

Voluntary Report – Voluntary - Public

Distribution

Date: July 20, 2023

Report Number: HO2023-0004

Report Name: Retail Foods

Country: Honduras

Post: Tegucigalpa

Report Category: Retail Foods

Prepared By: Jessie Inestroza

Approved By: Andrew Hochhalter

Report Highlights:

Honduras is the twenty-seventh most important export destination for consumer goods from the United States. Honduras' imports for fiscal year 2022 was \$522.6 million, ranking second only to Guatemala in Central America and sixth in the Americas. In 2022, the value of US consumer goods exports to Honduras climbed 10.1 percent by value and -0.3 percent by volume over 2021. Honduras imported a total of US \$1.7 billion in consumer goods from around the world.

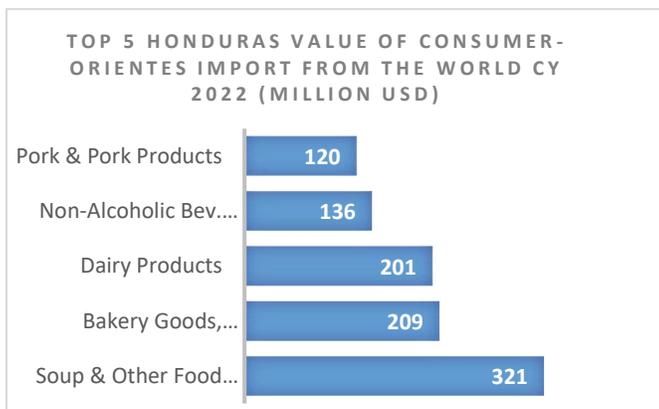
MARKET FACT SHEET: HONDURAS

Remittances from Hondurans working in the United States hit a record high of USD 8.7 billion in 2022, accounting for more than 20% of GDP. Strong remittances and a healthy international demand, which were boosted by the recovery in the United States economy, increased private consumption. In December, inflation broke through the top band and approached 9.1 percent for the year, indicating supply-side issues as well as some demand pressures from strong remittances and increasing government spending. However, the Honduran industry closed 2022 with an economic growth of 4.0%.

EXECUTIVE SUMMARY

The country's external position improved in 2022 due to a large influx of expatriate remittances. The current account deficit is expected to widen in 2023. First, the regional slowdown will reduce exports of goods, thereby deepening the trade deficit.

TOP 10 US IMPORTS OF CONSUMER-ORIENTED FOOD PRODUCTS



Source: Trade Data Monitor 2023

Honduras' consumer-oriented imports from the world will exceed \$ 1.7 billion in fiscal year 2022,

with the main commercial partners being the United States of America (30%), Guatemala (23%), Costa Rica (12%), Mexico (10%), and El Salvador (8%).

FOOD RETAIL INDUSTRY

The retail sector in Honduras continued its bounce back from the pandemic. In current terms, retail sales growth was higher in 2022 than in 2021 - although, when viewed in constant terms, sales growth dipped slightly.

Company Shares of Retailing	
% Share (NBO) - Retail Value	
Company Name	2022
Wal-Mart Centroamérica	10.8 ▲
Supermercados La Colonia	7.5 ▲
Distribuidora La Antorcha	2.6 ▲
Kielsen Farmaceutica	1.3 ▼
Corporacion La Cumbre	1.2 ▲
Distribuciones Universales	0.7 ▼
Pricesmart Honduras	0.5 ▼
Comisariato Los Andes	0.4 ▼
Others	74 ▼

QUICK FACTS

HONDURAS'S CONSUMER- ORIENTED FOODS: U.S. MARKET SHARE (%)

Product	Percentage
Dairy Products	17.3
Soup & other food preparations	8.5
Bakery goods, cereal, & pasta	6.9
Nonalcoholic Bev.	3.9
Pork & pork products	21.3

Source: Trade Data Monitor 2023

GDP/Population:

Population (millions):	10.3
GDP PPP (Int'l \$billion):	70.3
Change in real GDP (%):	4.0
Inflation, year average (CPI %):	9.1

SECTION I: MARKET SUMMARY

The Central Bank of Honduras (BCH) reports that the country's imports of food and beverages totaled \$1.7 billion in 2022, an increase of \$271.8 million over the previous year. This increase is primarily attributable to imports of processed food and beverages meant solely for domestic consumption, which reached \$1,496.9 million in 2022, an increase of \$150.4 million over the previous year, with bakery goods and food preparations coming mainly from Guatemala and El Salvador. These imports are only intended for domestic consumption. BCH's includes some intermediate product ingredients in their import statistics for food and beverages, which accounted for the variance in import value of more than \$400 million from US reporting sources on consumer-oriented products.

RETAIL

Even in the face of rising inflation in 2022, grocery retailers' sales in Honduras continued to expand during the year. However, when measured in constant terms (i.e., without the effects of inflation), sales growth was flat in 2022. This was due, in large part, to the impacts of inflation. Higher food prices caused Hondurans to refocus their spending on groceries and other home necessities, forcing the poorest to settle for less expensive supermarket products. Furthermore, small local grocers, which are frequently visited by low-income and rural clients, performed particularly poorly in 2022.

