

Required Report: Required - Public Distribution

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Report Name: Retail Foods

Country: Guatemala

Post: Guatemala City

Report Category: Retail Foods

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Report Highlights:

The retail industry in Guatemala is strong and continues growing; the two largest supermarket chains continue expanding and opening new outlets in both the urban and rural areas of the country. Walmart is the largest and the leading supermarket chain in Guatemala. The main competitors for supermarkets are the open-air markets and corner stores that have a strong presence mainly in the interior of the country and sell mostly to low income consumers. However, there is a strong demand for imported products from the middle and high-end consumers who demand high-quality products. U.S. consumer-oriented products such as red meats, chicken, prepared foods, condiments, snacks, wines, beers, fresh fruits, seafood, and organic products have good potential for growth. In 2018, U.S. consumer-oriented products exported to Guatemala reached \$442 million, an increase of 6 percent from 2017.

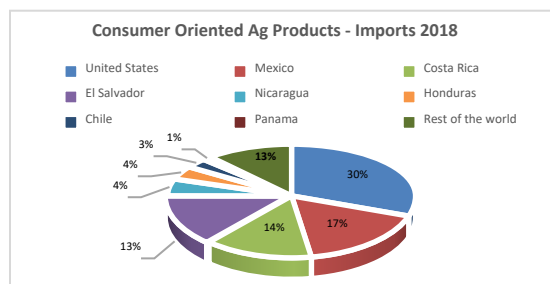
MARKET FACT SHEET: GUATEMALA

Executive Summary

Guatemala has the largest population in Central America with nearly 15 million inhabitants. It is the horticultural hub of Central America. The United States is Guatemala's largest trading partner, and Guatemala is a net importer. After 13 years of the Dominican Republic-Central America Free Trade Agreement (CAFTA-DR), almost all U.S. agricultural products enter duty free and nearly all remaining tariffs will be eliminated over the next five years. The United States is the largest agricultural product supplier to Guatemala, accounting for 42 percent of the market.

Imports of Consumer-Oriented Products

Around 30 percent of consumer-oriented agricultural products imported to Guatemala are from the United States, followed by Mexico with 17 percent, Costa Rica with 14 percent; and El Salvador with 13 percent. In 2018, Guatemala imported US\$1.7 billion from the world and US\$442 million from the United States.



Food Processing Industry

The food processing industry is divided into different sub-sectors, led by non-alcoholic beverages and preserved foods. These two sub-sectors represent 40 percent of the total national production, followed by baked goods (15 percent of total exports of processed products.) Guatemala is a major importer of raw materials and ingredients for food processing. The United States offers consistent and high-quality ingredients for the food processing industry.

Food Retail Industry

The retail sector in Guatemala is dominated by three supermarket chains. These supermarkets mainly target middle and high-income consumers.

However, there are still many opportunities in the retail sector.

Only 30 percent of food sales are in supermarkets. Other consumers still rely on open-air markets and corner stores.

Quick Facts CY 2018

Imports of Consumer-Oriented Ag Products from the U.S.: **\$442 million.**

List of Top 10 U.S. Ag Products in Guatemala (million \$):

- | | |
|--------------------------------------|---|
| 1) Poultry Meat & Products (\$123.4) | 6) Prepared Foods (\$28.4) |
| 2) Dairy Products (\$51.8) | 7) Fresh fruits (\$23.3) |
| 3) Pork & Pork Products (\$50.3) | 8) Condiments & Sauces (\$17.7) |
| 4) Processed Vegetables (\$36.7) | 9) Snack foods (16.9) |
| 5) Beef & Beef Products (\$35.5) | 10) Chocolate & Cocoa Products (\$13.5) |

Guatemala Ag imports from the U.S.: \$1.3 billion
Guatemalan Ag exports to the U.S.: \$2.2 billion

GDP/Population

Population (millions): 14.9

GDP (USD): \$78.4 billion

GDP per capita (USD, PPP): \$8,200

Top Guatemalan Retailers:

- | | | |
|---------------|-----------------------|-----------|
| 1. Walmart | 4. Tiendas del Barrio | 7. Fresko |
| 2. Unisuper | 5. La Barata | |
| 3. Pricesmart | 6. Save A Lot | |

Strengths	Weaknesses
Fast-food restaurants require consistent quality of ingredients; this requires importing more value-added products to meet international standards.	Uncertainty with Customs policies and procedures that can result in delays, fines, or denial of preferential tariff treatment.
As Guatemalan consumers become more sophisticated, opportunities for higher quality products increase.	Other Central American countries and Mexico export products at competitive prices with lower shipping costs.
There are around 25,000 restaurants in Guatemala.	Guatemala is a price sensitive market, and this could reduce loyalty to brands in times of economic difficulty.

