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# **Report Name:** Retail Foods Annual

**Country:** Brazil

**Post:** Sao Paulo ATO

**Report Category:** Retail Foods

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**Report Highlights:**

The Brazilian economy grew 2.9 percent, largely supported by household consumption, which improved by 3.1 percent in 2023. Low unemployment (7.9%) and inflation (4.6%) were two major drivers for this outcome. The retail industry maintained significant growth, reaching US$183 billion in sales. The sector represented nearly 9 percent of Brazil´s Gross Domestic Product (GDP).

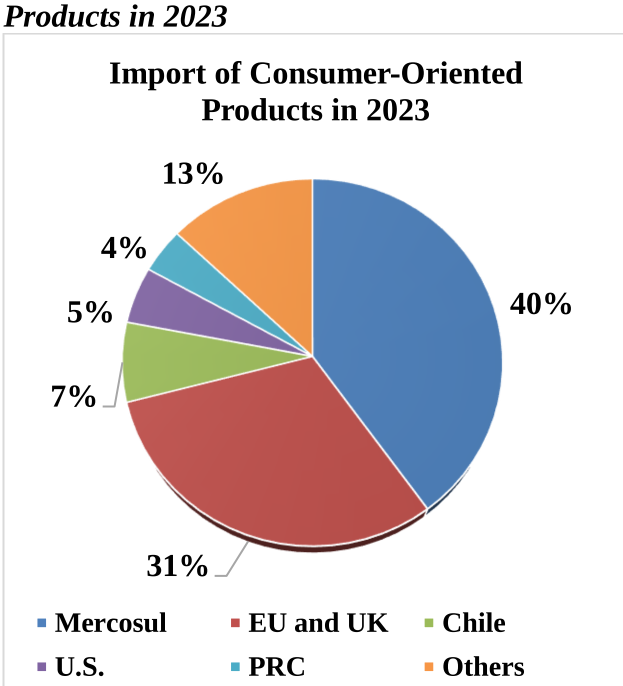
**Executive Summary**

The Brazilian economy expanded 2.9 percent in 2023, reaching US$1.96 trillion. With measures related to COVID-19 phased out and higher global demand Brazil has seen economic growth. Inflation in Brazil ended in 2023 at 4.62 percent, within the government's official target (up to 4.75 percent).

**Imports of Consumer-Oriented Products**

In 2023, imports of consumer-oriented products by Brazil reached US$5.8 billion, a 14 percent increase compared to the previous year. The United States was the 5th largest supplier, with a 5.1 percent market share. The European Union (EU) and the United Kingdom (UK), direct competitors to the United States, maintained a 31 percent market share. The United States, the EU and the UK are positioned at a higher price level and offer products with similar quality and standards; therefore, it is plausible that U.S. companies have considerable room to grow in the Brazilian market.

***Chart 1: Import of Consumer Oriented Products in 2023***




*Source: Trade Data Monitor/Secex*
**EU 28 includes the UK*

**Food Retail Industry**

The Brazilian Supermarket Association (ABRAS) reported supermarket revenues at US$183 billion in 2023. The retail sector includes 414,663 stores and serves 30 million consumers daily. The Southeastern region of Brazil has the largest share of the retail industry, with 61 percent of revenues and 6,809 stores. The second largest region is the South with 18 percent of the market and 2,102 stores.

***Quick Facts Calendar Year 2023***

**Imports of Consumer-Oriented Products by Brazil (US$ billion): $ 5.8 billion**

**List of Top 10 Growth Segments in Brazil in 2023**

| | |
|---|---|
| 1. Dairy Products | 6. Soup & Other food prep. |
| 2. Processed Vegetables | 7. Distilled Spirits |
| 3. Wine & related | 8. Chocolate & Cocoa products |
| 4. Fresh Fruit | 9. Non-Alcoholic beverages (eg.: juices; tea; coffee) |
| 5. Beef & Beef Products | 10. Fresh Vegetables |

