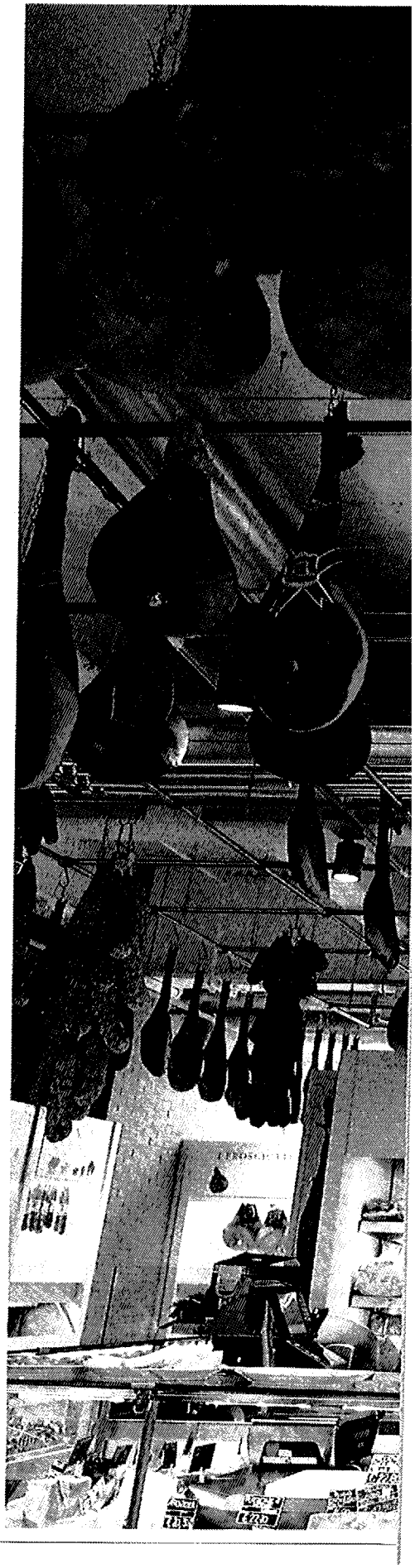
BUSINESS FOOD

ITALY, FAST & SLOW

How a big-box supermarket chain became the unlikely champion of Italy's dwindling ranks of culinary craftsmen

BY STEPHAN FARIS



THREE DAYS A WEEK, A RETIRED AGRICULtural officer named Teodoro Vadalà sets to work in the back of what was once a small roadside shop about an hour and a half south of Rome, making a cheese that has twice come close to extinction. Using a stirring stick and a large aluminum vat, he curdles sheep's milk into small wheels of cheese, which he shapes by hand and sets on a table to dry. Il Conciato di San Vittore, as the cheese is called, represents the deepest roots of Italian culinary production—small scale, artisanal, steeped in history. Yet the chances for its survival would be slim if not for a recent partnership with an Italian business operating on a vastly different scale: the newly opened Eataly supermarket in central Rome.

With four floors of aisles and restaurants connected by moving walkways and glass elevators, the location is the gourmet chain's newest and biggest, a flagship in the Italian capital to complement its branches in New York City, Tokyo, Torino and Milan. Mario Batali, a partner in the booming New York outpost, has turned Eataly into a hit by selling Americans on