Source: BICO, Trade Data Monitor

SECTION I. MARKET SUMMARY

Guatemala's total population is estimated at 15 million people. Guatemala has high rates of social and economic inequality. Despite the challenging economic situation, urbanization in Guatemala City and other areas of the country continues growing and more supermarkets are opening throughout the country.

The retail sector in Guatemala is dominated by three supermarket chains: Walmart Mexico and Central America, Unisuper (La Torre/Econosuper) and PriceSmart. These supermarkets target middle- and high-income consumers; however, the two largest supermarket chains Walmart and Unisuper also have stores that service low and middle-income consumers. There are still ample opportunities in the retail sector since only 30 percent of total food sales are made through supermarkets.

The higher end consumers are shoppers that buy groceries in the supermarkets on a weekly basis; they have higher disposable incomes and value the service that modern channel retailers provide in contrast to middle and low-income consumers who prefer open air markets or corner stores. These stores offer smaller sizes which lower income consumers prefer because of the price and in the absence of a refrigerator, the entire product is consumed in the same day.

Online shopping is still not very popular among shoppers and only a few supermarkets have this service available. It is mostly used by higher end shoppers and they usually prefer if the store can also provide home delivery service within a short period of time the same day the order is placed. There are five Apps that offer the supermarket delivery service: Paiz Messenger; Hugo App; El Kiwi; Pedisuper.com; and Glovo. The minimum purchase is of \$20 per order.

Forecast Sales in Modern Grocery Retailers by Channel: Value 2017-2022						
GTQ million / exchange rate Q7.5 = \$1.00						
	2017	2018	2019	2020	2021	2022
Convenience Stores	1,033.7	1,122.3	1,213.9	1,303.1	1,394.0	1,482.0
Discounters	7,888.1	8,253.0	8,682.7	9,147.9	9,618.3	10,093.7
Forecourt Retailers	702.1	752.6	799.4	849.9	907.3	970.8
- Chained Forecourts	480.9	516.5	547.5	584.3	624.7	673.8
- Independent Forecourts	221.3	236.1	251.9	265.6	282.6	297.0
Hypermarkets	3,578.2	4,106.1	4,288.1	4,866.5	5,071.6	5,737.9
Supermarkets	11,925.3	12,695.1	13,674.5	14,734.4	15,827.4	17,005.9
Modern Grocery Retailers	25,127.5	26,929.1	28,658.6	30,901.9	32,818.7	35,290.4
Source: Euromonitor International						

b) Advantages and Challenges for U.S. Exporters in Guatemala

Advantages	Challenges
Guatemalans view U.S. products as high quality and safer than other products.	Guatemala has signed free trade agreements with various countries forcing the U.S. to be more competitive.
U.S. private label products have an opportunity at the retail industry especially with importing companies that distribute products to the interior of the country.	Local government authorities lack a civil service career creating a fragile regulatory structure. This sometimes creates delays at some processes including registration of new imported products.
Every year more supermarkets are opening stores in the outskirts of Guatemala City and the interior of the country.	Cold chain management continues to be a challenge for distributors into the interior of the country.
Imported products have more opportunities while the supermarket sector continues growing.	Regional competition is strong, especially from other countries within Central American, Mexico, and Chile.
High-end consumers are looking for new trends in other countries, such as organic, low-carb, no sugar, fat-free, etc.	The nutrition front-of-package labeling initiative is still under consideration in Guatemala and could cause uncertainty if not resolved.

SECTION II. ROAD MAP FOR MARKET ENTRY

Entry Strategy

Success in introducing an imported product in the Guatemalan market depends on local representation and personal contact. Hiring a distributor is the easiest and fastest way to enter the market. In particular, it is best if this distributor is already supplying the supermarkets. The local representative or distributor should be able to provide sales contacts as well as market knowledge and guidance on business practices and trade related laws. In many cases the local representative or distributor is also the importer. The Foreign Agricultural Service (FAS) office in Guatemala maintains a list of companies that represent or distribute U.S. products in Guatemala. The office also has ongoing activities that provide opportunities to meet the Guatemalan trade.

