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1. Introduction

This report produces and defends quantitative forecasts for three linked questions facing a coffee roaster planning its Italian strategy to 2030. The first concerns the macroeconomic backdrop, namely Italy's real GDP growth, which sets the spending envelope for households. The second concerns the size of the Italian retail coffee market, the pool of revenue all roasters compete for. The third concerns the market share of Lavazza, the country's leading domestic brand, whose fortunes determine how much of that pool it captures. The three are deliberately nested: growth shapes the market, and the market combined with share shapes Lavazza's revenue, so the same uncertainty about the economy propagates all the way through to the brand.

The analytical spine of the report is a single observation. Euromonitor's stored GDP path for Italy averages roughly 0.7 per cent a year over the forecast window, and this is almost exactly the average growth Italy actually delivered between 2010 and 2024 once the pandemic distortions of 2020 and 2021 are removed (0.68 per cent). In other words, the credible central case is not a recovery to historical norms but a continuation of the post-crisis stagnation that has defined Italy for over a decade (OECD, 2026). Every forecast below is built on, and tested against, that judgement.

Methodologically, the report follows a consistent pipeline for all three series: describe the raw data and its structural features, select a model by out-of-sample rolling-origin cross-validation rather than in-sample fit, generate a central forecast with explicit prediction intervals, and stress-test the result. Sections 2 to 4 take each item in turn; Section 5 concludes with a single defended five-year view. Computation, diagnostics and full tables are in the appendix and are referenced from the body so that the word budget is spent on judgement rather than arithmetic.

2. Italy real GDP growth, 2026 to 2030

The data. Figure 1 plots Italian real GDP growth from 1977 to 2024. Two features dominate. The first is a clear downward shift in the trend rate: the full-sample mean is 1.39 per cent, but the 2000 to 2024 mean is only 0.57 per cent and the 2010 to 2024 mean 0.59 per cent. Italy has experienced what commentators call two lost decades, and any model anchored to the long-run average will systematically over-forecast the modern economy. The second feature is two extreme outliers, the 2009 global financial crisis and the 2020 pandemic contraction of 8.9 per cent, with a sharp 2021 rebound. These events inflate the apparent volatility of the series: the standard deviation falls from 3.78 to 1.84 percentage points once 2020 and 2021 are excluded.



Figure 1. Italian real GDP growth, 1977 to 2024, with the post-2010 ex-pandemic mean (0.68 per cent) marked.
Source: Euromonitor International Passport (2026).

Method and rejected alternatives. Formal testing is ambiguous: the ADF test rejects a unit root ($p < 0.01$) while the KPSS test also rejects stationarity ($p = 0.02$), a contradiction typical of a series with a structural break rather than a single stable process. This steered model selection away from trend-extrapolating methods. Candidate models, a historical mean, a pandemic-adjusted mean, a random walk, a drift, simple exponential smoothing and an automatically selected ARIMA, were compared by expanding-window cross-validation. Table 1 reports the results over two windows. On the full sample the plain mean and the ex-pandemic mean are statistically indistinguishable and both beat every trend method, confirming that for a mean-reverting growth rate a constant is hard to improve on (Hyndman and Athanasopoulos, 2021). Restricting the evaluation to the modern regime, the ex-pandemic mean becomes the single best model (MASE 1.34 against 1.36 for the full mean and 1.53 for exponential smoothing).

GDP model (rolling-origin CV)	RMSE	MASE	MAPE	Regime
Mean, ex-pandemic (selected)	3.39	1.60	high*	Full
Mean, full sample	3.40	1.60	high*	Full
ARIMA (0,1,1)	3.57	1.66	high*	Full
Exponential smoothing (A,N,N)	3.46	1.68	high*	Full
Mean, ex-pandemic (selected)	3.86	1.34	high*	Recent
Mean, full sample	3.88	1.36	high*	Recent

