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Retail Foods

Annual 2015

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Report Highlights:
In Calendar Year (CY) 2014, Spain imported $2.2 billion of agricultural, fish and forest products from the United States, up almost 11 percent compared to the previous year and highest import figure on record. In 2015, Spain shows signs of real improvement in its economic situation. The country is slowly finally coming out of the economic crisis that affected its financial system and consumer income and behavior. Spain is expected to continue to show positive signs of recovery during 2015 and 2016. This situation will likely be reflected in consumers gradually increasing their expenditure again, so opportunities will continue to arise for U.S. exporters.

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SECTION I. MARKET SUMMARY

Economic Trends

For the first time since the beginning of the economic recession, Spain's GDP grew by 1.2 percent in 2014. The economic adjustments and budget cuts carried out by the Spanish government seem to have achieved the desired effect. The return to positive numbers means changes in the prevalent trends in retailing as a whole. Many of Spain's retailers experienced less severe declines than in previous years and in some cases; they grew slightly, as in the case of basic goods such as groceries. However, the five years of economic recession and cuts have certainly shaped the overall retail situation and influenced consumers' behavior. Spain's retailers reconsidered their strategies in order to adapt to the new reality of these new consumers, more price-conscious. Also important to note in the new scenarios are the increasing importance of convenient locations and the incipient threat from low-cost retail formats.

ECONOMIC TRENDS	2011	2012	2013	2014	2015*
Real GDP Growth Rate	-1.0	-2.6	-1.7	1.4	2.8
Inflation (%)	3.1	2.4	1.5	-0.2	-0.6
Unemployment (%)	21.4	24.8	26.1	24.5	21.1
GDP per Capita (€)	22,900	22,300	22,100	22,400	22,500

Source: Eurostat (www.ec.europa.eu/eurostat)
(*) Estimates

According to the estimates released by several official institutions, such as the International Monetary Fund, the performance of the Spanish economy will continue to improve gradually over the medium term. The unemployment numbers have also improved during 2015, though the total number is still unbearably high, estimated at 21 percent by the end of 2015.

Spain is expected to continue to have a positive growth and improved economic situation, which will likely raise the number of consumers steadily increase their spending again. This will likely have a positive effect in the retailing industry as a whole, with a return to pre-crisis sales figures by 2019. Online retailing is steadily increasing and expected to continue to be prosperous in the medium term, as more store-based companies move to online commerce.

Despite the good news, some experts express their concerns on the consistency of the Spanish recovery, based on the level of debt of the families, companies and even the banks and the high number of educated and qualified workers emigrating abroad looking for job opportunities. This fact is expected to drag the economic recovery.

Consumer Confidence

According to the Consumer Confidence Index (CCI) published in August 2015 by the Centre for Sociological Research (CIS), consumer confidence shows some improvement compared to August 2014. The CCI is a monthly assessment of recent economic developments and expectations of Spanish consumers related to family finances and employment used to anticipate their consumption decisions. During the third quarter 2012, this index reached lowest historical levels, when the Spanish economy was suffering the hardest of the economic recession. According to the latest survey, consumers are slowly recovering confidence and also are improving their future expectations, both when asked about employment and household situation.

The CCI is monthly assessment of recent developments and expectations of Spanish consumers related to family finances and employment used to anticipate their consumption decisions. The economic expectations, the rate of unemployment, available family incomes and inflation are important factors affecting this index and affecting consumer spending.

Tourism

Spain is one of the top tourism destinations in the world, with increasing numbers of tourists every year. In the first half of 2015, Spain set a new record of tourist arrivals. According to the latest statistics published by the Ministry of Industry, Energy and Tourism, Spain saw a record 54.4 million international tourist arrivals from January to September 2015, up 3.8 percent compared to the same period in 2014. Tourism is one of the sectors bringing optimism to the Spanish economy. In the mentioned period, foreign tourists spent 53.8 billion Euros, a 6.3 percent increase compared to 2014, which sets yet another historical record.

Tourists originated mainly from the United Kingdom, France, Germany and the Nordic countries. It is interesting to note the notable increase of tourists visiting Spain from the United States, up 23.1 percent compared to 2014. Catalonia, the Balearic Islands, the Canary Islands and Andalucia were the leading tourist destinations in the first nine months of the current year.

Furthermore, the domestic tourism is recovering after declining for six years. From January to August the increase was 6 percent in the number of national tourists, due to improvement in the economic situation.

Transatlantic Trade and Investment Partnership (TTIP)

The Transatlantic Trade and Investment Partnership (TTIP) is a trade agreement currently being negotiated between the European Union and the United States. Negotiations started in July 2013. The eleventh round of the Transatlantic Trade and Investment Partnership (TTIP) negotiations took place in Miami, Florida from October 19 - 23, 2015.

The TTIP will be an ambitious, comprehensive trade and investment agreement that will offer benefits to both sides, increasing trade, generating jobs and growth; and promoting international competitiveness.