In order to improve the odds of success in entering the market, U.S. suppliers should provide labeling or re-labeling services, competitive pricing, credit, catalogs, printed material and samples to importers/distributors. Firms should also consider providing support to importers by sharing advertisement costs of new brands, as well as support to train sales personnel.

Market Structure

- ❖ The largest expansion was seen within convenience stores: Super 24 opened 32 new stores and Unisuper opened ten La Torre Express stores between 2018-2019.
- ❖ Wal-Mart Mexico and Central America opened 19 stores in the period 2017-2018, most of them located in rural areas of the country.
- ❖ Typically, imported products are introduced into the country by a local importer, agent or distributor.
- ❖ Walmart and Pricesmart have regional offices that imports/distributes products within their stores in Central America. These offices are in Miami (Pricesmart); and Costa Rica and Guatemala (Walmart.)
- ❖ When working with brokers, importers prefer those located in Miami so they can reduce transportation costs.
- ❖ The two largest supermarket stores in Guatemala offer support to small local farmers by offering funds, technical support, and market information, to help them grow high quality, competitively priced products that can be sold at their stores and other retailers in the formal marketplace.
- ❖ Internet retailing is slowly becoming a new purchasing method for Guatemalan consumers in Guatemala City. The only grocery retailer that offers this service is Walmart which has free home delivery and allows consumers to order by phone, e-mail or messenger. Consumers pay once the groceries have been delivered.

Company Profiles

Walmart Mexico and Central America: it is the largest supermarket chain in Guatemala. The company has a total of 238 stores divided as follows: Supertiendas Paiz (26), Walmart (10), Despensa Familiar (164), and Maxi Despensa (38). Walmart imports directly around 85 percent of its food products including produce, cereals, processed foods and beverages. Walmart Guatemala and Costa Rica make most of the purchasing decisions for the rest of its Central American stores and are interested in expanding the lines of imported goods to supply their high-end stores. It also has a private label Great Value which competes with imported products and is regarded as quality merchandise at affordable prices.

Unisuper: is the second largest supermarket in Guatemala and the number one domestic supermarket chain, with 100 stores under the names of La Torre (84), and La Torre Express (16). a) La Torre sells local and imported products and costumers are middle-high and high-end consumers; b) Super La Torre Express which are smaller stores located mainly in Guatemala City. Unisuper introduced this new convenience store concept “express” at the end of 2017. The strategy consists in opening small convenience stores in Guatemala City and it is expected to expand in the coming years to other areas of the country. These stores carry a small inventory of products and compete directly with corner stores but with the difference that they can sell imported products and refrigerated and frozen goods. <http://www.supermercadoslatorre.com/>

Super Del Barrio: started business in 2007 and presently has 49 stores under three different concepts: Super Del Barrio (43) offers daily discounts for food items and competes with larger stores attracting customers that live in nearby residential areas and targets lower income consumers; Summa (3) which are larger stores that are similar to a hypermarket store; Super Fresh (3) which caters to a middle and high-end consumers where imported and local products are found; these are stores that also provide home delivery service. <http://superdelbarrio.com.gt>

PriceSmart: is a U.S. warehouse company that operates membership club stores in Latin America and the Caribbean. Their headquarters are located in San Diego, California; the company sells food and consumer goods and members pay between \$20 and \$35 for an annual membership to shop at their stores. The supermarket has 4 stores located in Guatemala City, Mixco, and Fraijanes. Presently, this is the only membership club in Guatemala. <https://shop.pricesmart.com/gt/en/>

Save A Lot: a U.S. discount grocery store that opened the first store in Guatemala on April 2016. The supermarket offers more than 1,500 different products of which 75 percent are imported goods from the United States. No membership is needed, and their brands are very exclusive offering a wide variety of products that include specialty goods such as gluten-free, sugar free, ready-to-eat sandwiches, refrigerated home-style cooking dinners, etc. <https://www.facebook.com/savealotguatemala/>