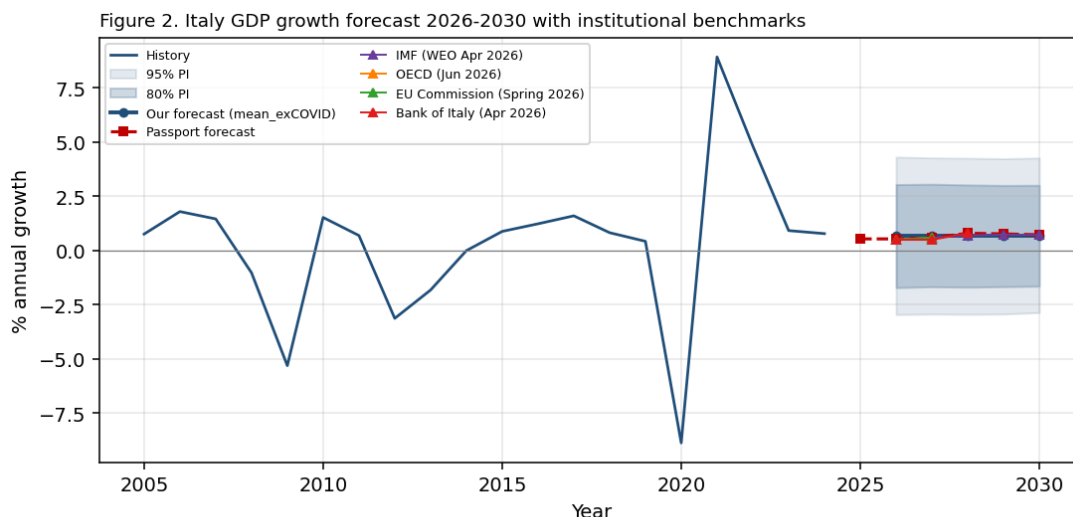
Table 1. GDP model comparison by expanding-window cross-validation, full sample (28 folds) and modern regime (17 folds). *MAPE is unstable because growth crosses zero; RMSE and MASE are the decision metrics.

Full diagnostics in Appendix A.

The production forecast is therefore the structural-break choice: a flat central path of 0.68 per cent a year, the 2010 to 2024 mean excluding the pandemic years. This is a deliberate judgement that accuracy on the modern economy matters more than fit to high-growth decades that ended

structurally after 2010. The full-sample mean (1.39 per cent) and the exponential-smoothing path are retained as documented alternatives, not as the central case.

Comparison and uncertainty. Figure 2 places this forecast against Euromonitor's path and four institutional forecasts; Table 2 gives the figures. The convergence is striking. The IMF, OECD, European Commission and Bank of Italy all sit in a narrow 0.5 to 0.8 per cent band for 2026 and 2027, and Euromonitor's own path averages 0.69 per cent (IMF, 2026; OECD, 2026; European Commission, 2026; Banca d'Italia, 2026). The model's 0.68 per cent is squarely inside this consensus, which gives it external credibility, but the agreement also signals a shared blind spot: all of these are central tendencies that downplay tail risk. The prediction interval makes that risk explicit. An 80 per cent interval of roughly minus 1.7 to plus 3.0 per cent each year reflects the genuine ex-pandemic volatility of the series and is wide enough to contain both a mild recession and a National Recovery and Resilience Plan-driven upside. The principal asymmetric risks are an energy-price shock, which all four institutions cite as the reason for recent downward revisions, against the time-limited boost from the post-pandemic recovery funds. The flat path is best read as the centre of a genuinely uncertain distribution, not a point prediction.



Source: author's model; Euromonitor Passport; institutional forecasts (Table 3).

Figure 2. GDP growth forecast 2026 to 2030, 80 and 95 per cent prediction intervals, with Passport and institutional benchmarks overlaid.

Year	Our model	Passport	IMF	OECD	EU Comm.	Bank of Italy
2026	0.68	0.54	0.5	0.5	0.5	0.5
2027	0.68	0.59	0.6	0.6	0.6	0.5
2028	0.68	0.80	0.7	n/a	n/a	0.8
2029	0.68	0.77	0.74	n/a	n/a	n/a
2030	0.68	0.73	0.72	n/a	n/a	n/a

Table 2. Real GDP growth, per cent, our forecast against Passport and institutional forecasts. Institutional figures gathered June 2026 and subject to independent verification.