ADVANTAGES AND CHALLENGES FACING U.S. PRODUCTS IN HONDURAS

ADVANTAGES	CHALLENGES
Major retailers have expanded the number of stores and floor space during the last few years, with plans to continue this expansion.	The market is highly price-sensitive, and lower quality products are often more competitive due to pricing.
Food industry technology innovations allow business owners to understand customers better and provide them with a little bit more than they expect.	Economy remains very susceptible to the world economy, especially the United States, where negative events can disrupt remittances flow, tourism, and investment in Honduras.
Privileged relationship with the United States (preferential trade agreement under DR-CAFTA, military presence).	Political and economic uncertainty.

SECTION II. ROAD MAP FOR MARKET ENTRY

Exporters should be diligent when selecting a partner (local importer agent or legal representative) in Honduras. Personal visits/meetings with prospective partners are highly recommended, and exporters should conduct a background check of the prospective partner before signing a permanent contractual agreement. Small-to-medium sized potential exporters can work with the appropriate U.S. State Regional Trade Group

THIS REPORT CONTAINS ASSESSMENTS OF COMMODITY AND TRADE ISSUES MADE BY USDA STAFF AND NOT NECESSARILY STATEMENTS OF OFFICIAL U.S. GOVERNMENT POLICY

(SRTG) to take advantage of the SRTG's resources for marketing and promotion support in Mexico. To learn more services available from the SRTGs, find the SRTG for your geographic region in the list below and visit the website.

- Western U.S. Agricultural Trade Association (WUSATA)
- Southern U.S. Trade Association (SUSTA)
- Food Export-Midwest & Food Export-Northeast (Food Export)

U.S. companies will value working with an experienced and professional importer or distributor as local partner. Distributors or importers will help with issues related to regulations, procedures, labeling, and customs clearance. The main supermarket chains have their own purchasing and importing departments. Companies attempting to approach large chains should have enough production capacity to meet the large product volumes they typically require.

MARKET STRUCTURE

In Honduras, modern grocery retailers' sales growth overtook that of small neighborhood stores in 2022, continuing a long-term trend. These retailers operate in the warehouse clubs and convenience stores channels. Small local grocers (including open markets) are frequently the only conveniently accessible grocery shopping option in remote areas. Meanwhile, consumers in cities have easier access to modern forms. As a result, as Honduras' urbanization increases, convenience stores and warehouse clubs, as well as supermarkets, hypermarkets, and discounters, benefit at the expense of small local grocers.

The global tendency is for retail enterprises to develop their own private brands, and while no official data are available, Honduras has not lagged. In recent years, supermarkets have added a diverse choice of private brands, promoting them with gondola areas and in-store promotions.

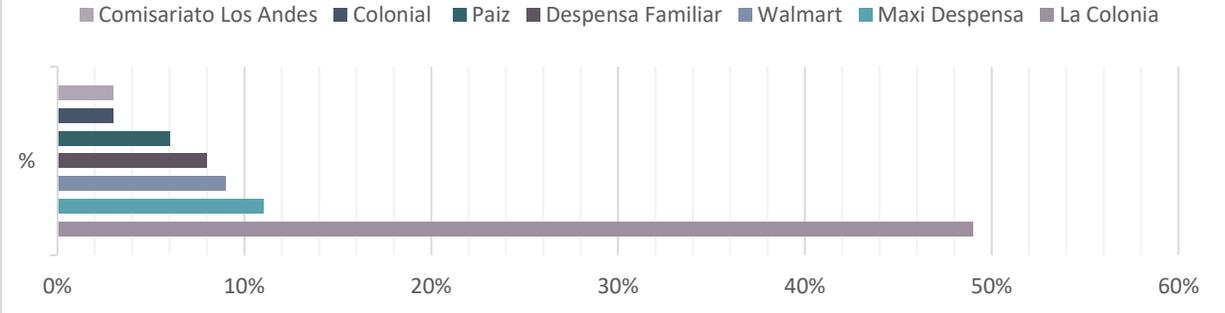
Price/deals will continue to be an important driving element for this channel over the projected period, as customers will continue to wait for seasonal and occasional promotions before making purchases. Much of this trend arises from the low earnings of most of the country's working-age population, to which mixed businesses respond by offering price promotions to avoid alienating these customers.

COMPANY PROFILES

Wal-Mart Centro América SA maintained its advantage in food retailing with its Despensa Familiar, Maxi Despensa, Paiz, and Walmart Supercenter brands. In 2021, the firm establish its fourth Supercenter location, emphasizing the "buy everything in one place" theme as well as unique services for this market such as self-checkout. Super mercados La Colonia de Honduras SA de CV was ranked second after Wal-Mart but number one in top-of-mind brands.

