highlighted the food safety issues, has sparked conversations and debate among industry and consumers. There are several technological advancements that are coming into picture such as advent of AI in food and drink manufacturing, eNose technology which helps detect odorless chemicals, providing functions such as shelf-life evaluations and quality control and vertical farms run on renewable energy.[4]

## **Conduct**

Eataly was founded by Oscar Farinetti in 2007 in Turin. It was born out of the need to export good Italian food in a structured way. The brand EATALY is the combination of two English words: EAT and ITALY. Eataly presents food as a theater in 50,000-square-foot gastronomical emporiums, where shoppers can buy fresh meat, fish, cheese, pasta or pastries, they can dine at the restaurant or take cooking classes. [5] The product categories are divided into Il Caseificio (The house of mozzarella & fresh cheese, handmade daily), La Panetteria (Handmade bread and focaccia baked daily in our wood-burning oven), I Salumi e I Formaggi (The best Italian cured meats & cheeses), La Macelleria (Ethically farmed and sustainably sourced meat), La Pescheria (The freshest catch from our fishmonger), La Frutta e la Verdura (Fruit and vegetables), La Pasticceria (Fresh Italian handcrafted pastries, cakes and sweets), Il Vino (Great Italian wine, beer and spirits), La pasta e il riso – (From over 100 types of air-dried pasta), Le Salse e I Condimenti – (Sauces and condiments), L'Olio Extravergine di Oliva – (Extra virgin olive oil), Dolci Italiani – (Italian Sweets). [6]

The main objective of Eataly is to demonstrate that high-quality products can be made available to everyone, that is easy to find and at affordable prices. Their competitive advantage is having the concept of slow eating, having territorial products and a short supply chain. The company operates on the basis of 10 Commandments, We're In Love With Food, Food Unites Us All, Our Passion Has Become Our Job, The Secret To Quality Of Life? quality Products, Our Target Audience Is Everyone, Eat. Shop. Learn, We're in This Together, Our Three Promises To You, Your Trust Is Earned Every Day, The End Goal (to have you as our customer for a lifetime).

[7] The target customer of Eataly is everyone. *(The presentation of product that they provide is so physically beautiful, so compelling, that it's made just about every other group from supermarkets to grab-and-go elevate their game," Phil Colicchio, executive managing*

*director, specialty food and beverage, entertainment and hospitality consulting, at real estate services firm Cushman & Wakefield, told CO—).*

There are 52 Eataly stores around the world in 15 countries across 4 continents, with the majority of them concentrated in Italy. The Italian stores include Torino, Milano and Rome among other Italian cities, and locations worldwide in Japan, South Korea, the USA, Brazil, Turkey, the UAE, Saudi Arabia, Qatar, Russia, Germany, and now Sweden. Eataly plans to open 150 stores in the next 3 years. The company's strategy to vertically integrate the operations has been critical to their success. For example, they sell fresh produce which after a certain period goes to their restaurant and if the produce is still not used it is converted into product such as sauces and toppings. Before launching a new location, the company spends close to 1-year studying the location and planning its store design and product offerings. Eataly often selects iconic locations. Though the color palettes, textures, and details can change from city to city (even with different locations in the same city), walking into an Eataly feels comforting and reliable. [8] The products are sourced through their resilient supply chains and hence during covid, their sales doubled. There was no dependency on global or 3 PL supply chains. Eataly also partners with local markets and producers to procure fresh produce. Eataly responds to market change and changing consumer demands by recreating the Italian market experience, opening in unique and iconic locations, providing seasonal menu items and more in each restaurant, providing market place experience, providing not only fine dining experience, but also providing everything from pre-made (but always freshly made in-house) sandwiches, salads, focaccia, gelato, pizza, pasta, and more, teaching Italian tips and tricks in classes, and providing new experience through pop-ups. [5]. Eataly's whole moto can be summarized as **EAT** authentic Italian food at our restaurants, cafés and to-go counters, **SHOP** a selection of high-quality Italian, local and homemade products, and **LEARN** through our classes and our team's product knowledge. [5]

## **Performance**

European private equity firm Investindustrial invested €200 million for a 52% controlling stake in Eataly, valuing the company at €384.6 million. The remaining 48% is retained by the current investors including the Farinetti family and the Italian private equity firm Tamburi Investment Partners. As part of the deal, the Saper and Bastianich families, two US investors, will sell their holdings. [9] According to Investindustrial, Eataly has a turnover of €700 million and has 5000 employees as of August 2023. [10]