3. Italian coffee market size, 2026 to 2030

The data. Item 2 forecasts the retail value of the Italian coffee market in constant 2025 prices, so that real volume and mix dynamics are separated from inflation. Figure 3 shows why this distinction matters. In current prices the market climbs steeply after 2021; in constant prices the picture is far flatter, revealing that much of the recent headline growth is the pass-through of record green-coffee costs rather than rising consumption. The real series also carries a visible 2020 spike, the pandemic shift from out-of-home to at-home consumption, which then partly unwinds. The real market grew at a compound 2.0 per cent a year from 2011 to 2024, but the trend is clearly decelerating as the category matures.

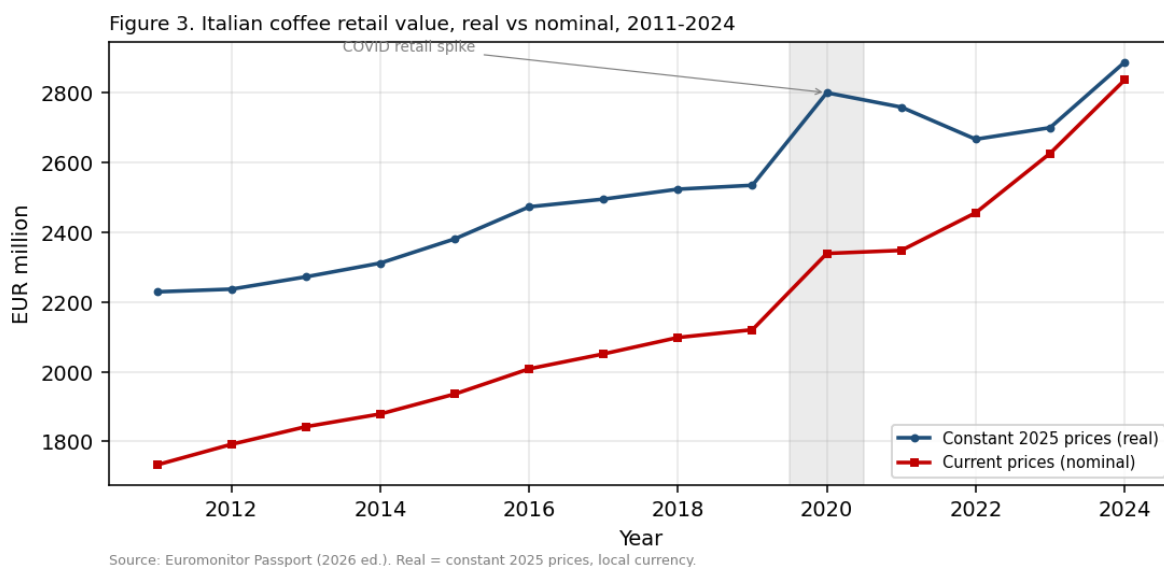


Figure 3. Italian coffee retail value, real (constant 2025 prices) against nominal, 2011 to 2024.

Source: Euromonitor International Passport (2026).

