

The Retailers of Italia- Third set of Tabs

Brandon Coreas, Ersilda Vata, Nicole Fortune, Rokiatou Bah
Department of Business, New York City College of Technology

BUF 3300: International Retailing

Professor Adomaitis

October 11th, 2021

Distribution (Ersilda Vata)

Selling internationally requires research and study of every component of a country and of course it is not the easiest. But according to [Selectusa.com](#), “*Distribution & Sales, 2019*” Selling in Italy provides new hurdles for American company representatives, but there are no major issues. Some business procedures may differ from those in the United States, but the majority will be fairly familiar. The retail and wholesale distribution systems, for example, are based on small, family-run businesses. Despite this, the supermarket-type business has grown in popularity, and there are a number of large department shops.

Companies that seek to employ distribution, franchising, or agency arrangements must verify that the agreements they enter into are compliant with EU and member state national legislation. According to [Trade.gov, 2021](#) Council Directive 86/653/EEC specifies some basic protection criteria for self-employed commercial agents who sell or acquire commodities on behalf of their proprietors. The Directive specifies the principal's and its agents' rights and responsibilities, as well as the agent's pay and the conclusion and termination of an agency contract. It also specifies the amount of notice to be provided and the amount of indemnity or compensation to be paid to the agent. Companies in the United States should be especially mindful that, according to the Directive, parties may not deviate from specific obligations.

The EU is also working to reduce payment delays. Directive 2011/7/EU applies to all commercial transactions conducted inside the EU, whether in the public or private sectors, and is particularly concerned with the implications of late payment. Consumer transactions, on the other hand, are not covered by this Directive. According to Directive 2011/7/EU, a seller who does not obtain payment for goods and/or services within 30 days of the payment deadline is

entitled to interest (at 8% over the European Central Bank rate) as well as 40 Euro as compensation for cost recovery.

Consumption (Brandon Coreas)

The bulk of non-food retail consumption in Italy comes from consumer electronics followed by clothing and footwear. According to www.statista.com “ In 2020 consumption value of non-food consumer goods in Italy reached a total of 93.5 billion euros ... clothing and footwear were also very popular among italian consumers, totaling a value of over 16 billion euros” (“Non-food consumer goods consumption value in Italy 2020, by category”, 2021). This already speaks volumes in terms of how much of Italy's consumption is based around fashion and just clothing in general. Although the Italian retail market strives with the consumption of apparel items the country still faces struggles with the ongoing aftermath of the COVID-19 pandemic. According to www.bussinessinsider.com “Italy’s retail industry is amongst the hardest hit sectors by the coronavirus pandemic in Europe ... High margin established luxury brands with e-commerce practices did stay afloat during the pandemic, but it was smaller family-run artisan enterprises within the fashion center that suffered the most” (“Italy’s devastated retail landscape”, 2020). This displays how small businesses suffered but the opportunity of online business is certainly on the rise and this is where the Retailers of Italia can truly take advantage and benefit.

Additionally online business has aided in the overall economic growth of Italy particularly by booming in more exported goods. According to www.ft.com “ Italy’s booming goods exports have become a key driver of the country’s economic recovery from last year’s

historic recession, fueled by a rapid increase in businesses using digital technology” (“Italy’s economy aided by businesses pushed online by pandemic”, 2021). Ultimately the pandemic has certainly hurt Italy’s retail market but online retailing can be considered the savior of modern business.

Import Trade Policies & Practices (Rokiatou Bah)

Italy is one of the world’s largest economies owing to its industrial capacity. Italy’s custom agency, *Agenzia delle Dogane*, enforces the regulations and customs laws, and it collects and manages the customs duties and internal taxes (Scarpa et al., 2021). In addition, the customs agency ensures compliance with EU legislation by carrying out activities and verification of imported goods and taxation related to international exchange. Since Italy is a member of the EU, it allows the circulation of goods from other members of the EU Customs Union but applies tariffs to goods imported from third countries (Diodato & Niglia, 2017). The rates of imported goods vary based on place of origin and the economic sensitivity of the goods.

In addition, Italy employs non-tariff barriers to imports from Italian and EU provisions. However, the country restricts agricultural products, counterfeit, military products, and drugs (Barone & Kreuter, 2021). In alignment with the EU provisions, Italy exercises a ban on animal-tested cosmetics outside the EU market. If one is looking at Italy they would view this ban as a positive thing to do morally, testing cosmetics or anything in general on animals without proper or enough research can cause them severe damage or death. Overall, Italy’s import policies and practices favor importing goods from the EU Customs Union and restrict products sensitive to the country’s economy.

Export Trade Policies & Practices (Nicole Fortune)

The United States is one of Italy's most important trade partners, with two-way trade in goods and services. Italy being a part of the European Union, follows EU treaties and laws. "Under both the EU treaty's Right of Establishment and the Friendship, Commerce and Navigation Treaty with the United States, Italy is generally obliged to provide national treatment to U.S. investors established in Italy or another EU member state. The two countries have enacted an income tax agreement to prevent double taxation." (*U.S. relations with Italy - United States Department of State, 2021*).