Some important issues on the table relate to market access, regulatory issues and non-tariff barriers and trade rules. Bilateral food and agricultural trade between the United States and Spain reached 3.7 billion dollars in FY 2015, with the balance of trade being fairly even in recent years. This figure could grow even more with a comprehensive trade agreement. The impact on trade will depend on the degree of recognition of both partners. A wide and ambitious agreement will likely benefit both sides and increase agri-food trade in the coming years.

Retail Trends

The increase in domestic demand is one of the main reasons behind the economic recovery. After years of tight budgets and cutting expenses, consumers are slowly increasing their expenditure, although other factors such as exports and another record year of foreign tourists also contributed to the overall positive growth. In the retailing industry, some operators have started to see slow positive growth for the first time in several years, especially in grocery retailers.

Table 1. Sales in Grocery Retailers by Channel – Value

	2011	**2012**	**2013**	**2014**
Modern Grocery Retailers	*76,201*	*75,298*	*76,093*	*76,824*
- Convenience Stores	1,342	1,259	1,180	1,061
- Discounters	7,533	7,830	8,116	8,290
- Forecourt Retailers	1,213	1,158	1,124	1,114
-- Chained Forecourt Retailers	1,175	1,122	1,090	1,081
-- Independent Forecourt Retailers	38	36	34	33
- Hypermarkets	16,052	14,428	13,862	13,739
- Supermarkets	50,061	50,623	51,811	52,621
Traditional Grocery Retailers	*25,825*	*24,793*	*23,821*	*23,255*
- Food/Drink/Tobacco Specialists	21,412	20,579	19,732	19,304
- Independent Small Grocers	2,116	2,000	1,899	1,802
- Other Grocery Retailers	2,297	2,214	2,190	2,150
Total Grocery Retailers	**102,026**	**100,091**	**99,914**	**100,079**

Source: Euromonitor
Unit: Million USD

Table 2. Grocery Retailers Company Shares (% Value)

	2011	2012	2013	2014
Mercadona SA	17.3	18.8	19.4	19.6
Centros Comerciales Carrefour SA	8.1	7.4	7.0	7.0
Dia SA	4.4	4.6	4.8	5.7
Eroski, Grupo	5.5	5.1	4.9	4.9
Alcampo SA	4.2	4.0	3.9	3.9
Lidl Supermercados SAU	2.5	2.6	2.7	2.8
El Corte Inglés SA	3.0	2.7	2.6	2.5
Consum, Sociedad Cooperativa Ltda	1.8	1.8	1.9	1.9
Spar Española SA	1.1	1.3	1.4	1.4
Supermercados Sabeco SA	0.9	0.9	0.9	0.9
Bon Preu SA (Grupo)	0.7	0.8	0.9	0.9
Dinosol Supermercados SL (Grupo)	1.4	0.7	0.8	0.9
Condis Supermercats SA	0.8	0.9	0.9	0.9
Covirán SCA	0.6	0.6	0.6	0.7
Aldi Supermercados SL	0.6	0.6	0.6	0.6
Repsol YPF SA	0.6	0.6	0.6	0.6
E Leclerc Grupo	0.5	0.6	0.6	0.6
Maxima Latvija SIA	-	0.6	0.5	0.5
Congelats Reunits SAU	0.2	0.2	0.2	0.2
Promotora de Minimercados SA	0.2	0.2	0.1	0.1
Grupo el Arbol Distribución & Supermercados SA	0.9	0.9	0.9	-
Mercadona SA	44.7	44.2	43.6	43.5
Total	100.0	100.0	100.0	100.0

Source: Euromonitor

One key trend in the retail sector is online sales. Internet retailing offers both convenience and economy as the prices of a very wide range of products can be compared against retailers from all over the globe. Online sales continued increasing in Spain and a good performance was recorded in internet retailing for another consecutive year. Internet retailing increased in current value by 7 percent in 2014.

According to Euromonitor, the average yearly expenditure per consumer continued to decline in Spain. However, the application of best practices and improvements in the websites of many retailers combined with wider access for consumers to new technologies and mobile devices such as smartphones and tablets as well as the increase in penetration of broadband internet connections to yield consistent growth in sales through internet retailing. In fact, smartphones penetration is estimated at around 80 percent, one of the highest penetration rates in the whole of the EU and mobile retailing is outperforming internet retailing overall.

Generally speaking, consumers are closer to traditional shopping and consumers still prefer store-based retailing. Personal contact with sales staff remains a very important part of the shopping process for many Spanish consumers. This fact becomes less important as the new generations born with internet enter the consumers' world. Another factor influencing online sales is the consumers' concern about online fraud that occurred in the past. This suspicion drags the growth of internet sales. In this regard, Spain's leading internet retailers are focusing all of their efforts on building trust among their collective consumer base. According to Euromonitor, when analyzing the reasons why consumers choose online retail, the results are as follows:

- Convenient – 78 percent
- Able to find better prices and offers online – 73 percent
- To save time – 66 percent
- Easy purchase process – 56 percent

For more details, please read the GAIN Report Grocery Online Retailing in Spain.

