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Report Name: Food Service - Hotel Restaurant Institutional

Country: Chile

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Report Highlights:

In 2021, consumer food-services sales grew by 42.5 percent, reaching \$3.5 billion. In mid-2021, pandemic restrictions began to relax, and restaurants reopened to the public. The Chilean Central Bank estimates a two percent GDP growth in 2022 and a one percent GDP decrease in 2023. Post expects the food service sector to continue expanding and presenting opportunities for U.S. exporters. Chile is the second largest market in South America for U.S. agricultural products, after Colombia, and the second largest market in South America for consumer-oriented agricultural products with \$830.4 million of exports in 2021

Executive Summary

Chile is divided into 16 administrative regions. The *Metropolitana* region, where Santiago is located, is the most densely populated, with 8.3 million of the country's 19.8 million people.

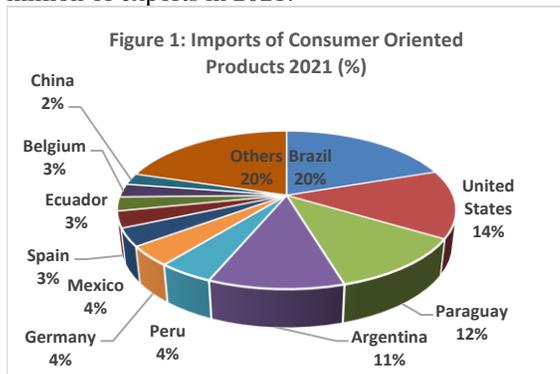
In 2021, after a successful COVID-19 vaccination program and relaxation of associated pandemic restrictions, the Chilean economy began to recover. Chile's Gross Domestic Product (GDP) in current prices totaled \$301 billion, a 11.8 percent increase over 2020. For 2022, the Chilean Central Bank estimates a slow-down in the economy and projects a 2.0 percent GDP growth. GDP per capita reached \$29,104 PPP in 2021 (World Bank), giving Chile the highest per capita GDP in Latin America.

In 2021, Chilean agriculture represented nearly 9.0 percent of the country's GDP (\$24.2 billion), 24.4 percent of exports (\$21.9 billion), and employed 10 percent of Chile's labor force.

U.S. agricultural exports to Chile totaled \$1.24 billion in 2021, which represents a 26.4 percent increase over 2020. Chile is the second-largest market in South America for U.S. agricultural products, after Colombia.

Imports of Consumer-Oriented Products

Chile is the second largest market in South America for consumer-oriented agricultural products with \$830.4 million of exports in 2021.



Source: Trade Data Monitor, LLC.

Food Processing Industry

Food and beverage processing represents 13.5 percent of Chile's exports, at \$12.8 billion in 2021. The food processing industry is the second largest economic

export sector after mining. According to the Chilean Export Promotion Agency (*ProChile*), the food processing sector employs over 368,316 workers.

Food Retail Industry

Retail food sales totaled \$25.6 billion in 2021, a 7.6 percent increase over 2020. Supermarket food sales totaled \$14.4 billion and represented 56.3 percent of total retail food sales in 2021.

Quick Facts

Imports of U.S. Consumer-Oriented Products 2021:

\$830.4 million

Leading Consumer Foodservice Chains in Chile:

- | | |
|---------------------|-----------------------|
| 1. <i>McDonalds</i> | 2. <i>Papa John's</i> |
| 3. <i>Doggis</i> | 4. <i>Niu Sushi</i> |
| 5. <i>Starbucks</i> | 6. <i>Burger King</i> |

Leading Hotel Chains:

- Starwood Hotels & Resorts*
- Four Seasons Holdings, Inc.*
- InterContinental Hotels Group S.A.*
- NH Hotel Group S.A.*
- Hilton Worldwide, Inc.*

GDP/Population 2020:

Population: 19.8 million

GDP: \$301 billion

GDP Per Capita: \$29,104 PPP

Sources: Trade Data Monitor (TDM), Euromonitor, World Bank, Chilean Central Bank and trade interviews