The United States enforces export controls to protect everyone. "The Bureau of Industry and Security (BIS) is comprised of two elements: Export Administration (EA), which is responsible for processing license applications, counseling exporters, and drafting and publishing changes to the EAR; and Export Enforcement (EE), which is responsible for compliance monitoring and enforcement of the EAR. BIS works closely with U.S. embassies, foreign governments, industry, and trade associations to ensure that exports from the United States of items subject to the EAR comply with the regulations. BIS officials conduct site visits, known as End-Use Checks (EUCs), globally with end-users, consignees, and/or other parties to transactions involving items subject to the EAR to verify compliance." (*Italy - U.S. export controls, 2021*).

The Retailers of Italia would use the method of exporting directly. "Direct exporting allows more control over the export process, potentially higher profits, and a closer relationship to the overseas buyer and marketplace—as well as an opportunity to learn how you can boost

your overall competitiveness.” (Barry, 2015). This approach is the best way to achieve maximum profits and long-term growth as a company. Exporting directly will be challenging but with the appropriate support and guidance from the U.S. Department of Commerce, state trade offices, freight forwarders, shipping companies, international banks, and others one will succeed. The Retailers of Italia E-Commerce website will process credit cards as a form of payment then proceed to export directly to the consumer.

References

Barone, G., & Kreuter, H. (2021). Low-wage import competition and populist backlash: The case of Italy. *European Journal of Political Economy*, 67, 101970.

<https://doi.org/10.1016/j.ejpoleco.2020.101970>

Diodato, E., & Niglia, F. (2017). *Italy in international relations: The foreign policy conundrum*. Springer.

Ghiglione, D. (2021, July 4). *Italy's economy aided by businesses pushed online by pandemic*. Subscribe to read | Financial Times. Retrieved November 9, 2021, from <https://www.ft.com/content/dfb16c93-9e1f-45ad-98c7-d477f05fa9f6>.

Nagarajan, S. (2020, May 23). *Italy's devastated retail landscape: Here's how one of the worst-hit sectors has been impacted by the pandemic and what it will look like*. Business Insider. Retrieved November 9, 2021, from <https://www.businessinsider.com/italy-retail-industry-faces-out-of-fashion-stock-uncertain-tourism-2020-5>.

Published by M. Ridder, & 22, O. (2021, October 22). *Italy: Consumption value non-food sector by category 2020*. Statista. Retrieved November 9, 2021, from <https://www.statista.com/statistics/1088584/consumption-value-non-food-sector-by-category-italy/>.

*Italy - distribution & sales Channels*italy - Distribution & Sales. Italy - Distribution & Sales Channels | SelectUSA.gov. (2019, August 15). Retrieved November 9, 2021, from <https://www.selectusa.gov/article?id=Italy-Distribution-Sales-Channels>.

1. (2021, October 29). *Italy - Distribution & sales channels*. International Trade Administration | Trade.gov. Retrieved November 9, 2021, from <https://www.trade.gov/country-commercial-guides/italy-distribution-sales-channels>.

U. (2021, April 14). U.S. relations with Italy - United States Department of State. Retrieved November 11, 2021, from <https://www.state.gov/u-s-relations-with-italy/>

Barry, D. (2015). Chapter 5: Methods and Channels. In *Basic guide to exporting (11th ed.)* (p. 64). Washington, DC: US Dept of Commerce.

Italy - U.S. export controls. (2021, October 29). Retrieved November 11, 2021, from <https://www.trade.gov/country-commercial-guides/italy-us-export-controls>

Scarpa, C., Vasta, A., Rigatti, I., Sandon, N., & Partners, T. (2021, May 1). *International trade in goods and services in Italy: Overview*. Practical Law.

[https://uk.practicallaw.thomsonreuters.com/w-009-6550?transitionType=Default&contextData=\(sc.Default\)](https://uk.practicallaw.thomsonreuters.com/w-009-6550?transitionType=Default&contextData=(sc.Default))

Conlon, S., & Jones, J. (2021). *Milan fashion week spring/summer 2022: key shows – in pictures*. the Guardian. Retrieved 7 December 2021, from

<https://www.theguardian.com/fashion/gallery/2021/sep/27/milan-fashion-week-spring-summer-2022-key-shows-in-pictures>.

Nast, C. (2021). *The Complete Milan Fashion Week Spring 2022 Schedule*. Vogue.

Retrieved 7 December 2021, from

<https://www.vogue.com/article/milan-fashion-week-spring-2022-schedule>

Pieri, K., Cohn, A., Krentcil, F., Bateman, K., Goldberg, C., & Clinton, L. (2021). *Milan Fashion Week's Best Looks*. Harper's BAZAAR. Retrieved

7 December 2021, from

<https://www.harpersbazaar.com/fashion/fashion-week/g37683993/milan-fashion-week-spring-2022/>.

English, V. O. A. L. (2021, March 1). *A black-Italian designer aims to change Italy's fashion industry*. VOA. Retrieved December 8, 2021, from <https://learningenglish.voanews.com/a/a-black-italian-designer-aims-to-change-italy-s-fashion-industry/5793028.html>.