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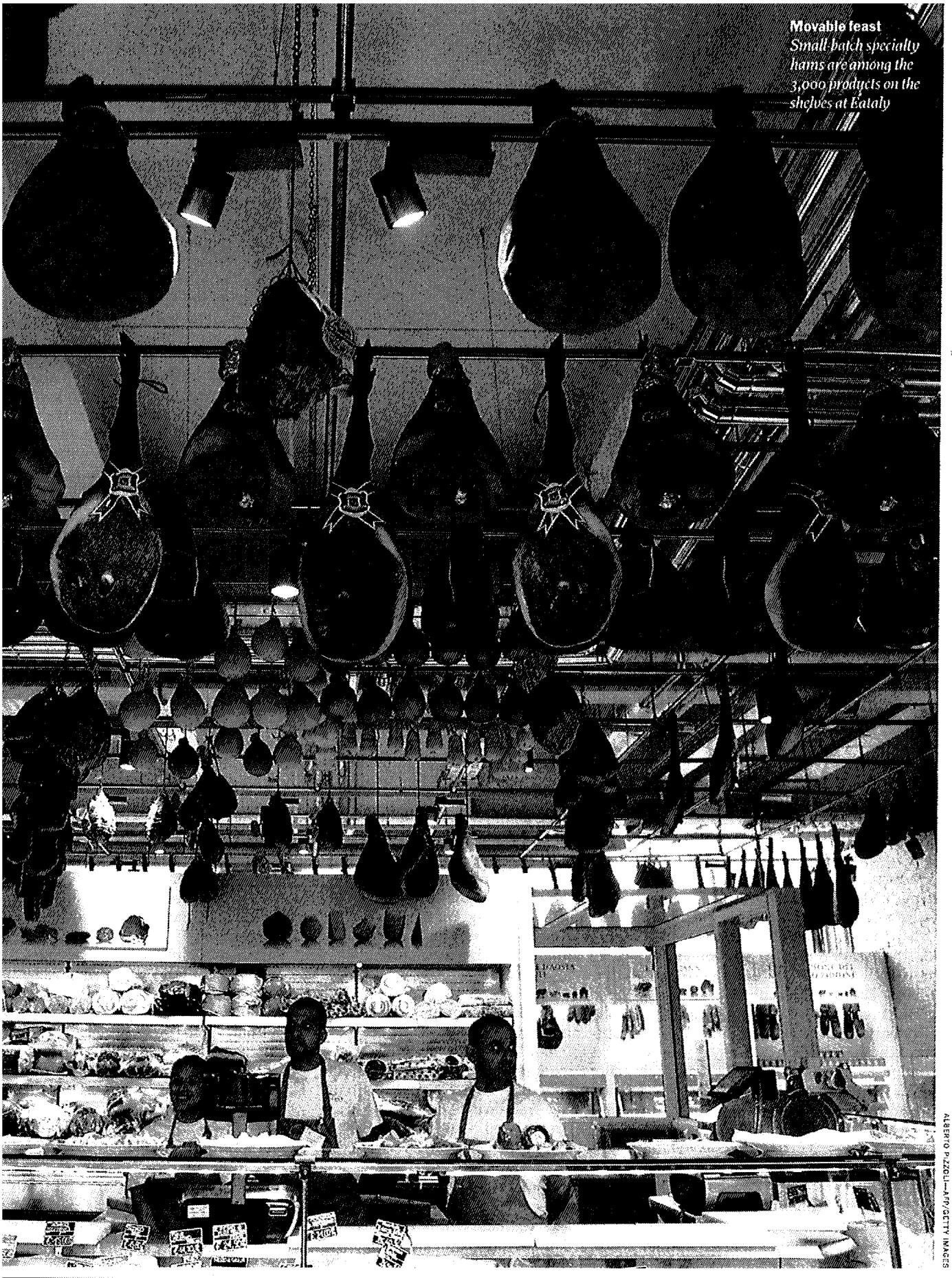

Movable feast
Small-batch specialty hams are among the 3,000 products on the shelves at Eataly

ALBERTO PIZZOLI—AFP/GETTY IMAGES

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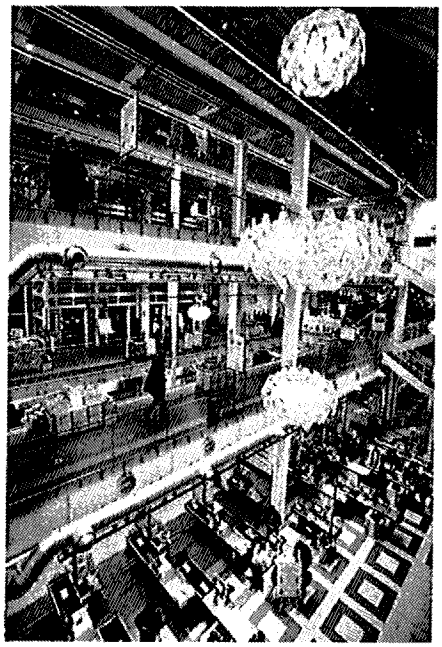
the appeal of traditional Italian culture. Eataly, in fact, is much more than that. With its big-box decor, globe-spanning ambitions and innovative marketing, it represents an opportunity for Italians to reclaim a culinary heritage that's slipping away. On the broad spectrum of food culture, Eataly and Il Conciato di San Vittore are a world apart, yet each would be lost without the other.

Until a couple of generations ago, producers like Vadalà were the rule. Italy was still largely an agricultural country, and many people made their own cheeses, hams, jams and sauces. Those who didn't bought them from small vendors in their local market. But industrialization and urbanization have withered those links to the land. Women have left the kitchen for the workplace. Morning markets have given way to grocery stores. Small-scale artisans have succumbed to national producers' economies of scale. In 1996 roughly 40% of Italy's food was sold by small, traditional retailers. A decade later, that percentage had been cut in half. "Nobody wanted to go the market anymore, where it smelled and you were pressed inside with others," says Rachel Black, author of *Porta Palazzo: The Anthropology of an Italian Market*. "Supermarkets are controlled, clean. They were associated with modernity."