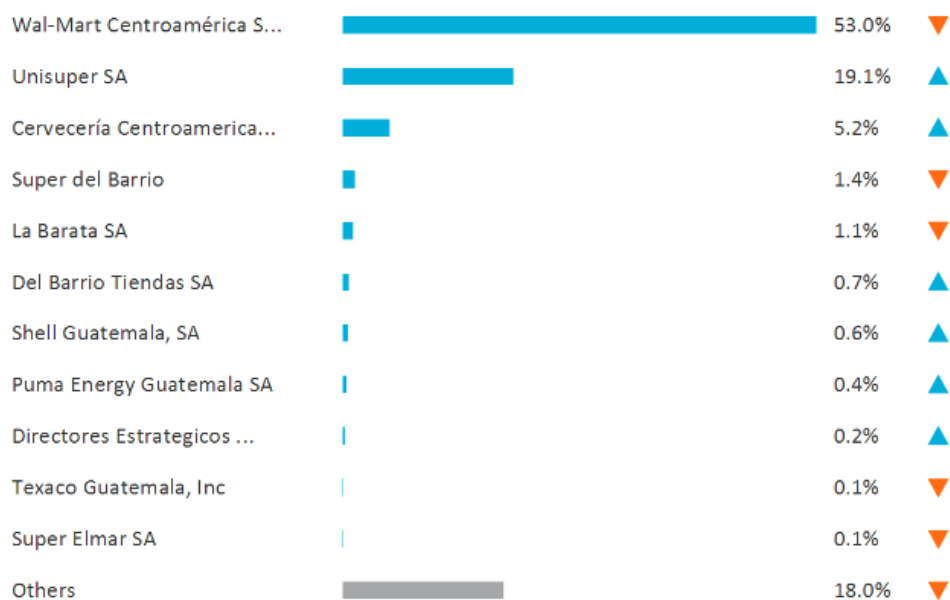
There are some other smaller supermarkets present in the country that are trying to gain market share in the retail sector, but these supermarkets are more targeted to the middle-low- and lower-income consumers.

Around 70 percent of grocery items are sold in the traditional markets or open-air markets where local farmers sell fresh local produce. These markets account for a large portion of national sales. Almost 90 percent of the produce sold in these markets is produced domestically. Additionally, imported fruits such as grapes, apples, pears, nectarines, and tangerines are sold year-round in these markets and in larger amounts during the Christmas season. The two most important open-air markets are Cenma and La Terminal. Both offer fresh produce directly from the producers. Inside the open-air markets, there are Small stands that sell grocery items from bulk grains to instant soups. Grocery items are sold in smaller presentations (130 grams) and 95 percent of these products are produced locally. A few imported grocery items such as cookies, snacks, instant soups, candies and chocolates are sold in these markets.

The other type of traditional market is the corner stores (tiendas de barrio). It is estimated that the retail industry in Guatemala began through these stores that now account for more than 100,000 units within the entire country. They are an important income source for informal retailers who own small stores that carry an inventory of approximately US\$500 per month. According to the National Statistics Institute, around 56 percent of the home income is spent at the corner stores and/or open-air markets. Some of the largest soft drinks' suppliers estimate that around 78 percent of their sales occur in these informal markets. Their costumers usually live within 10 minutes from the stores. Most people shop in these stores every day and costumers prefer these stores because they can find products sold in smaller sizes. The size is convenient not only because of their price but also because in the absence of a refrigerator, the product size allows the consumer to use the entire product at once.

Company Shares of Modern Grocery Retailers in Guatemala

% Share (NBO) - Retail Value RSP excl Sales Tax - 2018



Source: Euromonitor - Modern Grocery Retailers in Guatemala

SECTION III. COMPETITION

Guatemala is a net importer in world trade and the United States is Guatemala's largest trading partner. In 2018, Guatemala imported \$1.3 billion of U.S. agricultural products and exported \$2.2 billion of Guatemalan agricultural products to the United States. Guatemala is a strong competitor to the United States for processed foods; however, it is a large importer of raw materials and ingredients that are used for further processing by this industry. Presently, the food processing industry represents 36 percent of the total manufacturing industry in Guatemala and sales of processed foods are mainly sold in Guatemala and many products are exported to other countries.

The Central American countries and Mexico are the main competitors with the U.S. for the Guatemalan import food market. The existence of a free trade agreement between Guatemala and the Central American countries and the agreement between Guatemala and Mexico, provide great opportunities for those countries to introduce more products in the Guatemalan market and become stronger competitors with the United States. Mexico has a strong presence in the market with products such as food preparations, cereals, beer, dog and cat food, and other consumer-oriented products.