Strengths/Weaknesses/Opportunities/Challenges

| Strengths | Weaknesses |
|--|--|
| <i>Chile has the highest income per capita in Latin America.</i> | <i>Relatively small population compared to neighboring countries.</i> |
| Opportunities | Threats |
| <i>The U.S.-Chile Free Trade Agreement resulted in zero percent duties for all U.S. agricultural products as of January 1, 2015.</i> | <i>Economic and political uncertainty due to a new government, and a new constitution.</i> |

SECTION I. MARKET SUMMARY

In 2020, the COVID-19 pandemic and intermittent quarantines increased online shopping, especially for groceries and consumer foodservice. During the same period, the economy contracted, and GDP decreased by 5.8 percent from 2019. In 2021, with fewer COVID-19 restrictions and a successful vaccination campaign, GDP grew by 11.8 percent. For 2022, the Chilean Central Bank projects a 2.0 percent GDP growth and, for 2023, the Chilean Central Bank estimates a one percent decrease in GDP. The 2023 forecast anticipates continued high inflation (12 percent), which will put downward pressure on private consumption.

Recently, economic and political uncertainty increased significantly due to both internal and external factors. In 2022, Chile elected a new left-leaning president and voted on a drastic constitutional reform, both events created short-term uncertainty in the market. Further, the ongoing conflict in Ukraine drove up global commodity prices, putting upward pressure on consumer prices in Chile. In 2023, discussions on constitutional amendments will continue, potentially extending the uncertainty.

The hotel sector in Chile consists of domestic and international chains, boutique hotels, hostels, and short-term rentals like AirBnB. In 2020, international visitors to Chile dropped 75.6 percent, from 4.5 million to 1.1 million according to the Chilean Ministry of Economy. When restaurants were forced to close their doors in early 2020, many converted operations to focus on delivery or take out. While the move decimated the traditional restaurant workforce, down to 10 percent of its normal size, e-commerce platforms flourished, growing 173 percent over 2019.

In 2021, with the opening of Chilean borders, the food service sector began to recover. In 2021, consumer food-services sales grew by 42.5 percent, reaching \$3.5 billion. In mid-2021, pandemic restrictions began to relax, and restaurants reopened to the public. Initial limitations, such as the number of people that were able to gather in a closed space, have been gradually disappearing and the sector is returning to regular operations, though delivery and take out remain higher than pre-pandemic. On October 1, 2022, most COVID-19 restrictions, such as the use of masks and vaccine passes, were lifted.

In 2023, Post expects the food service sector to continue expanding and presenting opportunities for U.S. exporters following the expansion in tourism and food service consumption. These gains may be somewhat limited by a slower economy.

The Chilean institutional sector includes health care providers, educational facilities, large companies, airlines, and the military. Mining and education are the two largest institutions in the Chilean paradigm. COVID-19 restrictions hurt institutional food sales but less than restaurants or hotels. Many schools have already reopened and some institutions, like mining or prisons, were never shuttered. Chilean institutional food service is dominated by a few large service providers, described in more detail below.

Table 1: Advantages and Challenges to Enter the HRI Foodservice Market

| Advantages | Challenges |
|---|--|
| Clear rules and transparent regulations offered by the government allow fair competition. | There are strict regulations for fresh products to avoid the spread of diseases that may affect local agricultural production. |
| Strong demand for food ingredients in the HRI sector. | Chile is a competitive market, which has 31 free trade agreements that cover 65 markets including the European Union (EU), China, Central America, and South American countries. |
| The U.S.-Chile Free Trade Agreement resulted in zero percent duties for all U.S. agricultural products as of January 1, 2015. | Economic and political uncertainty increased because of a new government administration, the writing of a new constitution and inflation. |
| Chile is a high-income country and could be a gateway to South American markets. | Strong competition from other suppliers such as Brazil, Argentina, and Paraguay. |
| American brands are regarded as high quality. Many U.S. brands are well-known and present in the market. | |
| Equal playing field for imported and local products. | |

SECTION II: ROAD MAP FOR MARKET ENTRY

A. Entry Strategy

Potential exporters should work closely with Chilean importers or agents to confirm that their products comply with Chilean regulation. FAS Santiago maintains listings of potential importers and develops sector-specific information to help introduce U.S. agricultural products in Chile. Further details on both import regulation and market opportunities are available at the following links: [Chile: Exporter Guide](#), [Chile: FAIRS Export Certificate Report](#) and [Chile: FAIRS Country Report](#).