Table 3 Sales in Retailing by Store-based vs Non-Store: Value 2009-2014

	2010	2011	2012	2013	2014
Store-based Retailing	196.2	192.7	185.8	182.6	182.6
Non-Store Retailing	12.9	13.3	13.8	13.7	13.8
Total Retailing	**209.1**	**206.0**	**199.6**	**196.2**	**196.5**

According to Euromonitor, another effect of the economic crisis is the consumer's reluctance to travel to hypermarkets and big shopping malls on the outskirts of the cities, due to the cost and inconvenience attached to the trip. As a result, the future of many of the large retail centers built during the good days of the Spanish economy are compromised. Consumers these days are more likely to shop around their neighborhood or close to their workplaces, purchasing their groceries and other basic goods at one place or another depending on the range of products on offer, the level of price discounts which are available and, most importantly, the location of the outlet.

This has led to certain retailers' decision to locate their outlets in close proximity to consumers, even if that means a complete restructuring of their retailing philosophy and structure. Thus, some Spanish and foreign retailers decided to open retail outlets in urban areas, generally with lower amounts of retail selling space, very well located on busy shopping streets in the centers of the main cities. As a result, large modern grocery retailer outlets have opened new chains under brands such as Condis Exprés, Carrefour Market and Supercor Exprés, emphasizing in the convenience and close-to-consumer message. However, the booming of this proximity retailing and urban stores is not unique to grocery retailers and is also occurring in other retail channels.

Table 4. Store-based Retailing Outlets by Channel (000 Units)

	2010	2011	2012	2013	2014
Grocery Retailers	154.2	149.4	144.0	139.9	136.8
Non-Grocery Specialists	302.6	296.0	288.7	283.2	281.1
Mixed Retailers	15.8	15.7	15.5	15.3	15.0
Luxury Retail	-	-	0.2	0.2	0.2
Total Store-based Retailing	**472.5**	**461.2**	**448.3**	**438.4**	**432.9**

Source: Euromonitor

Product Trends

Spanish consumers are increasingly health conscious. Naturally healthy and free-from products are more widely available in supermarkets and specialized stores. One of the most interesting and promising categories are healthy products indicated for food intolerances. According to Euromonitor, in 2014, food intolerance products sales grew 27 percent in value to reach $306 million. In this sense, according to the same source, lactose-free food is the most dynamic category of 2014, posting a rise in value of 37 percent. Euromonitor expects that food intolerance will record sales of $500 million in 2019.

Table 5. Sales of Food Intolerance by Category (Value)

	2010	2011	2012	2013	2014
Diabetic Food	27.2	27.0	26.6	-	-
- Diabetic Bakery Products	7.4	7.5	7.7	-	-
- Diabetic Confectionery	19.5	19.0	18.4	-	-
-- Diabetic Chocolate Confectionery	9.6	9.2	8.9	-	-
-- Diabetic Sugar-free Confectionery	10.0	9.8	9.5	-	-
- Diabetic Spreads excl Honey	0.4	0.4	0.4	-	-
Gluten-free Food	42.4	43.2	44.8	47.3	49.4
- Gluten-Free Bakery Products	13.5	13.4	14.1	15.5	16.6
- Gluten-free Baby Food	24.7	25.3	25.9	26.5	26.9
-- Gluten Free Dried Baby Food	7.5	7.6	8.0	8.1	8.3
-- Gluten Free Prepared Baby Food	13.8	14.2	14.5	14.7	14.9
-- Gluten Free Other Baby Food	3.3	3.4	3.5	3.5	3.7
- Gluten-free Pasta	4.1	4.5	4.8	5.4	5.9
- Gluten-free Ready Meals	-	-	-	-	-
Lactose-free Food	86.7	104.0	131.4	181.4	243.5
- Lactose-Free Dairy	73.4	90.2	117.0	166.0	227.4
- Lactose-free Ice Cream	7.2	7.4	8.0	8.7	9.2
- Lactose Free Baby Food	6.1	6.3	6.5	6.8	7.0
-- Lactose-Free Special Baby Milk Formula	6.1	6.3	6.5	6.8	7.0
Other HW Special Baby Milk Formula	13.2	13.3	13.4	13.4	13.5
- Other Liquid Special Baby Milk Formula	-	-	-	-	-
- Other Powder Special Baby Milk Formula	13.2	13.3	13.4	13.4	13.5
Food Intolerance	**169.5**	**187.4**	**216.3**	**242.2**	**306.5**

Source: Euromonitor
Unit: Million USD

Another interesting market niche is naturally healthy packaged food. In 2014, naturally healthy packaged food sales value increased 7 percent. According to Euromonitor, the rising demand for products with less additives and artificial ingredients is the main factor positively influencing naturally healthy packaged food in 2014. As an example, the highest growth is seen in other non-dairy milk alternatives, with a value sales rise of 22 percent in 2014.