*Source: Trade Date Monitor (TDM)*

**Top 10 Host Country Retailers in 2023**

| | |
|---|---|
| 1. Carrefour | 6. Grupo Muffato |
| 2. Assai | 7. Grupo Pereira/SDB |
| 3. Grupo Mateus | 8. Cencosud |
| 4. Grupo Pao de Açúcar | 9. Mart Minas/DOM |
| 5. Supermercados BH | 10. Koch Hipermercado |

*Source: Brazilian Supermarket Association (ABRAS)*

**GDP/Population**

Population (million): 212

GDP (trillion USD): 2

GDP per capita (USD): 9,200

Source: Brazilian Geography and Statistics Institute (IBGE)

Exchange Rate: US$1=R$5.46

## Section I. Market Summary

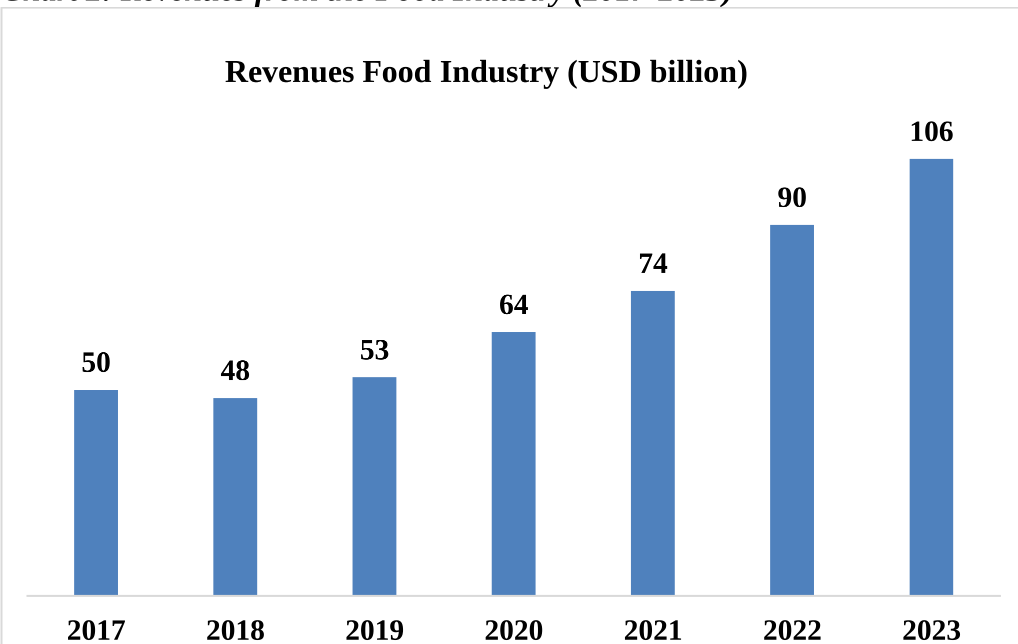
In 2023, Brazil recovered from the COVID-19 pandemic, with gross domestic product (GDP) expanding to approximately US$ 2 trillion, an increase of 2.9 percent compared to 2022. The economic outlook benefited from more robust domestic and global demand and record-high commodity prices, which provided relief. Household consumption increased by 3.1 percent compared to the previous year, driven by lower unemployment and inflation, in addition to government cash transfer programs (eg.: Family Allowance- *Bolsa Família*). Brazil's inflation ended 2023 at 4.6 percent, within the government's target of up to 4.75 percent and 1.15 points below the previous year.