FAS Santiago recommends that U.S. exporters exhibit or attend Chilean trade shows, particularly the U.S. Pavilion at the [Espacio Food & Service](#) show. The show is recognized as the most important annual gathering in the Chilean food industry and provides the opportunity to connect with over 28,000 Chilean and international buyers.

Critical considerations for market entry include the following:

- Hotels, restaurants, and foodservice companies most often purchase through intermediaries such as distributors, importers, or wholesalers. Many of these firms are based in Santiago. Chain restaurants, that often manage larger volumes, may import directly.
- U.S. exporters seeking to access the Chilean HRI market should identify an importer that specializes in distributing to the sector and be prepared to offer small quantities of products or mixed containers, as individual HRI firms may not be able to manage entire container volumes.
- U.S. products are presumed consistent and high quality.

- The business culture and customs in Chile are conservative and characterized by the importance of personal contact and face-to-face interaction. Contact initiated via e-mail will be less effective than in-person interactions. Business meetings and practices in general are like those of the United States.
- Overseas suppliers are encouraged to maintain a Chilean representative or agent that understands the market, has access to a network of contacts and can provide support.

B. Market Structure and Distribution

The most common distribution channels for the HRI sector are local importers and distributors. These distributors may also distribute products to supermarkets, wholesalers, and institutional foodservice companies. In general, hotel operators and restaurants do not import directly, though there are a few exceptions. Hotels usually purchase from distributors to gain access to a larger variety of products without managing complex import procedures. Hotel operators may also prefer as few distributors as possible to reduce complexity (see Figure 2).

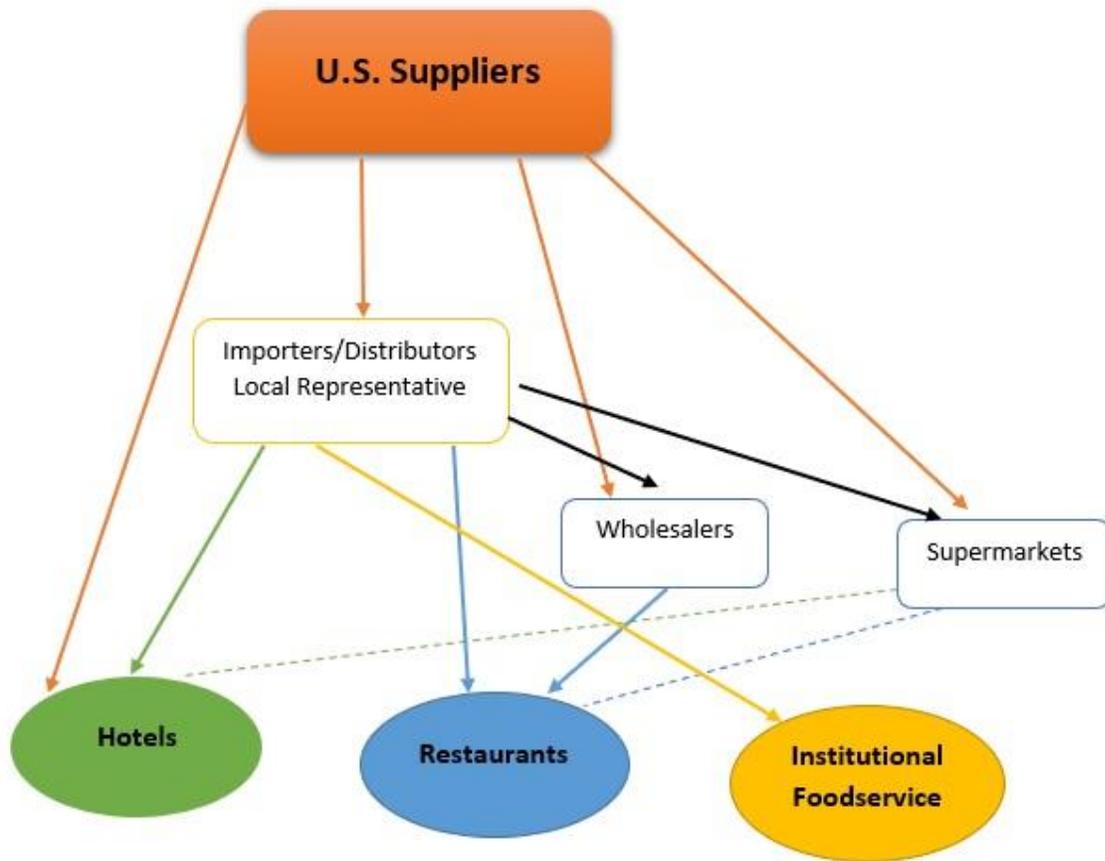
Chain restaurants deal with higher volumes, which increase their purchasing and negotiation power with distributors. In contrast, independent restaurants are more dependent on the range and quality of products already managed by distributors. Both rely on food products from local wholesalers as well as imported products from importers/distributors.