Table 6. Sales of Naturally Healthy Packaged Food by Category (Value)

	2010	2011	2012	2013	2014
NH High Fibre Food	535.6	537.2	560.1	597.4	635.4
- NH High Fibre Bakery Products	522.0	523.2	546.0	580.1	614.8
-- NH High Fibre Biscuits	86.1	87.1	92.4	96.6	100.2
-- NH High Fibre Bread	384.9	383.8	395.4	427.2	458.7
-- NH High Fibre Breakfast Cereals	51.0	52.4	58.2	56.5	55.9
- NH High Fibre Noodles	-	-	-	-	-
- NH High Fibre Pasta	4.2	4.6	5.1	5.7	6.5
- NH Rice	9.2	9.4	9.1	11.6	14.1
NH Honey	99.9	103.5	106.1	109.9	114.3
NH Oils and Fats	1,369.0	1,359.9	1,463.5	1,699.0	1,816.8
- NH Olive Oil	1,369.0	1,359.4	1,463.0	1,698.5	1,816.2
- NH Regular Spreadable Oils and Fats	-	0.5	0.5	0.5	0.5
NH Snack Bars	17.4	18.0	19.1	20.4	22.4
- NH Fruit Bars	0.4	0.6	1.2	1.3	1.4
- NH Granola/Muesli Bars	17.0	17.3	18.0	19.1	21.0
NH Sour Milk Products	3.0	3.0	3.0	2.8	2.7
NH Soy Products	300.2	314.3	309.6	334.6	356.6
- NH Non-Dairy Milk Alternatives	269.2	278.6	276.1	304.2	327.4
-- NH Soy Drinks	-	-	-	-	-
-- NH Soy Milk	189.2	194.2	189.0	184.7	181.9
-- NH Other Non-Dairy Milk Alternatives	80.0	84.4	87.1	119.5	145.5
- NH Soy-based Dairy Alternatives	30.1	34.6	32.3	29.2	27.7
-- NH Soy-based Chilled and Shelf Stable Desserts	6.8	6.2	6.1	6.2	6.5
-- NH Soy-based Yoghurt	23.3	28.4	26.1	22.9	21.3
- NH Soy-based Meat Alternatives	0.9	1.1	1.2	1.2	1.4
-- NH Soy-based Frozen Meat Substitutes	0.4	0.6	0.8	0.8	0.8
-- NH Soy-based Ready Meals	0.4	0.4	0.4	0.4	0.6
Other NH Frozen Meat Substitutes	-	-	-	-	-
Other NH Ready Meals	-	-	-	-	-
NH Sweet and Savoury Snacks	466.9	462.5	465.1	512.0	541.5
- NH Fruit Snacks	43.8	44.7	45.6	42.9	43.8
- NH Nuts	423.2	417.7	419.6	469.1	497.7
Naturally Healthy Packaged Food	**2,791.9**	**2,798.3**	**2,926.6**	**3,276.3**	**3,489.6**

Source: Euromonitor
Unit: Million USD

Shopping habits

As mentioned earlier in the report, one of the effects of the economic crisis is the consumer's reluctance to travel to hypermarkets and big shopping malls on the outskirts of the cities, due to the cost and inconvenience attached to the trip. Furthermore, consumers are less keen in traveling to hypermarkets to do their shopping in one major monthly trip and are moving towards visiting markets and supermarkets more often, once or several times a week, and spending less in each visit. This is benefiting mid-size urban supermarkets in detriment of hypermarkets and big supermarkets outside the cities. It also avoids unnecessary non-food purchases.

However, the main factors affecting consumer decision to elect where to purchase food products are:

- Proximity;
- Price (excluding sale promotions);
- Quality;
- Variety of products offered;
- Attention given to the client (including through loyalty programs);
- Sale promotions;
- Variety of brands;
- Quick purchasing;
- Parking;
- Operating hours.

Information for U.S. exporters

U.S. processed food exporters now face even greater challenges in the Spanish market, because of the EU labeling and traceability regulations. Any product that contains genetically modified ingredients must be labeled so that the consumer can distinguish the product. Due to the bad public perception of genetically modified products, retailers are reluctant to purchase these processed products or food ingredients for processing.

In addition, acceptable colorings and additives may differ from those used to produce product for the U.S. market. For more information on food additives regulation please check the FAS/USEU Mission link on the topic.

Spain generally applies EU rules and regulations. However, there are subtleties that exporters should learn about before exporting to the Spanish market. For more information, we invite potential U.S. exporters to contact the Office of Agricultural Affairs in Madrid at AgMadrid@fas.usda.gov for additional sector-specific information.

In general terms, U.S. exporters already exporting to other EU Member States will likely be meeting most of the requirements for exporting into the Spanish market. The U.S. exporter needs to make contact with an importer and/or distributor for his product. Typically, food products are imported directly by an importer, broker and/or wholesaler or distributor.