The unemployment rate decreased from 9.6 percent in 2022 to 7.8 percent in 2023, the lowest rate since 2014. Consumers have become more conscious of their money, buying less expensive food items. In addition, retailers have become much more aware of managing inventories, portfolios, decreasing product lines, and substituting premium price products for more affordable options. Although several brands suffered during the pandemic, according to the Brazilian Association of Luxury Enterprises (Abrael), the luxury market has seen extraordinary growth (51 percent in 2021). The association projects 3 percent growth by 2025.

| ADVANTAGES | CHALLENGES |
|---|---|
| Retailers offer foreign goods to differentiate themselves from competitors, develop new niche markets and gain high-end consumers' attention. | Imported products fall in the luxury goods category. Consumers easily associate Europe with sophistication and tradition, which gives some advantage to European companies. |
| Price is not always the determining factor for high-end consumers. | High-end consumers are more demanding regarding product innovation, packaging, status, new trends, etc. |
| Brazilian importers are frequently searching for new-to-market products as they must update their portfolio to compete. | Importers tend to buy small quantities to test the market.<br>U.S. companies are usually not predisposed to sell small volumes. |
| The U.S. food industry can respond to consumer demand promptly, regardless of the segment of products. | Consumers perceive U.S. food products to be overly processed and relatively unhealthy. |
| U.S. exporters are inclined to work with high volumes and different partners. | Retailers and distributors are cautious when importing<br>new-to-market products and often start with smaller orders. Exclusive contracts are a common clause to Brazilian companies. |
| Consumers altered their consumption patterns, investing more time eating at home and developing cooking skills. | Consumer are searching for products that provide them with a higher value for their money. Although looking to indulge themselves, the concept of luxury shifted to more affordable luxury. |

The Brazilian retail sector is the most critical channel in the food distribution system. The industry is well-integrated, dynamic, and sophisticated. According to the Brazilian Supermarket Association (ABRAS), the retail sector accounted for R$1 trillion (approximately US$183 billion) in 2023, representing 9 percent of the country's GDP. This result includes the various food retailing formats, such as neighborhood stores, supermarkets, hypermarkets, cash-and-carry, and e-commerce. The food retailing industry is one of the major employers in Brazil, gathering 9 million employees (directly and indirectly). Daily, 30 million consumers visit retail stores throughout Brazil. The sector continues to innovate, and many companies are importing directly to offer the best products to Brazilian consumers.

***Chart 2: Revenues from the Food Industry (2017-2023)***




*Source: Brazilian Supermarket Association (ABRAS).*

In 2023, the 500 leading supermarket companies, through their 10,294 stores, registered US$106 billion in revenues (an 18.3% increase compared to the previous year). The penetration of technologies, advanced managing capacity, consumer research, and higher levels of investment continuously improve efficiency and have turned food retailing into a highly attractive segment with intense competition.