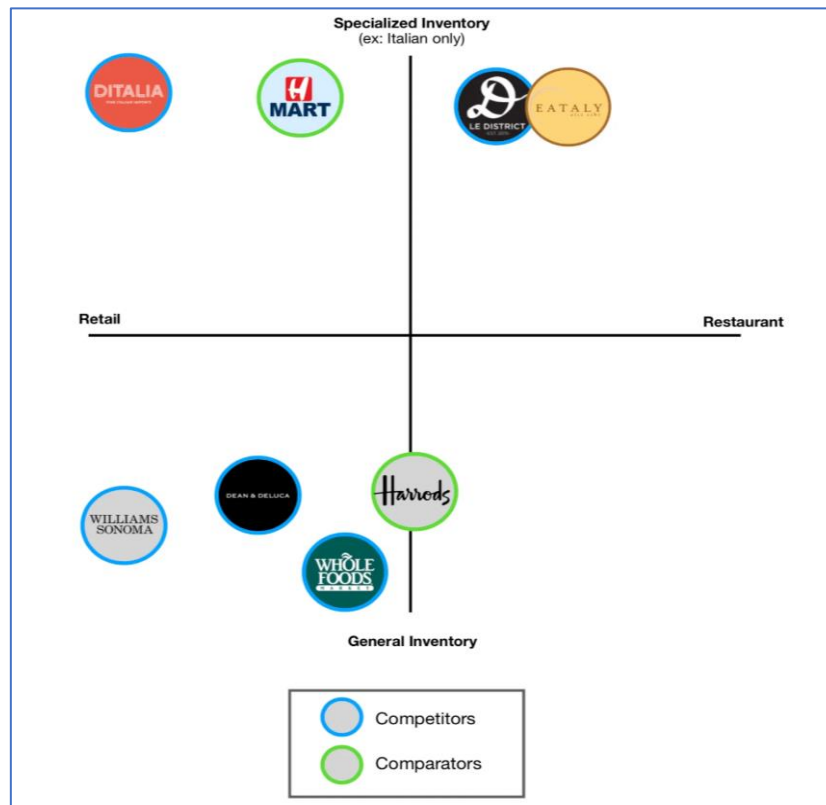
Eataly has a operating cost of 55% and a profit margin of 45% for its food products abroad and in Italy, Eataly has a operating cost of 45% and a profit margin of 55% for its food products. [5]. With the limited public information available on the company and about its revenues, the company is showing steady growth since it is planning to open more than 150 stores in the next three year and also because it has continued interest from investors. In terms of customer satisfaction one can observe, the second you walk in, people are laughing, shopping, grabbing a sandwich to-go on a lunchbreak, walking in dressed up for one of the fancy restaurants, having a mid-afternoon sweet treat at the gelato bar, and browsing the aisles of dried pasta, olive oil, sauce, and every other Italian grocery item you could imagine for their weekly haul. [8]. The selection of employees is done through certain contests and through 3 types of training programs. After 2 weeks of training, the staffs are chosen. Each department has a master (a senior executive) and a group of young executives aged 21 to 30 in supporting roles.[5]. The company is very committed towards its ESG goals. Sustainability and Zero waste are everyday goals of Eataly and to implement its Zero Waste policy it has tie ups with a lot of local food banks and other associations. This ensures that everything that comes into the store everyday is fresh. Eataly is one of the first companies to introduce cotton-based products and biodegradable bags. More focus is given on cotton bags since cotton will replenish much faster

than wood used for making paper bags. Eataly is also the company that introduced palm leaves-based products into its packaging for the first time.[5]

## Appendix

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Eataly Competitive/ Comparative Matrix



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3. U.S. Food & Drug Administration (2024) FSMA Final Rule on Requirements for Additional Traceability Records for Certain Foods (<https://www.fda.gov/food/food-safety-modernization-act-fsma/fsma-final-rule-requirements-additional-traceability-records-certain-foods>) Accessed on 22-March -2024.
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6. Eataly (2024), Market (<https://eataly.co.uk/market/>) Accessed on 21-March -2024.
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9. Silvia Sciorilli Borrelli, 'Investindustrial takes majority stake in luxury food retailer Eataly', *Financial Times*, (September 21, 2022) (<https://www.ft.com/content/2d47c5b0-9878-42e7-9966-14949312614a>) Accessed on 22-March -2024.
10. Investindustrial – Current portfolio – Eataly (2023) (<https://www.investindustrial.com/our-business/portfolio-overview/current-portfolio/Eataly.html>) Accessed on 22-March -2024.