The following documents are required for ocean or air cargo shipments of foodstuffs to Spain:

- Bill of Lading and/or Airway Bill
- Commercial Invoice
- Phytosanitary Certificate and/or Health Certificate when applicable
    - If your product is or contains plant or animal products, it will require a phytosanitary or health certificate issued by the competent U.S. authority. Also, if you are exporting animal products, your plant has to be approved to export into the EU.
- Import Certificate
    - Most food products require an Import Certificate issued by the competent Spanish authority. However, the Import Certificate is obtained by either the Spanish importer and/or the agent involved in the business and is intended for tariff classification purposes.

For more information on food standards and regulations, please consult the Food and Agricultural Import Regulations and Standard Report for Spain and the EU-27 available at the FAS/USEU Mission link on the topic.

Also, please check the U.S. Mission to the European Union webpage which will guide you on exporting into the EU.

Table 7. Advantages and Challenges for US Products in the Spanish Market

Advantages	Challenges
Spain's food industry relies on imported ingredients, many from the U.S.	Spain's financial situation, two main effects on retail: sinking domestic demand, lack of credit for companies – though this is improving
Tourism is a strong and ever-growing sector that provides retail, food and drink sales.	Lack of consumer awareness of U.S. brands and varieties of U.S. products.
Good image and reputation of U.S. products.	Competition from neighboring EU countries, where tastes and traditional products may be well known.
Good network of agents and importers to help get product into the market.	U.S. exports face higher transportation costs and difficulties in shipping mixed or smaller container loads.
Consumers are increasingly health conscious, demanding products not sufficiently present in the market.	EU labeling, traceability, and packaging laws.
Distribution structure is modern and many companies cover both Spain and Portugal.	High import tariffs and import regulations impose a price disadvantage on non-EU based companies.
Food products in the market are becoming more diversified. Consumers are becoming more open, creating opportunities for new and foreign products.	High marketing costs (advertising, discounts, etc.)

SECTION II. ROAD MAP FOR MARKET ENTRY

A. SUPERSTORES, SUPERMARKETS, HYPER MARKETS OR SUPER CENTERS, CLUB AND WAREHOUSE OUTLETS

Table 8. Retail Outlets – Company Profiles

Retail Organizations and Outlet Types	Ownership (Local or Foreign)	Sales 2014* $ Million	Location	Type of Purchasing Agent
MERCADONA, S.A. Supermarket	Spanish	19,500	Nationwide	Importer, Direct
GRUPO CARREFOUR, S.A. Supermarkets, Hypermarkets	French	8,500	Nationwide	Importer, Direct
GRUPO EROSKI Supermarket	Spanish	6,000	Nationwide	Importer, Direct
DISTRIBUIDORA INTERNACIONAL DE ALIMENTACION, S.A. (DIA) Hard Discount	French	4,900	Nationwide	Importer, Direct
ALCAMPO, S.A. - GRUPO Hypermarkets	French	3,800	Nationwide	Importer, Direct
LIDL SUPERMERCADOS, S.A.U. Hard Discount	German	2,700	Nationwide	Importer, Direct
HIPERCOR, S.A. Supermarket	Spanish	2,000	Nationwide	Importer, Direct
CONSUM, S. COOP. Supermarket	Spanish	1,900	Nationwide	Importer, Direct
AHORRAMAS, S.A. - GRUPO Supermarket	Spanish	1,500	Madrid, Castilla La Mancha	Importer, Direct
MAKRO AUTOSERVICIO MAYORISTA, S.A. Wholesaler	German	1,350	Nationwide	Importer, Direct