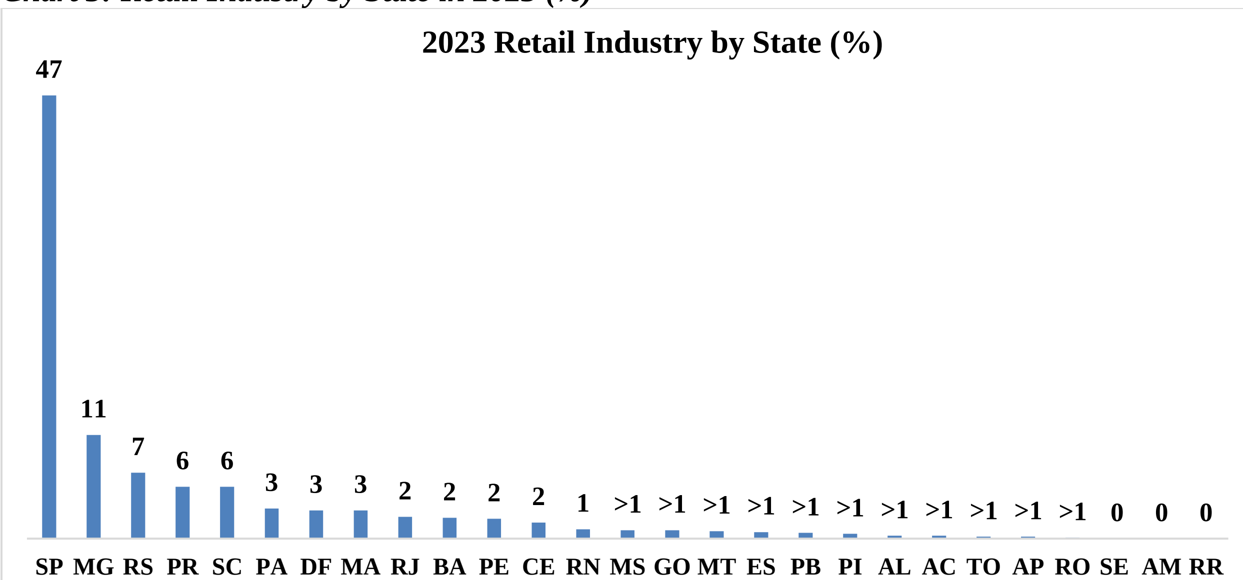
**Profile of largest retail companies**

| COMPANIES | GROSS SALES (US$ Billion) | # OF STORES | # OF EMPLOYEES |
|---|---|---|---|
| Top 5 Retailers | 47 | 2,736 | 297,967 |
| Top 10 Retailers | 57 | 3,306 | 376,864 |
| Top 20 Retailers | 68 | 4,411 | 477,660 |
| Top 50 Retailers | 84 | 6,957 | 635,249 |
| Top 300 Retailers | 105 | 9,702 | 898,344 |
| Top 500 Retailers | 108 | 10,294 | 934,763 |

Source: Brazilian Supermarket Association (ABRAS).

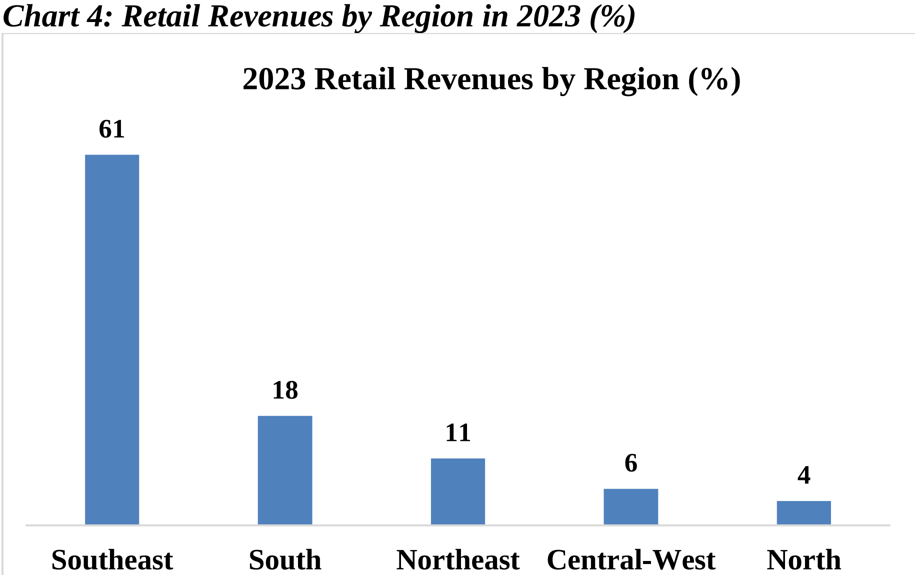
Brazil is a country of continental size, and the country's 26 states and Federal District are divided into five regions: Southeast, South, North, Northeast, and Central-West. In 2023, the Southeast region, which includes the states of São Paulo and Rio de Janeiro, accounted for the largest share of retail sales and a total number of stores. Alone, the state of São Paulo represented nearly 47 percent of retail revenues. As the powerhouse of the Brazilian economy, São Paulo represents approximately 30 percent of Brazil's GDP.