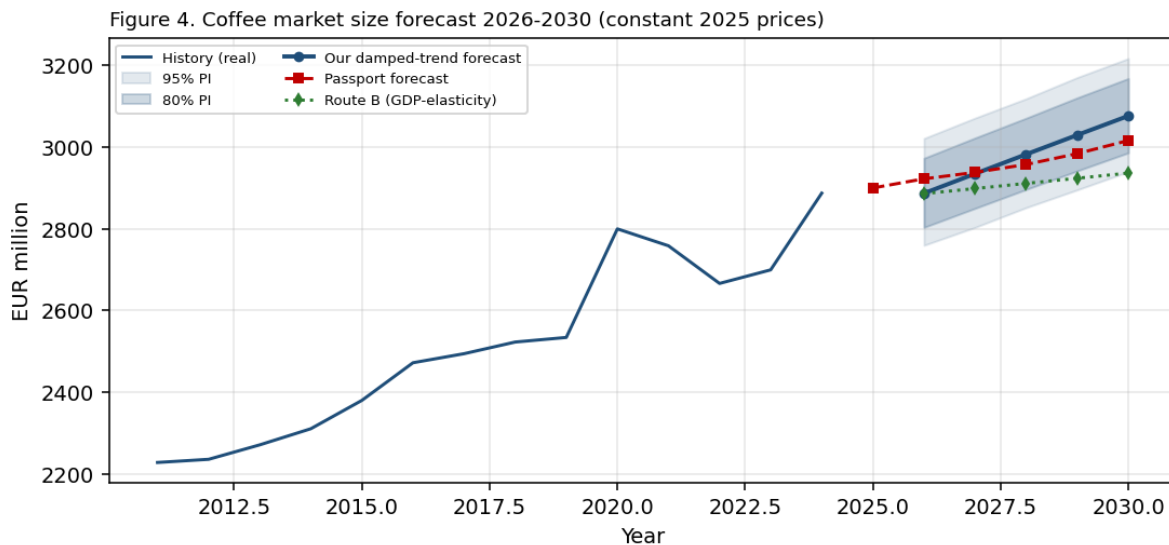
Method. Two routes were considered. The first is univariate: an additive damped-trend exponential smoothing model fitted to the logarithm of the real series, chosen because a damped trend is the natural way to model a series whose growth is slowing, and the log keeps forecasts positive and stabilises variance. The second is structural: regress log real market value on log real GDP to recover an income elasticity, then drive the market off the GDP forecast from Item 1. Cross-validation (Table 3) favours the damped-trend model, which records the lowest error (MASE 1.60) and beats a plain linear trend, drift and naive benchmarks. The elasticity regression gives a point estimate of 0.64, implying coffee is a weakly normal good, but with a wide confidence interval (0.29 to 0.99), an R-squared of 0.57 and a Durbin-Watson statistic of 0.98 indicating serial correlation. The elasticity is economically reasonable but statistically fragile on only fourteen annual observations, so it is used as a cross-check and a scenario tool rather than the central engine.

Coffee market model / elasticity	RMSE	MASE	MAPE
Damped-trend ETS, log (selected)	99.8	1.60	3.1%
Linear trend, log (rejected)	105.6	1.63	3.3%
Drift	147.1	2.25	4.4%
Naive	176.5	2.99	5.5%
Income elasticity = 0.64 (CI 0.29 to 0.99; R2 0.57; DW 0.98)			

Table 3. Coffee market model comparison (rolling-origin CV, 6 folds) and the income-elasticity estimate.

Full regression output in Appendix B.

Forecast and uncertainty. The damped-trend model projects the real market rising from about 2,886 million euros in 2026 to 3,075 million in 2030, a compound real rate of roughly 1.2 per cent, slower than history as the trend damps. Figure 4 shows this against Euromonitor's stored path and the GDP-linked route. The three are reassuringly close, within about two per cent of each other by 2030, which raises confidence that the level is right. The GDP-linked route is the most conservative, ending near 2,936 million, precisely because it inherits the weak 0.68 per cent growth assumption and the low elasticity; the gap between it and the univariate forecast is itself a useful measure of how much the market depends on the macro outlook. The main risks are upside on price and mix, premiumisation toward pods, capsules and single-origin blends can lift real value even with flat volumes, against downside from market maturity and demographic ageing. The Ljung-Box test on the residuals is borderline ($p = 0.04$), a caveat noted honestly: a little structure remains unmodelled, so the intervals should be read as a lower bound on true uncertainty.



Source: author's models; Euromonitor Passport (2026 ed.).

Figure 4. Real coffee market forecast: damped-trend model with 80 and 95 per cent intervals, against Passport and the GDP-elasticity route.