So rapid was Italy's transformation that it sparked a countermovement. The catalyst was the opening of the country's first McDonald's, in 1986, near the Spanish Steps in downtown Rome. Carlo Petrini, a journalist, organized a protest against the chain, launching what eventually became the slow-food movement, a global effort to preserve traditional culinary heritage. It has been a losing battle. The economics of the food industry have been overwhelming. Artisanal products have become specialty items, and McDonald's now displays the Golden Arches over 411 locations in Italy.

Against this backdrop, Eataly opened its first location in 2007 in a converted vermouth factory on the outskirts of Torino. The store's founder, Oscar Farinetti, had spent 25 years expanding a home-electronics business into a national empire. His experience in big-box retail shows. Eataly's supermarkets have the scale and polish of an Ikea, with broad aisles guiding customers past displays of carefully stacked goods. One sign advertises a wine tasting for $20. Nearby, a display stand offers shoulder bags stamped with the slogan EATALY IS ITALY. Asked about the supermarket's big-box feel, Farinetti's son, Nicola, who manages the Rome store, is unapologetic. "If you say the word *Ikea*, I see only positive aspects," he says. "Ikea is an amazing place. [Founder Ingvar Kamprad] reinvented the furniture business."



Bull market *Eataly's 17,000-sq-m flagship Rome store opened in June*

While Eataly stores are slick and seem mass-produced, the 3,000 products sold there are not. That's what makes the chain different from most major food retailers. Instead of relying on established distribution channels, Oscar Farinetti turned to his childhood friend Petrini and hired Slow Food Italy as a consultant to help him find the country's best small producers. "Eataly represents the closing of the circle," says Black. "It's the nostalgic memory of the market but still in the controlled environment of a supermarket."

In other words, Eataly has brought fast food to slow food, injecting standardization and mass marketing into the artisanal-food industry. For its customers, Eataly provides the convenience of vetting and selecting. For small producers, it brings their products to consumers they could otherwise never reach. "It's like a big display case," says Sebastiano Sardo, a consultant with Slow Food who helps Eataly choose suppliers when it enters a new market.

The chain works closely with those suppliers, handling the paperwork and shipping logistics for some 700 Italian producers. Presidio del Macagn, a cheesemaker in the Piedmontese Alps, began selling its products in Eataly's Torino location in 2007. Manuela Ceruti, 38, and her husband produce about 5,000 kg of cheese a year. Since the Cerutis began selling to Eataly, they've seen a jump of about 60% in revenue, mostly due to an ability to command a higher price. "Slow food says, 'This is good. This is traditional,'" says Ceruti. "But as long as you can't sell it, those are only words." If not for Eataly, she adds, she would probably have had to close up shop like many of her neighbors. Instead, she shipped her first batch of cheese to Rome in September.

The formula is fueling Eataly's global growth. The company has nine locations in Italy, 11 Eataly minimarts in Tokyo and one U.S. flagship market-restaurant-bar in New York, employing some 2,500 people altogether. In 2013 it plans to open four new stores in Italy as well as ones in Istanbul, Dubai and Chicago. While Eataly may have its roots in the Italian countryside, its future in the U.S. depends on well-to-do urbanites who are willing to pay premium prices, says Harry Balzer, vice president of the research firm NPD Group. "Is there a market for what they're doing? Absolutely," Balzer says. "But it's going to have everything to do with location. They're going to have to be in places where there's affluence."

At a time when consumers are tightening their belts, revenue at Eataly has been growing at 25% to 30% a year, according to Oscar Farinetti, and the privately held company expects sales of roughly $400 million this year. Unlike in the U.S., where Eataly pulls in most of its revenue from its restaurants—the New York Eataly alone accounts for about $70 million in sales—in Italy, the retail arm dominates. On a Monday, roughly 10,000 shoppers enter the Rome store. On weekends, the number of visitors can reach 25,000. "We feed between 5,000 and 8,000 people a day, people who sit and eat," Nicola Farinetti says.

Slow-food advocates point out that Eataly isn't perfect. It's far too reliant on producers near its home base in Torino, for instance. But it is a step in the right direction, says Roberto Burdese, head of Slow Food Italy. "If all the big supermarkets worked like Eataly, we'd have resolved many problems."

To be sure, being sold in Eataly hasn't solved all Il Conciato's problems. Vadalà and his business partner, Vincenzo Mancino, worry about sacrificing quality by ramping up too quickly. Their cheese's distinctive flavor comes from a carefully blended mix of thyme, oregano, fennel, bay leaves and garlic—a process that does not easily scale up. And while Mancino handles the marketing, Vadalà has yet to find someone to help in his workshop. For the moment, they're taking it, well, slow. "If and when they start asking for our cheese in Torino, in Milan, in New York, then we'll have to make some decisions," says Mancino. "For the moment, our main objective is to keep it alive." ■

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