***Chart 3: Retail Industry by State in 2023 (%)***




*Note: São Paulo (SP), Minas Gerais (MG), Rio Grande do Sul (RS), Paraná (PR), Santa Catarina (SC), Pará (PA), Distrito Federal (DF), Maranhão (MA), Rio de Janeiro (RJ), Bahia (BA), Pernambuco (PE), Ceará (CE), Rio Grande do Norte (RN), Mato Grosso do Sul (MS), Goiás (GO), Mato Grosso (MT), Espírito Santo (ES), Paraíba (PB), Piauí (PI), Alagoas (AL), Acre (AC), Tocantins (TO), Amapá (AP), Rondônia (RO) Sergipe (SE), Amazonas (AM), and Roraima (RR).*
*Source: Brazilian Supermarket Association (ABRAS)*

***Chart 4: Retail Revenues by Region in 2023 (%)***

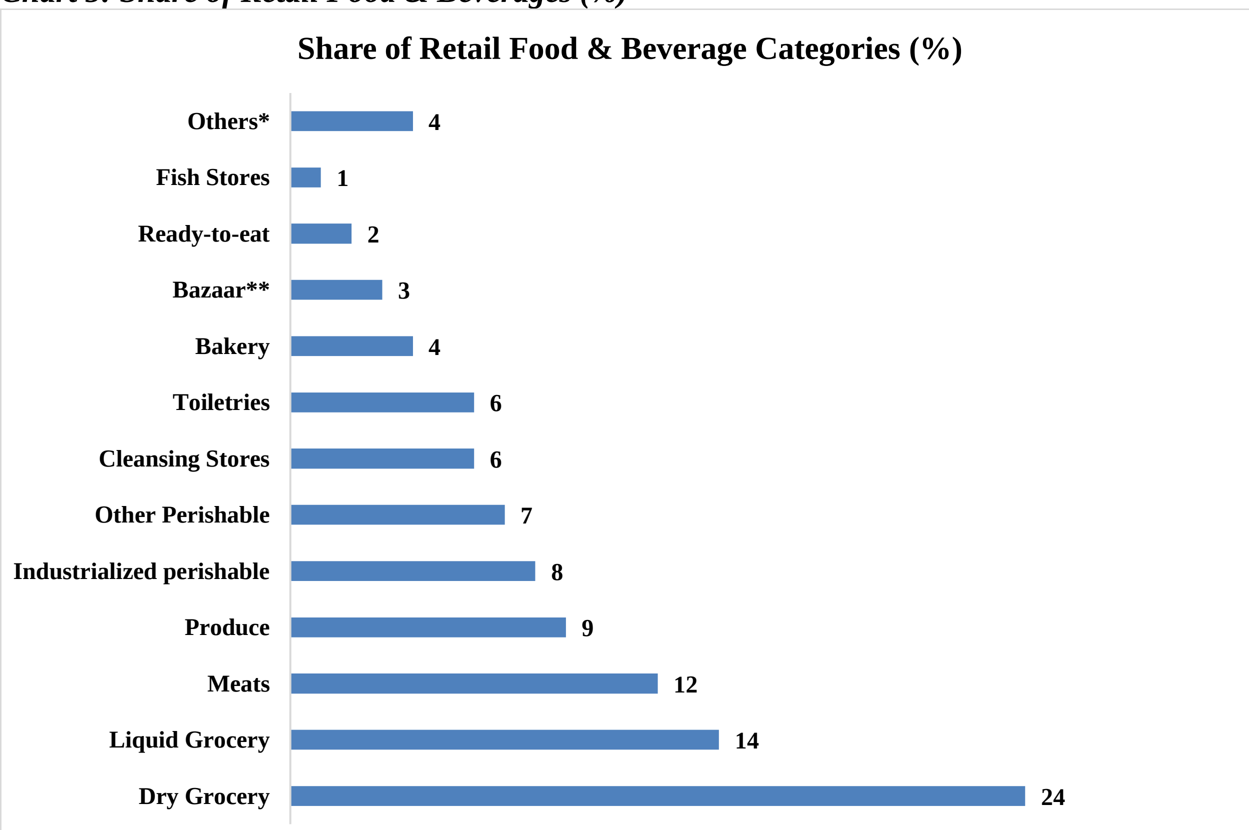



*Source: Brazilian Supermarket Association (ABRAS)*

ABRAS also follows indicators that make it possible to understand how the various food departments perform. Brazilian consumers have adopted a more conservative shopping approach since the economic recession of 2014-2016, the pandemic, and recent inflation pressures. Dry grocery maintained its position as a major category, representing 24 percent of total sales. Liquid grocery remained the second major category. It represented around 14 percent of revenues (1 percent point higher compared to the previous year). All other categories maintained steady growth.

E-Commerce continues to be an option for the retail sector. According to ABRAS, nearly 40 percent of supermarkets in Brazil conduct e-Commerce sales, representing about 1 percent of total sales. Close to 50 percent of the e-Commerce sales are done via the company's app, versus 33 percent and 16 percent from app-delivery and marketplace apps, respectively.

***Chart 5: Share of Retail Food & Beverages (%)***




*Source: Brazilian Supermarket Association (ABRAS)*
**Electronics; Furniture; Pet; Textile; Flowers and others*
***Bazaar: open air market*

## Section II. Road Map for Market Entry

### A. Entry Strategy

When approaching the Brazilian market, exporters should be aware that most imported foods and beverages are not priced competitively compared to locally produced options. The Brazilian food industry is well-developed, and major multinational companies have a consolidated presence in the market, making the sector highly competitive. Approximately 80 percent of food and beverage distribution occurs through retail stores; developing a relationship with retailers is more likely to guarantee visibility and national coverage. Before shipping to Brazil, exporters should work with their importer to ensure the foreign product complies with local regulations. (Please refer to FAIRS Report 2023 and Exporter Guide 2024).