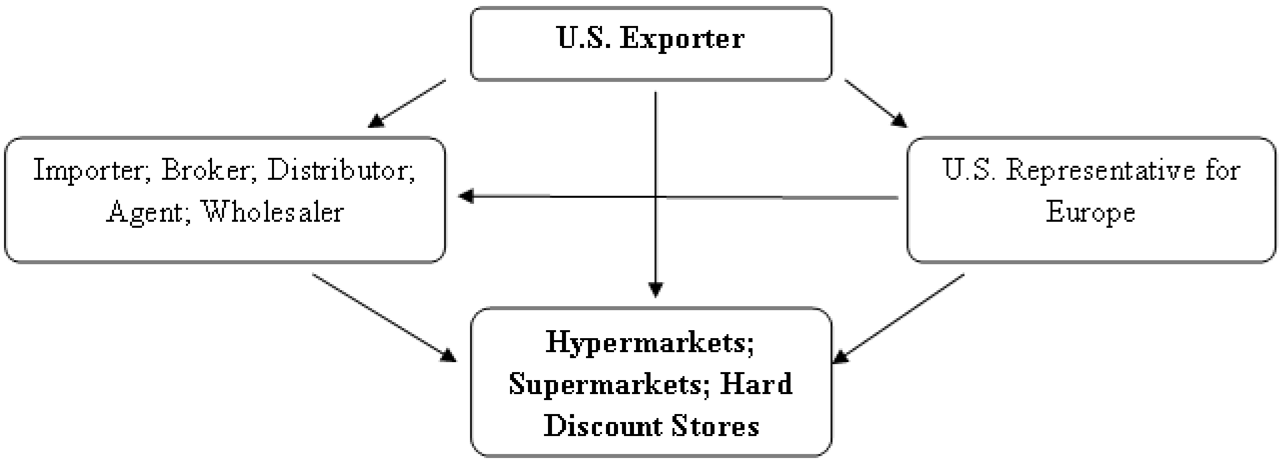
Source: Alimarket
* Estimate

Entry Strategy

Success in introducing products in the Spanish market normally requires local representation and personal contact. A local representative can provide up-to-date market intelligence, guidance on business practices and trade related laws, sales contact with existing and potential buyers, and market development expertise. The Office of Agricultural Affairs in Madrid maintains listings of potential importers and is developing sector-specific information to help you introduce your product in Spain.

A directory of European importers is available online at American Foods in Europe Directory. European importers of U.S. food and beverages are listed by product categories and company/country index.

Market Structure



In the supermarket sector, products are imported either by an importer, broker or agent, a wholesaler and/or distributor. Some products enter via other European Union ports either through a European importer or through the U.S. representative for Europe for that specific product.

Product representatives are better positioned to promote to retailers and consumers since retailers, as a general rule, do not promote specific products within their facilities. Retailers will, however, sell shelf-space, which is very expensive in the Spanish market. In order to cut costs, some retailers are importing directly from the supplier. In the case of retailers whose ownership is primarily foreign (foreign partnership), such us Carrefour (French), Auchan (French) and Lidl (German) many of the products, in particular specialty products for sale, are from their respective home country. It is important to note that Spanish distributors have nationwide distribution in Spain and, in most cases, in Portugal.

While hypermarkets and larger sized supermarkets control a large share of sales, small sized supermarkets are becoming ever more popular due to their proximity to the consumer (generally located within walking distance of residential and/or business areas).

Furthermore, major discount chain stores have expanded considerably in Spain, with a steady flow of DIA and Lidl openings, particularly when the financial crisis started with consumers being more sensitive to price. These outlets are much smaller than hypermarkets and only sell food and cleaning products. This type of store provides little service to the consumer, which is reflected in the lower final product prices.

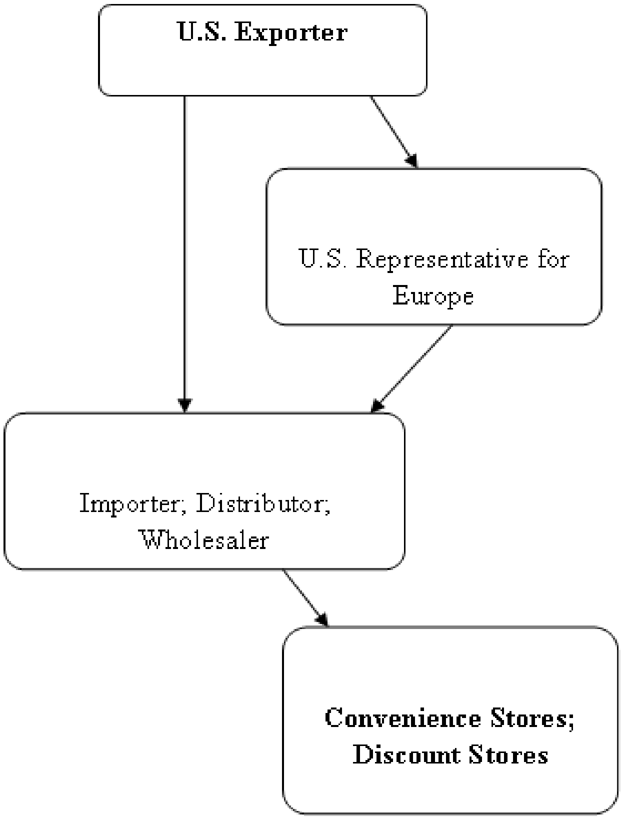
B. CONVENIENCE STORES, GAS MARTS, KIOSKS