The institutional foodservice sector buys most products from local distributors. Companies purchasing large quantities may also import directly when price, quality or other selection criteria are more favorable than domestic suppliers.

Recently, big box stores and traditional wholesalers have gained appeal to the HRI sector. Big box stores, like [*Central Mayorista*](#), [*Mayorista 10*](#), [*Alvi*](#) and [*Superbodega Acuenta*](#), are the Chilean equivalents to *Sam's Club* or *Costco* and have become important suppliers to small HRI firms.

With sales shrinking because of the COVID-19 lockdown, many wholesalers opened to the end consumers and to smaller HRI firms either directly or via online platforms. Wholesale suppliers such as [*Bidfood S.A.*](#), [*Agrosuper Food Service*](#), [*Alimentos Vida Estable*](#), [*Buena Carne*](#), [*Frio Food*](#), [*Socosur*](#), [*ICB Foodservice*](#), [*Carozzi Food Service*](#), [*Food & Beverage Supply*](#), [*Macro Foods*](#), [*Comercial Alisur*](#), and [*Anson Trading*](#) are more actively targeting individuals and small businesses.

Figure 2: HRI Supply Chains



- sales channels for U.S. suppliers
- buying channels for Hotels
- buying channels for Restaurants
- buying channels for Institutional Foodservice
- main channel
- occasionally

C. Sub-Sector Profiles

Hotels – The hotel sector in Chile consists of domestic and international chains, boutique hotels, hostels, and short-term rentals like AirBnB. In March 2020, Chile had a total of 264,717 rooms available in the country. By August 2020, that number had dropped to 84,459 rooms, in large part due to COVID-driven restrictions on travel. In 2020, international visitors to Chile dropped 75.6 percent, from 4.5 million to 1.1 million.

The top international chain hotels in Chile are [Starwood Hotels & Resorts](#), [Four Seasons Holdings Inc.](#), [InterContinental Hotels Group S.A.](#), [NH Hotel Group S.A.](#), [Hilton Worldwide Inc.](#), [Mandarin Oriental International Limited](#), [Accor Hotels](#) and [Marriott International Inc.](#)

Supply of hotel rooms in the market remains relatively tight. Industry reports that as many as 21 new luxury hotels will be developed in the next five years. Similarly, niche markets, like enotourism and eco-friendly hotels offer prospects.

Restaurants – Chile is home to many international and domestic restaurants. Both fast-food and full-service restaurants are commonplace. Use of e-commerce platforms like [Uber Eats](#), [Rappi](#) and [PedidosYa](#) for food have grown dramatically, from 20 percent of sales in 2019 to 40 percent in 2020. Currently, COVID-associated seating limitations are being lifted and restaurants are returning to normal operations. Dine-in food service reached 67 percent of value in 2021. However, delivery services and take out remain more popular than pre-pandemic; in 2021 they represented 33 percent of food service sales value.