In general, products imported from the United States or Europe face Free-on-Board (FOB) prices three to five times higher at retail outlets. U.S. exporters should remember that when an imported product reaches supermarket shelves, it will fit in the premium price category and thus should have premium attributes recognized by consumers. An imported product is generally positioned as a luxury item. U.S. food and beverages compete directly with European products in qualitative and quantitative attributes. As a result, U.S. exporters must evaluate the extent to which their products can compete and maintain attractiveness vis-à-vis European competition.

**B. Contact the ATO**

U.S. exporters should always consider the local U.S. Agricultural Trade Office (ATO) as an initial source of information and market guidance. The ATO maintains direct contact with major players in the sector to facilitate market entry and can assist in understanding Brazilian legislation and standards for imported goods. U.S. companies can test the market through ATO marketing activities and profit from its market intelligence. Another way to test the market is through the various activities developed by State Regional Trade Groups (SRTGs) and trade associations. The ATO also recommends U.S. exporters establish a direct dialogue with potential buyers, as they are best equipped to discuss critical topics such as product feasibility, market size, prices, distribution, and marketing tools.

**C. Market Structure**

Within the various retail formats, imports of foods, beverages, ingredients, or consumer-ready products may occur directly or indirectly. Volume is the determining factor for retailers. If the volume to be imported is not significant, retailers will prefer to purchase imported items locally from distributors. While avoiding the middleman is more profitable, it will only happen if retailers can be cost-effective.

Often, U.S. exporters are cautious about doing business with a single supermarket chain, believing they will have better access to consumers through multiple retail outlets via a distributor. However, this may result in fewer U.S. products on store shelves as some retailers have significant market penetration at the national or regional level.

**D. Company Profiles & Top Host Country Retailers**

In 2023, Carrefour maintained its leadership as Brazil’s largest retailer for the seventh consecutive year, with reported sales equivalent to US$20.8 billion. In second place, Assai reached revenues of US$13 billion through its 288 stores, of which 15 were opened in 2023. The table below shows the top ten Brazilian retailers and their regional coverage.