Guatemalan Imports of Consumer Oriented Products and Main U.S. Competitors				
Product Category	Main	Competitors	%	Total Imports
Food Preparations & Miscellaneous Beverages				
Total imports in 2018: \$2,263,351,454	1	Costa Rica	27%	\$524,355,573
U.S. market share: 26%	2	Mexico	18%	\$483,893,463
	3	El Salvador	17%	\$381,956,990
Dairy Products – Milk & Cream				
Total imports in 2018 / \$1,271,393,086	1	Costa Rica	22%	\$285,015,245
U.S. market share: 14%	2	New Zealand	12%	\$139,619,611
	3	Nicaragua	11%	\$142,059,096
Condiments & Sauces				
Total imports in 2018 / \$92,720,206	1	Costa Rica	40%	\$36,862,863
U.S. market share: 25%	2	Mexico	30%	\$27,439,108
	3	El Salvador	3%	\$2,272,729
Snack Foods – Sugar Confectionary (including white chocolate) not containing cocoa				
Total imports in 2018 / \$91,407,798	1	El Salvador	26%	\$23,389,270
U.S. market share: 9%	2	Mexico	25%	\$22,907,657
	3	Costa Rica	21%	\$19,201,166
Beef and Beef Products				
Total imports in 2018 / \$79,232,694	1	Nicaragua	47%	37,645,667
U.S. market share: 42%	2	Costa Rica	5%	3,476,904
	3	Honduras	3%	2,260,322
Beer Made from Malt				
Total imports in 2018 / \$67,584,600	1	Mexico	85%	\$58,332,716
U.S. market share: 9%	2	Costa Rica	3%	\$998,820
	3	Belgium	1%	\$316,336

Processed Vegetables				
Total imports in 2018 / \$77,382,857	1	El Salvador	12%	\$9,232,923
U.S. market share: %	2	China	8%	\$ 6,352,173
	3	Mexico	5%	\$2,892,745
Fresh Fruits				
Total imports in 2018 / \$66,418,027	1	Chile	25%	\$16,872,761
U.S. market share: 45%	2	Mexico	14%	\$9,114,076
	3	Peru	8%	\$5,517,237
Processed Fruits				
Total imports in 2018 / \$61,343,612	1	El Salvador	33%	\$20,420,937
U.S. market share: 12%	2	Costa Rica	15%	\$9,041,619
	3	Chile	14%	\$8,612,363
Dog & Cat Food				
Total imports in 2018 / \$31,175,724	1	Mexico	36%	\$11,139,932
U.S. market share: 30%	2	El Salvador	18%	\$9,435,260
	3	Honduras	11%	\$5,788,232

Source: Trade Data Monitor

SECTION IV. BEST PRODUCT PROSPECTS CATEGORIES

More than 95 percent of U.S. agricultural products do not pay import tariffs, and U.S. products have great opportunities in the Guatemalan market. U.S. products such as grains, beef, pork, chicken, oils, fruits and vegetables, as well as other food items, are highly sought after by consumers, hotels, restaurants, and the food processing industry. White corn is the main staple in Guatemala and therefore is the most protected product under CAFTA-DR with a tariff of 20 percent that will never phase out and a quota that expands by 2 percent annually in perpetuity.

Guatemala Imports from the World
Commodity: Processed Foods
Calendar Year: 2016 - 2018

HS Subheading	January - December (Value: USD)		
	2016	2017	2018
Other Processed Foods, Ingredients & Bvg Bases	\$ 229,178,321	\$ 226,942,463	\$ 253,449,229
Baked Snack Foods (Pastries, Pretzels, etc.)	\$ 102,738,830	\$ 104,997,795	\$ 114,570,262
Bottled Drinks (Incl. Soda, Juice Mixes, etc.)	\$ 89,022,851	\$ 86,667,549	\$ 92,387,610
Baking Inputs, Mixes & Doughs (Incl. Pudding)	\$ 87,185,979	\$ 87,519,775	\$ 89,767,263
Soybean Oil	\$ 54,313,523	\$ 71,228,440	\$ 78,220,562
Table Condiments (Incl. BBQ, Excl. Ketchup)	\$ 69,944,987	\$ 70,973,366	\$ 77,583,190
Breakfast Cereals & Other Breakfast Products	\$ 73,902,355	\$ 72,000,875	\$ 76,322,707
Cream & Powdered/Condensed Milk	\$ 54,382,484	\$ 62,689,189	\$ 70,103,389
Beer	\$ 41,083,016	\$ 42,105,724	\$ 67,584,600
Cheese	\$ 50,943,156	\$ 58,168,452	\$ 65,875,129
Vegetable Oils (Excl. Soybean)	\$ 45,340,966	\$ 55,810,958	\$ 47,587,955
Chocolate	\$ 39,423,509	\$ 40,762,832	\$ 42,348,420
Baby Food	\$ 36,728,614	\$ 30,104,289	\$ 35,419,901
Sugar Confectionary	\$ 32,367,334	\$ 34,770,203	\$ 34,920,093
Frozen French Fries & Other Potato Products	\$ 27,279,729	\$ 30,267,711	\$ 33,340,028
Dry Beverages (Coffee, Tea, Herbal, etc.)	\$ 26,184,740	\$ 27,618,370	\$ 31,349,805
Dog & Cat Food	\$ 26,729,574	\$ 29,712,879	\$ 31,175,724
Cooked & Prepared Shellfish	\$ 37,847,818	\$ 40,425,647	\$ 30,672,079
Other Prepared/Preserved Meats	\$ 24,526,583	\$ 27,962,530	\$ 28,881,332
Canned Vegetables & Pulses	\$ 23,971,246	\$ 26,140,829	\$ 25,842,428