4. Lavazza's market share and brand revenue, 2026 to 2030

Brand position. Lavazza is the largest player in Italian grocery coffee, accounting for over a third of supermarket sales, with group revenue near 2.7 billion euros, around 70 per cent of it earned abroad (Statista, 2026). Its domestic value share, the variable forecast here, has drifted down gently over the past decade as the category fragments. The pressure is structural rather than cyclical: value challengers led by Caffè Borbone have grown rapidly in the pod and capsule segment, while private label and the premium flank held by Illy and Nespresso squeeze the mid-market from both sides (World Coffee Portal, 2025). At the same time Lavazza's input costs have risen sharply, with green-coffee spend up about 80 per cent since 2021 as arabica reached its highest level since 2011 and robusta a 45-year high (Bloomberg, 2024; Perfect Daily Grind, 2024). The central risk to Lavazza is therefore margin and share erosion in a maturing market, not a collapse in volume.

Method. Market share is a proportion bounded between 0 and 100 per cent, so a naive linear extrapolation can produce impossible values and understate uncertainty near the bounds. The forecast is therefore built on a logit transformation: the share is mapped to log-odds, modelled with a damped-trend exponential smoothing process, and mapped back, which guarantees the forecast and its interval stay inside the feasible range. Cross-validation confirms the choice: the logit model records a MASE of 0.35, less than half the error of a naive raw-share forecast (0.55) and far below logit-drift or logit-linear specifications (Table 4). Figure 5 contrasts the logit forecast with the naive alternative and with the volume share, which sits below the value share and signals that Lavazza commands a price premium per unit.

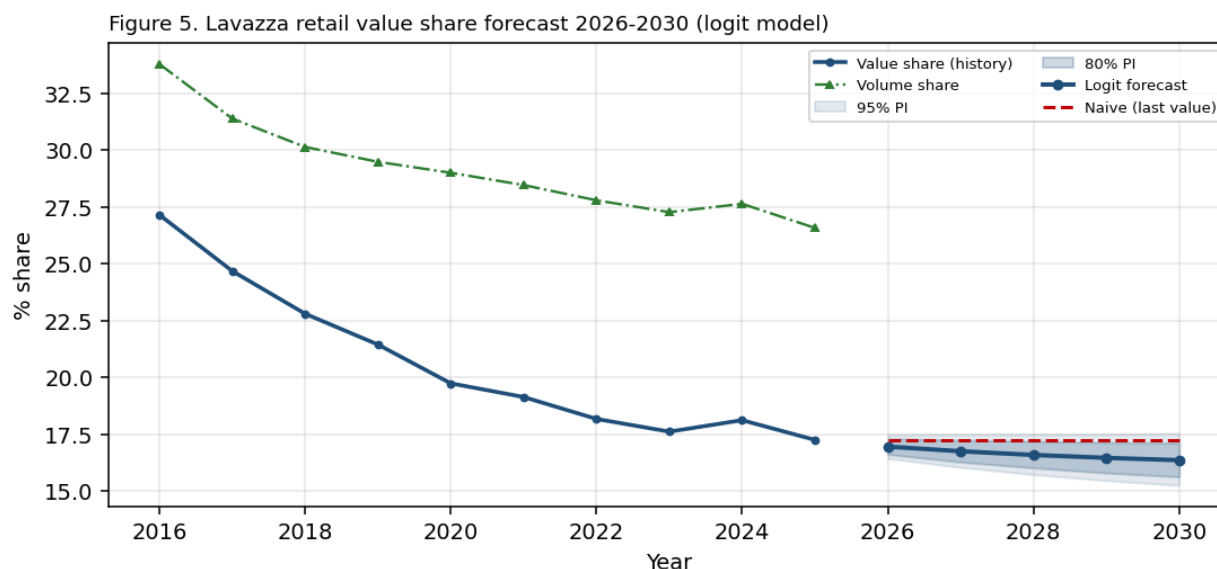


Figure 5. Lavazza Italian value share, history and logit forecast against a naive constant, with volume share for contrast.