Table 2: Chilean Full-service Chain Restaurants

| Restaurants | Percent Market Share |
|--|-----------------------------|
| Niu Sushi (<i>Distribuidora y Comercializadora de Alimentos Oji Ltda.</i>) | 28.6 |
| Mamut Restaurants (<i>Gastronomía y Negocios S.A.</i>) | 14.3 |
| Domino Fuente de Soda (<i>Comercial Central Alimentos Ltda.</i>) | 10.7 |
| Sushi House (<i>Soc. Comercial Zen Ltda.</i>) | 8.1 |
| Johnny Rockets (<i>Johnny Rockets Group, Inc.</i>) | 7.2 |
| Sakura Express (<i>Comercial Gastronómica Fisol Ltda.</i>) | 5.6 |
| Emporio La Rosa (<i>Emporio La Rosa S.A.</i>) | 4.2 |
| Pizza Hut (<i>Yum! Brands, Inc.</i>) | 3.6 |
| Tip & Tap (<i>Tip & Tap S.A.</i>) | 3.1 |
| Chili's Grill & Bar (<i>Brinker International, Inc.</i>) | 3.0 |
| Others | 11.6 |

Source: Euromonitor

Table 3: Largest Fast-Food Chains

| Restaurants | Percent Market Share |
|--|-----------------------------|
| McDonald's (<i>Inversiones Arcos Dorados Chile Spa.</i>) | 20.7 |
| Papa John's (<i>Papa John's Int'l, Inc.</i>) | 13.0 |
| Doggis (<i>Gastronomía y Negocios S.A.</i>) | 9.6 |
| Burger King (<i>Restaurant Brands International, Inc.</i>) | 6.1 |
| TelePizza (<i>Tasty Bidco SL</i>) | 5.4 |

| | |
|---|------|
| <i>KFC</i> (<i>Yum! Brands, Inc.</i>) | 5.4 |
| Others | 39.8 |

Source: Euromonitor

Table 4: Largest Cafés and Bars

| Cafés/Bars | Percent Market Share |
|--|-----------------------------|
| <i>Starbucks</i> (<i>Starbucks Corp.</i>) | 44.7 |
| <i>Dunkin'</i> (<i>Dunkin' Brands Group, Inc.</i>) | 24.9 |
| <i>Tavelli</i> (<i>Tavelli S.A.</i>) | 6.0 |
| <i>Cory</i> (<i>Pastelería Austriaca Cory Ltda.</i>) | 5.2 |
| <i>Juan Valdez</i> (<i>Federación Nacional de Cafeteros de Colombia</i>) | 4.4 |
| <i>Coppelia</i> (<i>Coppelia S.A.</i>) | 4.0 |
| <i>Café Mokka</i> (<i>Comercial Café Mokka Ltda.</i>) | 3.8 |
| Others | 7 |

Source: Euromonitor

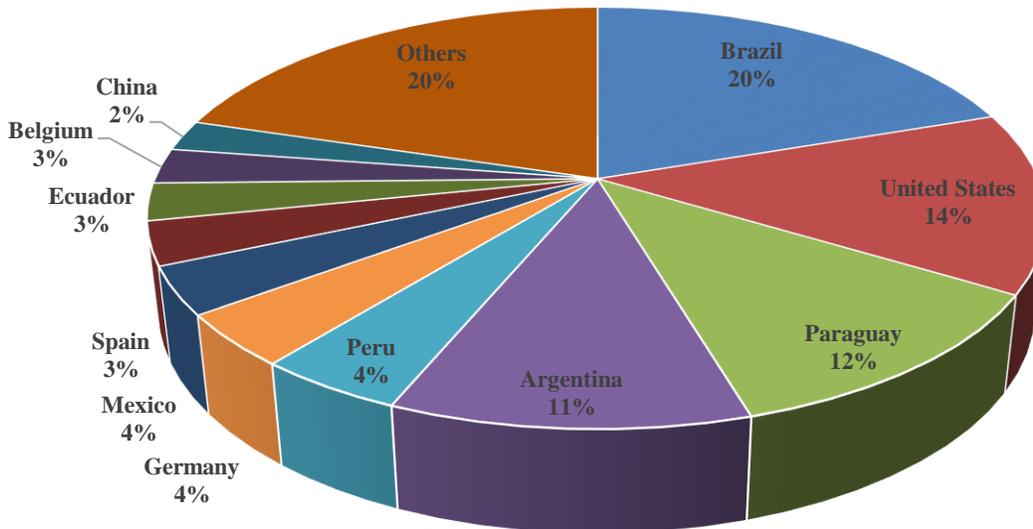
Institutional Food Service – The Chilean institutional sector includes health care providers, educational facilities, large companies, airlines, and the military. Mining and education are the two largest institutions in the Chilean paradigm. These institutions are generally served by large catering firms. The five largest are: [*Sodexo Chile, S.A.*](#), [*Central de Restaurantes Aramark*](#), [*Compass Catering S.A.*](#), [*Aliservice*](#), and [*Genova Ausolan*](#). At the time of writing, *Aramark* was the largest holding close to 60 percent of the Chilean market.