*Table 1: Top 10 Brazilian Retailers (2023)*

| | Company | Headquarters | Sales Billion (USD) | Share* (%) | Number of stores |
|---|---|---|---|---|---|
| | Carrefour | São Paulo | 20.8 | **25%** | 1,188 |
| | Assai | São Paulo | 13 | **16%** | 288 |
| | Grupo Mateus | Maranhão | 5.4 | **7%** | 258 |
| | Grupo Pão de Açúcar | São Paulo | 3.7 | **5%** | 695 |
| | Supermercados BH | Minas Gerais | 3.1 | **4%** | 307 |
| | Grupo Muffato | Paraná | 2.8 | **4%** | 104 |
| | Grupo Pereira/SDB | São Paulo | 2.3 | **3%** | 87 |
| | Cencosud | São Paulo | 2 | **3%** | 234 |
| | Mart Minas | Minas Gerais | 1.7 | **2%** | 81 |
| | Koch Hipermercado | Santa Catarina | 1.4 | **2%** | 64 |

*Source: Brazilian Supermarket Association (ABRAS)*
**among top 50 retailers*

**Section III. Competition**

Despite being the largest economy in Latin America, Brazil is still relatively closed compared to other large economies, with low trade penetration and a low number of exporters operating in the consumer-oriented products category. Nevertheless, Brazil is the world's 20th largest importer of consumer-oriented products.

The country's main partners in this area are Mercosul members (Argentina, Paraguay, and Uruguay), Chile (a Mercosul-associated country), the European Union (plus the United Kingdom), the United States and the Peoples Republic of China (PRC). Mercosul members and Chile benefit from free trade agreements and maintain their position as Brazil's primary exporters. The PRC supplies the market with lower-price range products, while European countries and the United States offer products at the premium price and therefore tend to be positioned in the higher-end segment.

During the 2019-2023 period, imports of consumer-oriented products increased 37 percent (from US$4.2 billion to US$5.8 billion). Major players have maintained a consolidated position. From 2019-2023, Mercosul market share oscillated between 35-40 percent, Chile between 8-9 percent, EU between 30-32 percent, and the PRC between 5-6 percent. The United States' market share fluctuated from 4-6 percent during this timeframe.

Imported consumer-oriented products in Brazil are considered luxury goods. When reaching supermarket shelves, high-end attributes must be perceived by consumers. Although food and beverage products from the United States are less associated with premium characteristics, U.S. products can offer similar quality to EU products and gain consumers' preference as Brazilians have become more interested in exclusive products over the years.

***Table 2: Imports of Consumer-Oriented Products by Brazil (US$ Million)***

| | **2018** | **%** | **2019** | **%** | **2020** | **%** | **2021** | **%** | **2022** | **%** | **2023** | **%** |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **World** | 4,213 | 100 | 4,245 | 100 | 4,063 | 100 | 4,337 | 100 | 5,183 | 100 | 5,825 | 100 |
| **Mercosul (3)** | 1,489 | 35 | 1,508 | 36 | 1,493 | 37 | 1,585 | 37 | 2,016 | 39 | 2,308 | 40 |
| **EU (28)** | 1,283 | 30 | 1,322 | 31 | 1,207 | 30 | 1,391 | 32 | 1,581 | 31 | 1,798 | 31 |
| **Chile** | 382 | 9 | 347 | 8 | 373 | 9 | 364 | 8 | 444 | 9 | 448 | 7 |
| **United States** | 250 | 6 | 244 | 6 | 219 | 5 | 212 | 5 | 215 | 4 | 298 | 5 |
| **PRC** | 233 | 6 | 251 | 6 | 278 | 7 | 221 | 5 | 278 | 5 | 214 | 4 |
| **Others** | 577 | 14 | 572 | 13 | 493 | 12 | 563 | 13 | 649 | 12 | 756 | 13 |

*Source: Trade Data Monitor (TDM) based on the Brazilian Secretariat of Foreign Trade (SECEX).*
*Note: Mercosul (3): Argentina, Uruguay, and Paraguay; EU (28): Austria, Belgium, Bulgaria, Croatia, Cyprus, Czech Republic. Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, the Netherlands, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden (+ United Kingdom)*

## Section IV. Best Product Prospects Categories

### A. Products Present in the Market that have Good Sales Potential

Considering imported food products fall into the premium pricing tier on supermarket shelves, the following characteristics should be highlighted, if possible: well-known brands, high-end attributes, one-year shelf life or more, attractive packaging. Products that confer status and level of innovation are also worth noting. Products that combine these characteristics are more likely to enter the market successfully.