Share model (rolling-origin CV)	RMSE	MASE	MAPE
Logit + damped ETS (selected)	0.72	0.35	3.2%
Naive (constant raw share)	1.01	0.55	4.9%
Logit + drift	1.96	0.94	9.5%
Logit + linear	2.40	1.47	12.6%

*Table 4. Lavazza share model comparison (rolling-origin CV).
The logit model roughly halves the error of the best benchmark.*

Judgemental overlay. The mechanical logit forecast continues the recent gentle decline, taking share from about 17.0 per cent in 2026 to 16.4 per cent in 2030, an average loss of roughly 0.1 percentage point a year. This is retained as the central case, and deliberately not softened, because the competitive evidence in the literature points the same way: nothing in the pod-driven fragmentation or the cost environment suggests an imminent reversal. The judgement embedded in the model is restraint, holding the damped trend rather than extrapolating the steeper early-period falls, on the view that a brand of Lavazza's scale, distribution and marketing budget defends share more stubbornly as it approaches a floor. The forecast is thus a managed decline, not a free fall.

Synthesis and uncertainty propagation. The three items combine into the figure management actually cares about, Lavazza's Italian retail revenue, which is the market size multiplied by share. Because both inputs are uncertain, a point estimate would be misleading, so the two distributions are combined by Monte Carlo simulation: 20,000 draws of the market path and the share path are multiplied together and calibrated to the 2024 revenue anchor of about 523 million euros. Figure 6 shows the resulting fan. The central revenue case is broadly flat, near 490 million euros in 2026 rising to about 503 million by 2030, the product of a slowly growing market and a slowly shrinking share that very nearly cancel. The wider message is in the spread: the 90 per cent band runs from roughly 469 to 539 million euros by 2030, a range of about 70 million that quantifies, in money, the combined uncertainty inherited from the macro economy, the category and the brand. The dominant swing factor is share, not market size, because the market forecasts agree closely while share could plausibly stabilise or erode faster. This is the single most decision-relevant finding: management should treat defending share, through the pod portfolio and premiumisation, as the lever with the largest revenue consequence.



Figure 6. Lavazza Italian retail revenue, Monte Carlo fan chart (20,000 draws), low, central and high paths.

Scenario (2030)	GDP %	Market EURmn	Share %	Revenue EURmn
Low (P5 / P10)	-1.6	2,985	15.6	469
Central	0.68	3,075	16.4	503
High (P90 / P95)	3.0	3,167	17.1	539

Table 5. Scenario summary for 2030, low, central and high, across all three items and Lavazza revenue.
Full year-by-year scenarios in Appendix C.

5. Conclusion

The defended five-year view is one of continuity, not turning point. Italy's economy grows at roughly 0.7 per cent a year, a figure on which the model, Euromonitor and four major institutions all agree, and which matches the country's actual post-2010 experience once the pandemic is set aside. On that weak but stable footing the real coffee market edges up at a little over one per cent a year as premiumisation offsets a maturing, ageing consumer base, reaching about 3,075 million euros in 2030. Lavazza, pressed by value challengers in pods and by rising input costs, continues a managed share decline toward 16.4 per cent, leaving its Italian retail revenue broadly flat near 500 million euros.

The central judgement for a decision maker is where the risk concentrates. The two market-level forecasts are tightly bracketed and command real consensus; the genuine uncertainty, and the genuine opportunity, lies in share. Whether Lavazza's revenue ends the decade nearer 470 or 540 million euros depends far more on its ability to hold share against fragmentation than on the macro economy or the size of the category. The strategic implication follows directly: in a flat market, defending and premiumising share is the lever that moves revenue, and it is where management attention will earn the highest return.

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Declaration on the use of generative AI

Why AI was used. A generative AI assistant was used to accelerate routine and computational tasks so that effort could concentrate on analytical judgement, model selection and interpretation.

