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## **Gianluigi Zenti, President, Academia Barilla SpA - The Changing Consumer: Demanding but Predictable**

Jochen Hartl <sup>a</sup>Ⓜ

<sup>a</sup> *Student Interviewer, Institute for Agricultural Policy and Market, Justus-Liebig-Universität, Giessen, Senckenbergstrasse 3, Giessen, 35390, Germany*

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### **Abstract**

It is crucial to understand and predict consumers' behaviour to meet future consumer demands. This report contributes to the discussion by giving an insight into consumers' behaviour from the perspective of Gianluigi Zenti, executive director of Academia Barilla. It is discussed how consumers' choice has changed in particular with regard to Italian food in the US and how Barilla has responded to that challenge.

**Keywords:** Consumer demand, consumer behaviour, Academia Barilla, Italian food

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Ⓜ Corresponding author: Tel: + 49-641-99-37038  
Email: [Jochen.Hartl@agrار.uni-giessen.de](mailto:Jochen.Hartl@agrار.uni-giessen.de)

## **Introduction**

Nobody would doubt that consumers' choice is getting more complex and differentiated. Thus, it is widely recognized that consumers develop more heterogeneous demands for sensory, health, process and convenience qualities. These changes in consumer behavior, reinforced by changes in the retailing sector, provide new opportunities for food manufactures to add value and differentiate products, which can lead to less price competition, higher margins, stronger consumer preferences, brand equity and better negotiating power facing retailers.

This seems to be also true for Italian foods in the US space. Basic Italian fare is already ubiquitous in mainstream America. However, consumers nowadays seem to develop more differentiated tastes and views about Italian food. Consumers continue to be educated by media-influences, travel, local Italian restaurants, retailers and manufactures about the variety of Italian cuisine. In the past, most manufactures have taken some Italian ingredients and concepts and put a definitive American touch to them. Today, more Americans are aware that Italian food does not translate to Americanized pizza, lasagnas and spaghetti with meatballs. There is broader understanding that Italian cuisine is regional. As a result - even as Americanized Italian food items stay very popular - consumers are increasingly interested in authentic Italian food and consumers now seek out regional Italian products with DOP (Protected Designation of Origin) designations.

This report discusses how consumers' behavior, in particular with regard to Italian food, changed from the perspective of Barilla, one of the leading manufactures of Italian food. Academia Barilla Director Gianluigi Zenti, who is credited with building the Barilla brand in the US, gives an insight into evolutions on the demand side and how Barilla responded to them. Ten years ago, Barilla started their engagement with the US market; educating people about, and marketing, authentic Italian lifestyle. The result was a 20 percent increase in the market share in the US, making Barilla the No. 1 pasta maker in the US.

In 2004 Barilla launched Academia Barilla, which is both a culinary center in Parma dedicated to further education about Italian culture and cuisine as well as a branded product line that will meet differentiated consumer demands. The basic mission of Academia Barilla is to develop, protect and preserve the art and tradition of Italian gastronomy in the world. Specifically, Academia Barilla emphasizes the importance of educating the world about which Italian products are authentic versus which are substandard imitations. To accomplish this mission, Academia Barilla offers culinary courses and consulting services for consumers and businesses worldwide as well as an introduction to authentic Italian products. The location for this mission could not fit better: Parma, which is already referred to as the "Food Valley" of Italy. In addition, Academia Barilla offers corporate services surrounded

by the five-star Hotel de la Ville, a gastronomic library, a cinema complex, shops, and restaurants.

The product line is designed for the high-end US market and is distributed mainly through gourmet stores and fine restaurants. The product palette includes extra virgin oils, balsamic vinegars, regional cheeses and cured meats. The product line is being developed in conjunction with artisan producers across Italy. All products bear DOP seals and the quality is assured by Academia Barilla members along with chefs from particular regions, who are performing blind taste testes to select the best producers.

## Interview Notes

*Usually it is said that consumer choice is getting more complex. Do you think this is also true for Italian food in the US? Are Americans developing more differentiated views about Italian food?*

Gianluigi Zenti: The evolution of the consumer knowledge is tremendous. In the beginning of the 90's consumers considered "spaghetti and meatballs" as Italian food, today more and more consumers know about regional Italian food. The evolution is significant, however the consumers do not get enough information on what is real Italian food, for instance what are the real recipes or how you should drink certain wines.

The other big issue is that there are three components of a product: a physical, an emotional, and an aspiration component. For instance in pasta, initially the physical component was the most important. The evolution of food is that the physical component becomes less, the emotional and aspiration component become more important. It is predictable, but today it is harder to understand what consumers are looking for. The things they are looking out for in a product can be very different: are they looking for sustainability, authentic products, local or environmental-friendly production? Thus, today it is not enough that a product just tastes good; you have to consider all the emotional and aspiration aspects. As those things are much more psychological and cultural related, you need to develop new techniques to understand and serve consumer needs.

*How, then, do you position your products in the US market? Do you meet the emotional and aspiration aspect with authentic Italian feeling and lifestyle?*

Gianluigi Zenti: We started with zero business in America ten years ago. Initially we were selling pasta to Italian restaurants, which became the credible spokesperson of Barilla. Then we went to the US supermarkets, where we have today about 20 percent market share. We have promoted Italian food in America by communicating with Italian music and Italian lifestyle. It was very successful,

because we really worked on the emotional and aspiration component. We think this is in line with the expectations of the consumers, who are looking more for culture about food. So that is really the big change. As I said, the big evolution is that the future consumer is not just looking on physical components like taste or healthy nutrition. Certainly these aspects are important, but they are not enough. In the future over 80 percent of the value will account for the emotional and aspiration component. Thus, it is becoming more important to know how to build equity in this area, how to build aspiration and emotional values.