Source: Trade Data Monitor

Guatemala Imports from United States
Commodity: Consumer-Oriented Products
Calendar Year: 2016 - 2018

HS Subheading	January - December (Value: USD)		
	2016	2017	2018
Poultry Meat & Prods. (ex. eggs)	\$101,935,623	\$114,083,850	\$119,040,232
Food Preps. & Misc. Bev	\$ 65,940,208	\$ 65,301,157	\$ 64,798,927
Pork & Pork Products	\$ 42,652,868	\$ 47,121,346	\$ 50,627,834
Processed Vegetables	\$ 41,206,813	\$ 41,837,646	\$ 46,025,581
Dairy Products	\$ 30,387,555	\$ 34,840,080	\$ 41,971,648
Beef & Beef Products	\$ 22,209,880	\$ 31,002,497	\$ 33,645,072
Fresh Fruit	\$ 27,573,542	\$ 27,517,518	\$ 29,795,931
Condiments & Sauces	\$ 19,615,638	\$ 21,396,149	\$ 23,092,197
Chocolate & Cocoa Products	\$ 18,230,907	\$ 18,450,061	\$ 17,615,150
Meat Products NESOI	\$ 12,572,278	\$ 15,937,853	\$ 15,856,051
Non-Alcoholic Bev. (ex. juices, coffee, tea)	\$ 9,838,946	\$ 13,824,173	\$ 11,940,343
Wine & Beer	\$ 8,512,817	\$ 5,337,919	\$ 9,679,383
Dog & Cat Food	\$ 9,816,342	\$ 10,322,254	\$ 9,435,260
Snack Foods NESOI	\$ 9,042,608	\$ 8,879,280	\$ 8,760,613
Processed Fruit	\$ 5,975,357	\$ 6,648,373	\$ 7,625,332
Tree Nuts	\$ 6,816,825	\$ 6,374,315	\$ 7,314,028
Fruit & Vegetable Juices	\$ 3,570,793	\$ 3,337,113	\$ 2,644,052
Fresh Vegetables	\$ 1,689,506	\$ 2,305,480	\$ 1,447,156
Tea	\$ 847,227	\$ 1,790,115	\$ 944,498
Spices	\$ 750,982	\$ 751,986	\$ 863,046
Nursery Products & Cut Flowers	\$ 811,005	\$ 542,396	\$ 635,873
Coffee, Roasted and Extracts	\$ 713,824	\$ 728,416	\$ 595,784
Eggs & Products	\$ 2,551,538	\$ 593,663	\$ 555,327

Source: Trade Data Monitor

U.S. Products Not Present in Significant Quantities but which have Good Sales Potential

- | | |
|--------------------------------|---------------------------------|
| 1. Beer & wine | 6. Table condiments |
| 2. Distilled spirits | 7. Breakfast cereals |
| 3. Baby food | 8. Prepared/preserved seafood |
| 4. Chocolate and confectionary | 9. Canned fruits and vegetables |
| 5. Jams & jellies | 10. Ice cream & yogurts |

SECTION VI. KEY CONTACTS AND FURTHER INFORMATION

For questions or comments regarding this report or assistance on exporting to Guatemala, please contact the U.S. Agricultural Affairs Office at the following address:

Office of Agricultural U.S. Embassy
Avenida Reforma 7-01, Zona 10
Guatemala, Ciudad 01010
Tel: (502) 2332-4030
Fax: (502) 2331-8293
E-mail: AgGuatemala@fas.usda.gov

For more information on exporting U.S. agricultural products to other countries, please visit the Foreign Agricultural Service home page: <http://www.fas.usda.gov>

Attachments:

No Attachments