What was used and where. The assistant supported four activities: (i) writing and debugging the Python forecasting pipeline (data extraction, cross-validation, exponential-smoothing, ARIMA, logit and Monte Carlo routines, and figure generation); (ii) gathering candidate institutional GDP forecasts and competitive intelligence by web search, every figure of which I independently verified against the original IMF, OECD, European Commission and Bank of Italy publications; (iii) structuring and drafting prose, which I then revised for voice and accuracy; and (iv) checking British spelling and formatting consistency.

Which tools. An Anthropic Claude-based assistant operating over my data files and a sandboxed Python environment.

Ownership. All modelling decisions, interpretations and conclusions are my own. I have reviewed every figure, table and claim, can reproduce the results from the underlying data, and take full intellectual responsibility for the content of this report.

Appendix

Appendix A. GDP diagnostics

Stationarity: ADF $p < 0.01$ (rejects unit root); KPSS $p = 0.02$ (rejects stationarity), consistent with a structural break. Selected model residuals (exponential smoothing): Ljung-Box $p = 0.88$, no remaining autocorrelation. Residual standard deviation (2010 to 2024, ex-pandemic): 1.84 percentage points, used to scale the prediction intervals. Figure A1 shows the autocorrelation and partial autocorrelation functions.

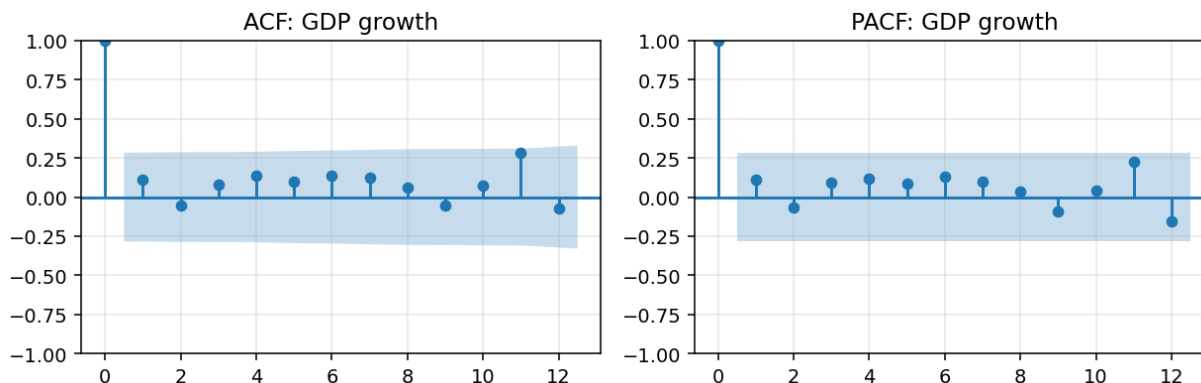


Figure A1. ACF and PACF of Italian real GDP growth.

Appendix B. Coffee market regression

OLS of log real market value on log real GDP level, 2011 to 2024: income elasticity 0.641 (95 per cent CI 0.29 to 0.99), R-squared 0.57, Durbin-Watson 0.98. The low Durbin-Watson indicates positive serial correlation, which is the main reason the elasticity is used as a cross-check rather than the central forecasting engine. Damped-trend ETS residuals: Ljung-Box $p = 0.04$.

Appendix C. Year-by-year scenario table

Year	GDP lo	GDP cen	GDP hi	Mkt lo	Mkt cen	Mkt hi	Rev lo	Rev cen	Rev hi
2026	-1.7	0.68	3.1	2803	2886	2972	468	490	513
2027	-1.7	0.68	3.1	2850	2934	3022	466	492	518
2028	-1.7	0.68	3.0	2896	2982	3070	467	495	525
2029	-1.7	0.68	3.0	2941	3029	3120	468	498	532
2030	-1.6	0.68	3.0	2985	3075	3167	469	503	539

Appendix C. Low ($P5/P10$), central and high ($P90/P95$) paths for GDP (%), real market (EUR mn) and Lavazza revenue (EUR mn). Computation reproducible from `pipeline.py`.