SECTION III: COMPETITION

The United States and Chile have long been strategic trading partners, though the relationship has grown rapidly since the signing of the US-Chile Free Trade Agreement. In 2021, U.S. agricultural exports to Chile totaled \$1.24 billion, a 26.4 percent increase over 2020. The United States is the third largest supplier of agricultural and related products to Chile, after Argentina and Brazil, holding a 11 percent market share.

Chile is the second largest market in South America for U.S. agricultural products, after Colombia, and the second largest market in South America for consumer-oriented agricultural products with \$830.4 million of exports in 2021. Competition from MERCOSUR and regional suppliers remains fierce for consumer-oriented products, grains, soybean products, and pet food.

Figure 2: Imports of Consumer-Oriented Products 2021 (%)



Source: Trade Data Monitor, LLC.

In 2021, the top suppliers of consumer-oriented agricultural products to Chile were Brazil, the United States, Paraguay, and Argentina (See Figure 2).

- Brazil was the top supplier of consumer-oriented products with a market share of 20 percent. Top Brazilian exports to Chile are beef, poultry, pork, chocolate (cocoa products), and pet food.
- The United States was the second largest supplier of consumer-oriented products to Chile with a market share of 14 percent after Brazil. The main U.S. exports are pork, dairy products (cream cheese and mozzarella), beef, beer, condiments and sauces, soup, poultry, and pet food.
- Paraguay is the third largest consumer-oriented products supplier to Chile, with 12 percent market share. Paraguay's main export to Chile is beef.
- Argentina was the fourth largest supplier of consumer-oriented products to Chile with a market share of 11 percent. Argentina's main exports to Chile include beef, dairy products, pasta, pet food, and poultry.

SECTION IV: BEST PRODUCT PROSPECTS CATEGORIES

The best product prospects are divided into three categories listed below:

1. Products Present in the Market, which have Good Sales Potential

- Bakery goods, cereals, and pasta
- Pulses
- Beef and beef products
- Dairy products
- Tree nuts
- Pork and pork products
- Sweeteners
- Poultry and poultry products
- Craft beer

2. Products Not Present in Significant Quantities, but which have Good Sales Potential

(Products consumed in Chile in small quantities that have none or few U.S. suppliers)

- Distilled spirits
- Eggs and products
- Flours and starches
- Processed fruit and vegetables
- Chocolate and cocoa products
- Soup and other food preparations
- Sauces, dressings, and condiments
- Edible oils
- Snack foods
- Sauces, condiments, and seasonings

3. Product Not Present Because They Face Significant Barriers

Products do not face significant trade barriers to enter the Chilean market. On the contrary, Chile's 31 trade agreements with 65 markets is one of the most open economies in the world. Products from many global suppliers are available in the Chilean market. Import tariffs are not considered a barrier.

SECTION V. KEY CONTACTS AND FURTHER INFORMATION

| | |
|---|--|
| Chilean Restaurant Association Nueva Tajamar 481 Of. 704, Torre Norte – Las Condes Tel: +56 2 2203 6363 www.achiga.cl | Chilean Hotels Association Nueva Tajamar 481 Of. 806, Torre Norte – Las Condes Tel: +56 2 2203 6344 secretaria@hoteleros.cl Error! Hyperlink reference not valid. www.hoteleros.cl |
| National Chamber of Commerce (CNC) Address: Merced 230, Santiago Tel.: +56 2 2365 4000 cnc@cnc.cl www.cnc.cl | SEREMI de Salud (Health Ministry) Pedro Miguel de Olivares 129, Santiago Tel: +56 2 2576 4989 www.asrm.cl |
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Attachments:

No Attachments