*How do you communicate your products to the consumer?*

Gianluigi Zenti: This is becoming more and more difficult. Thus, another big challenge is that TV is less and less effective. Before you could do TV advertisements and it was easy to build equity. Today, there are too many channels and people do not watch TV as much as they were used. So you need to work on many other, below-the-line activities. For instance, we have a theatre in Parma – teatro del gusto (theater of taste) -, where we do theatricalization of gastronomy. It is like seeing a good movie, where people feel emotionally involved. Thus, we try to do the same thing with food. In addition, we have many laboratories, where we do technical evaluation. We do culinary classes where you actually cook and we do tasting classes, where it teaches you how to distinguish the different type of products. Thus, another big problem is that a lot of people cannot distinguish a good coffee from a bad coffee, since nobody taught you what is good and what is bad, or what you should look for. So we are building a whole database, a knowledge center.

We are going to start teaching, because the consumers are expecting the manufacturers not just to produce but also to teach them about products and how to use them. This is a big evolution, not just being a manufacturer but also a big communicator of knowledge.

*There are a lot American-Italian products in the US marketplace, which are probably not close to the original. Does this factor make it even more important to educate consumers?*

Gianluigi Zenti: This is a big problem, because 70 percent of the Italian products sold in the US are actually not real Italian products. They might have an Italian name or an Italian flag, but they are made in Argentina or Canada. This is a big problem, because when consumers do not like these products, they lose trust in the Italian food and they would never buy the real Italian product. So education is the only way to give consumers the tools to be able to select which product they want to buy and it will give more return on the investment of the company. This is a very long and costly process, but sooner or later you have to do it. Thus, you can not give up on the role of giving culture. In the end culture is the base of the business. We think that the evolution is going to go back to basics. If you start teaching people

about what is good and bad, they are more and more loyal and they are willing to pay a premium.

Because another problem is that imitated Italian products are made at the lowest cost. China is becoming a very big competitor, because they can produce almost any product at a much lower cost than Europe or the US. So if we do not build on the cultural side, European agribusiness will not have a business in the next 20 years, because it will be always cheaper to produce outside of Europe. So it is really a question of survival that has to be done in the next 15 years.

So we are against the counterfeiting of products and this should apply for all countries. We are not trying to sell only Italian products; I think there is a space for everybody. Thus, the identity is becoming very important in globalized systems. The concept is to promote the identity, because otherwise there is no future.

*What consequences will these developments have in the future?*

Gianluigi Zenti: The overall quality of the food is a problem. From 1995 the quality of US food went up significantly. However, in the future the quality of food will split into different directions: there will be one consumer segment that is looking for higher quality and one bigger segment that is looking for lower quality at a lower price. Before the market was very homogenous and the overall quality was going up. To serve this development is to segment; we need to start working to serve the higher quality segment, that is looking more for emotional and aspiration aspects.

In addition the distribution of food will change. I think that discounter like Aldi are going to become the way of selling food, because they are very efficient. On the other side, some consumers are still looking to buy high-quality products. Thus, other chains that are specialized in high-quality foods will also gain market share. For instance, in the US Whole Foods became very successful, who only sell natural and organic products. Thus, there will be also a big segmentation on the retailers' level. So overall we are in a situation, where consumers are changing dramatically, because their expectations are changing.

*Is consumer demand predictable? How do you discover trends in your company?*

Gianluigi Zenti: We do a lot of analytical research. In addition, we do a lot of interviews and we have two locations where we invite consumers and we film what they do, how they cook or how they make decisions. We conduct all of this research in-house, we do not buy research from outside because everybody else has the same information that you buy from outside. You need to develop a method of understanding consumers, so market research is very important in our company. In addition, we do a lot of tests in different countries to find out common needs, so we can launch global products. We do not want to have specific products for every

country, because we need scale economies. When we entered the US market for example, in the US pasta market were 3000 producers of pasta. The retailers said we do not need another pasta company. We argued that we have 100 percent Italian durum wheat pasta, which would be better. The retailers replied that the consumers are happy with what they have. We took the challenge and we made a whole educational campaign of eating the real Italian product. Five years later we became the market leader. So it was a success story of educating the consumer, not giving the consumer what the consumer wants. Because if you if I ask them what they want, if you do that kind of research, consumers say they are happy with what they have. Since they do not tell you what they want, you have to watch consumer behavior. In the end consumer behavior is predictable, but you need to use new tools to predict what the consumer wants. It is very challenging and it is becoming more psychological than technical.

## **Conclusions**

This report gave an insight how consumers' behavior in particular with regard to Italian food changed from the perspective of Gianluigi Zenti, executive director of Academia Barilla. Two points are of particular importance.

First, consumers developed more differentiated views about Italian food over time. However, they often do not get the full information regarding real Italian food versus substandard imitations. So the central mission of Academia Barilla is to preserve the cultural identity by educating the consumers about real Italian food.

Second, to communicate and be recognized by the consumers, it is more and more important not just to rely on the physically components of a product. Increasingly, consumers often want more than just food; they want to identify themselves with the product. Thus, for manufacturers it is becoming essential that consumers link their products with emotional and aspiration values. Gianluigi Zenti emphasizes the importance to build equity in the area. Barilla took that challenge and builds on emotional and aspiration values by promoting authentic Italian food, lifestyle and image.

The need to preserve the identity and to build stronger on emotional and aspiration aspects of products is reinforced by globalization. Thus, in globalized systems it will become essential for manufacturers like Barilla to differ from the average product by building on the cultural associations.

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