Table 9. Convenience Stores – Company Profiles

Retail Organizations and Outlet Types	Ownership (Local or Foreign)	Sales 2014* $ Million	Location	Type of Purchasing Agent
DISA PENINSULA, S.L.U. Gas station	Spanish	390	Nationwide	Importer, Wholesaler
REPSOL-CAMPSA Gas station	Spanish	280	Nationwide	Importer, Wholesaler
TIENDAS DE CONVENIENCIA, S.A (Opencor) Urban Convenience Store	Spanish	135	Nationwide	Importer, Wholesaler
AREAS, S.A. Highways	Spanish	105	Nationwide	Importer, Wholesaler
CEPSA CONVENIENCIA, S.A. Gas station	Spanish	95	Nationwide	Importer, Wholesaler
GALP ENERGIA ESPANA, S.A. Gas station	Portuguese	90	Nationwide	Importer, Wholesaler
BP OIL ESPANA, S.A. Gas station	UK	86	Nationwide	Importer, Wholesaler
GESPEVESA Gas station	Spanish	57	Nationwide	Importer, Wholesaler
GRUPO VIPS – SIGLA, S.A. Urban Convenience Store	Spanish	35	Nationwide	Importer, Wholesaler
SERVICIOS INTEGRALES OPEN 25, S.L. Urban Convenience Store	Spanish	10	Nationwide	Importer, Wholesaler

Source: Alimarket
* Estimate

Market Structure



Convenience Stores

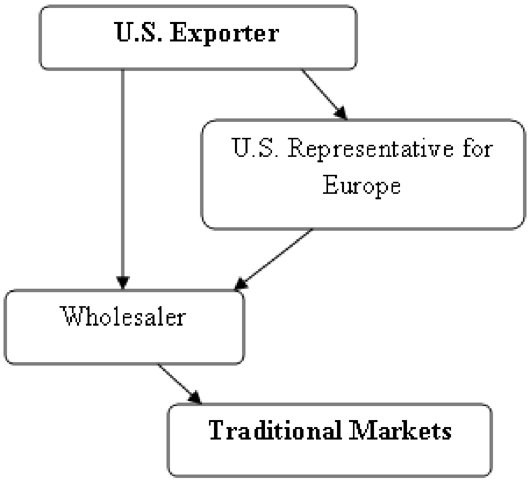
In Spain, convenience stores are usually associated with gas stations (90 percent of the total market share). However, “urban” convenience stores are popping up in Spain (10 percent of the total market share).

Convenience stores are very popular for last minute purchases. The sales through this kind of stores have largely benefited from the increasingly busy lifestyle. The advantages pointed out by convenience store consumers include their opening hours (open longer hours than other stores). However, these stores are going through a rough time due to their high prices. Spanish consumers are more and more price sensitive and long hours are not a determining advantage any longer. With more unemployed people, the time constraints drop, and so convenient stores become less relevant. The convenience stores environment is expected to see a substantial slowdown in the coming years, likely until the economic indicators show recovery signs.

Convenience stores generally have insufficient storage space to import directly, so they almost always buy their products from importers, wholesaler and/or distributors.

C. TRADITIONAL MARKETS

Market Structure



Traditional corner grocery stores are composed of corner grocery stores, fresh and regional markets. Wholesalers are the main suppliers for traditional markets. In this sense, large wholesalers generally import directly but smaller wholesalers, whose main customer is the traditional market, do not import and buy the product through other local importers and/or larger wholesalers.

Usually, these types of stores are traditional family owned and located within residential and/or neighborhood areas. Although they are small in size, they usually carry a diversified range of food and cleaning products. Sanitary conditions are good and all of them have a small refrigeration area. Although their prices are usually higher than in any other type of outlet, they are quite popular for their high quality fresh produce and their proximity. Because these stores are part of the neighborhood, some of them deliver products ordered by telephone. Their main suppliers are the cash-and-carries, which are warehouse type supermarkets and/or small wholesalers who visit once a month to take inventory and restock.

Open-air markets are also very popular. They sell mostly fresh produce, fresh meats, cheeses, traditional products, tree nuts, edible dry beans, and are only open in the mornings. Their suppliers are the wholesale markets for fresh produce. Regional open-air markets are also very popular. They take place either once a week, once a month or, in some particular cases, once a year, and usually run on weekends. Because they are so popular and traditional, they are located in the vicinity of major cities and throughout rural areas. Fresh produce and regional foods such as cheese, bread, cookies, etc. are the most common products marketed at these fairs. They also sell other products that can be found at a flea market.

Of additional interest are some "specialized food stores" – gourmet type stores - which are located in the major cities. These stores specialize in particular in high quality food products such as cheese, meats, diversified types of bread, wines, regional products, etc. These stores may be compared to Deli stores and sell not only local delicatessen food products but also import some of the products. These stores are usually expensive due to the diversity and type of products presented.