***Table 3: Top Consumer-Oriented Products (COP) Imported by Brazil from the World***

| **Top COP Imported from the World (2023)** | **Value (US$ Million)** | **%∆ 2022/23?** |
|---|---|---|
| Dairy Products | 1,381 | 38 |
| Processed Vegetables | 698 | 4 |
| Wine & Related Products | 469 | 2 |
| Fresh Fruit | 525 | 29 |
| Beef & Beef Products | 289 | -25 |
| Soup & Other Food Preparations | 347 | 21 |
| Distilled Spirits | 279 | 2 |
| Chocolate & Cocoa Products | 261 | 22 |
| Non-Alcoholic Bev. (ex. juices, coffee, tea) | 218 | 11 |
| Fresh Vegetables | 163 | -18 |

*Source: Trade Data Monitor (TDM) based on the Brazilian Secretariat of Foreign Trade (SECEX).*

*Table 4: Top Consumer-Oriented Products (COP) Imported by Brazil from the United States*

| Top COP Imported from the United States (2023) | Value (US$ Million) | %Δ 2022/23 |
|---|---|---|
| Dairy Products | 97.8 | 36 |
| Distilled Spirits | 45.3 | 18 |
| Eggs & Products | 44.7 | 1 |
| Soup & Other Food Preparations | 33.8 | -26 |
| Tree Nuts | 28.2 | 38 |
| Condiments & Sauces | 9.4 | 8 |
| Meat Products NESOI | 7.1 | -18 |
| Chocolate & Cocoa Products | 5.1 | -29 |
| Processed Vegetables | 5.0 | -1 |
| Fresh Fruit | 4.3 | 38 |

*Source: Trade Data Monitor (TDM) based on the Brazilian Secretariat of Foreign Trade (SECEX).*

### B. Products Not Present in Significant Quantities but have Good Sales Potential

Food allergy and intolerance for specific ingredients are triggering a unique segment, along with plant-based products and ingredients. Increasing demand for gluten-free, wheat-free, lactose-free, and other functional foods is also pushed by improved label practices. A limited number of local suppliers offer these items at the retail level. U.S. suppliers may find great opportunities within this niche. The natural and organic segments are also another attractive niche; however, for the organic category, the associated costs to comply with the Brazilian legal framework may be a burden to foreign suppliers. It is also noticed a growing demand by consumers for products made with ingredients that contain less sodium, less sugar, less fat, and fewer calories.

### C. Products Not Present as They Face Significant Barriers

Brazilian legislation requires all food items be approved by the Ministry of Health (MS) or Ministry of Agriculture, Livestock, and Food Supply (MAPA) prior to shipment. Currently, U.S. poultry and pork do not have market access.

## Section V. Post Contact and Further Information

Please do not hesitate to contact the offices below for questions or comments regarding this report or for assistance to export U.S. agricultural products to Brazil:

**Agricultural Trade Office (ATO)**
U.S. Consulate General
Rua Thomas Deloney, 381
São Paulo, SP 04709-110
Tel: +55 11 3250-5400
E-mail: atosaopaulo@usda.gov
Website: www.usdabrazil.org.br

**Office of Agricultural Affairs (OAA)**
U.S. Embassy
Av. das Nações, Quadra 801, Lote 3
Brasilia, DF 70403-900
Tel: +55 61 3312-7000
E-mail: agbrasilia@usda.gov

**Attachments:**

No Attachments