SECTION III. COMPETITION

Table 10. Competitive Situation Facing U.S. Suppliers from Domestically Produces Goods and Imported Goods			
Product Category (thousand metric tons; million USD)	**Major Supply Sources in 2014 (in value)**	**Strengths of Key Supply Countries**	**Advantages and Disadvantages of Local Suppliers**
Frozen Fish *Imports: 313* *Value:$809*	1. Portugal - 10% 2. Mexico - 6% 3. France - 5% 10. USA - 4%	Other major suppliers offer high quality fish products at competitive prices.	Large competition from local suppliers and producers. Spanish domestic consumption and exports surpass local supply.
Almonds *Imports:75* *Value:$536*	1. USA - 88% 2. Australia - 8% 3. Germany - 1%	Competition from other supplying countries is limited, as Spanish demand for almonds is very high and production in other EU countries is not enough to satisfy demand.	Spain produces almonds, mostly used roasted as a snack, due to its organoleptic properties. U.S. almonds are processed, both to be used by national industry or re-exported.
Walnuts *Imports:24* *Value:$180*	1. USA - 59% 2. France - 15% 3. Chile - 11%	France is a traditional supplier of walnuts. Chile is increasing its presence in the Spanish market	Spain has a significant production of high quality walnuts.
Pistachios *Imports:6* *Value:$70*	1. Germany - 36% 2. USA - 29% 3. Iran - 23%	Germany is the main entry point for U.S. and Iranian pistachios to the EU. Pistachios are then re-exported to other member states.	Pistachio production in Spain is very limited.
Sunflower seeds *Imports:427* *Value:$265*	1. France - 48% 2. USA- 12% 3. Bulgaria - 10%	Growing competition from China, Argentina and Israel for confectionary.	Spain production of sunflower seeds for confectionary is not sufficient to meet demand.
Pulses *Imports:203* *Value:$209*	1.USA - 23% 2. Argentina - 16% 3. Mexico - 16% 4. Canada - 13%	Strong competition from Argentina, who largely increased their presence in recent years, and Canada, a traditional supplier to Spain.	Spain is a traditional consumer of pulses and its local production is not sufficient to fulfill internal demand.

Source: www.gtis.com

SECTION IV. BEST PRODUCT PROSPECTS

Products Present In The Market That Have Good Sales Potential

- Tree nuts, particularly almonds, walnuts and pistachios
- Peanuts
- Pulses
- Sunflower seeds
- Fish and Seafood, fresh and frozen

Products Not Present In Significant Quantities But Which Have Good Sales Potential

- Functional and health food
- Free-from products (lactose-free, gluten-free)
- Food ingredients
- High value beef (only Non-Hormone Treated Cattle)
- Specialty foods, snack foods and sauces
- Beverages (wine and beer) and distilled spirits
- Organic Products
- Pet foods

Products Not Present Because They Face Significant Barriers

- Red meat and meat preparations (hormone ban)
- Poultry (sanitary procedures - chlorine wash)
- Processed food (with GMO ingredients)

SECTION V. POST CONTACT AND FURTHER INFORMATION

If you have any questions or comments regarding this report or need assistance exporting to Spain, please contact the Office of Agricultural Affairs in Madrid at the following address:

Foreign Agricultural Service
American Embassy, Madrid
C/ Serrano, 75
28006 Madrid
Spain
Tel.: +34-91 587 2555
Fax: +34-91 587 2556
Email: AgMadrid@fas.usda.gov
Web: http://madrid.usembassy.gov/about-us/fas.html

Please email the Office of Agricultural Affairs in Madrid for more information. Importer listings are available from the Agricultural Affairs Office for use by U.S. exporters of U.S. ingredients. Recent reports of interest to U.S. exporters interested in the Spanish market can be accessed through the FAS website.

Additionally, a list of trade associations and useful government agencies is provided below:

Trade Associations

FIAB- Federación de Industrias de Alimentación y Bebidas
(Spanish Federation of Food and Beverage Industries)
http://www.fiab.es
fiab@fiab.es

FEHR – Federación Española de Hostelería
(Spanish Federation for HRI Sector)
http://www.fehr.es
fehr@fehr.es

ASEDAS – Asociación Española de Distribuidores, Autoservicios y Supermercados
(Spanish Association for Distributors and Supermarkets)
http://www.asedas.es
direc.general@asedas.org

ANGED – Asociación Nacional de Grandes y Medianas Empresas de Distribución
(National Association of Midsize and Large Distributors)
http://www.anged.es
anged@anged.es

Government Agencies

Subdirección General de Sanidad Exterior
Ministerio de Sanidad, Servicios Sociales e Igualdad
(Ministry of Health, Social Services and Equality)
(Responsible for: Imported Foodstuffs, Contaminants and Compound Residues, Health Certification, Port Inspection and EU Alerts)
http://www.msssi.gob.es/profesionales/saludPublica/sanidadExterior/home.htm
saniext@msssi.es

Agencia Española de Consumo, Seguridad Alimentaria y Nutrición (AECOSAN)
(Spanish Consumption, Food Safety and Nutrition Agency)
http://www.aecosan.msssi.gob.es
http://www.aesan.msc.es/SIAC-WEB/contacto.do?reqCode=newSearch

Dirección General de Industria y Mercados Alimentarios
Ministerio de Agricultura, Alimentación y Medio Ambiente
(Ministry of Agriculture, Food and Environmental Affairs)
http://www.magrama.gob.es
informac@magrama.es

For more information on exporting U.S. agricultural products to other countries, please visit the Foreign Agricultural Service home page.