Walmart de México y Centroamerica (Walmex) operations in Honduras, as well as El Salvador and Nicaragua, were being evaluated for possible joint ventures, strategic partnerships, or even sale at the end of the review period, with the retailer seeking to focus efforts on operations in Mexico, Costa Rica, and Guatemala.

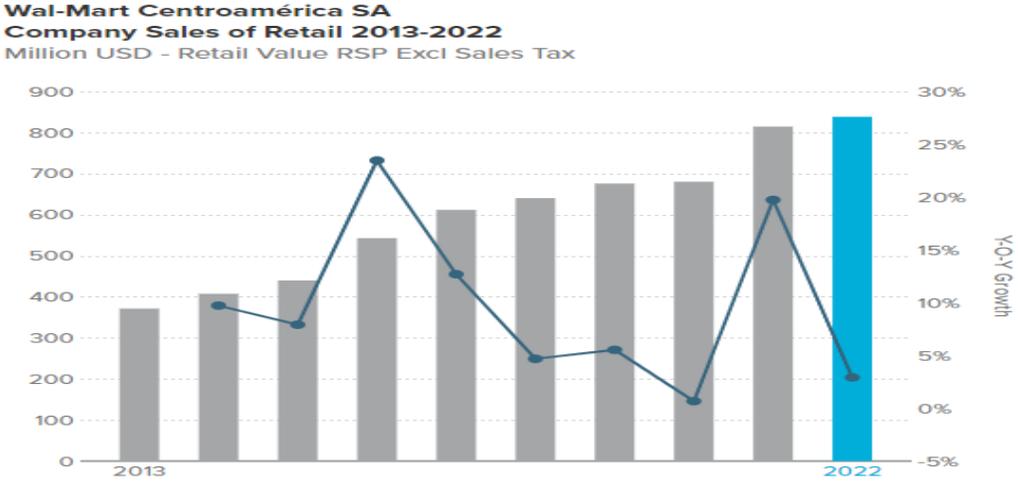
Honduras: Top of Mind Supermarket Chains 2022



Source: <https://www.estrategiaynegocios.net>

WALMART

Walmart is the largest grocery store in Latin America, with a 10.8 percent market share in the country. Walmart presently runs 111 retail locations in Honduras, divided into four formats. Walmart's Despensa Familiar accounts for 4.2 percent, Walmart Supercenter accounts for 2.8 percent, Maxi Despensa accounts for 2.2 percent, and Paz accounts for 1.6 percent. Euromonitor estimates Walmart's Honduras retail value (without sales tax) for 2022 to be \$ 838 million.

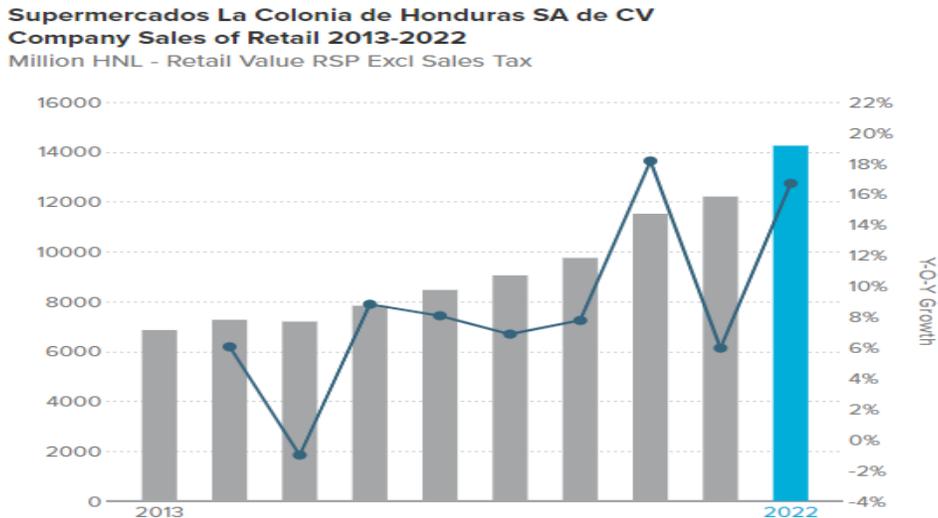


Source: Euromonitor 2023

SUPERMERCADOS LA COLONIA

Regarding food retailing Super Mercados La Colonia ranked number one brand in top-of-mind awareness (TOMA) with 49% recognition by the Hondurans, for the year 2021-2022, and Maxi

moved up to second place. In 2022, Supermercados La Colonia had a 7.5 percent market shares in grocery retailing with 57 retail units, company sales of \$ 578 million (excluding sales tax) and 0.4 percent point change in market share for the years 2020 to 2022.



Source: Euromonitor 2023

DISTRIBUIDORA LA ANTORCHA

La Antorcha Supermarket, a small grocery store in the popular central market of El Progreso, has a 2.6 percent market share and generates \$ 200 million in sales.

PRICESMART

PriceSmart, one of Honduras' major warehouse club operators, is likewise adjusting its operations by implementing the Toshiba Global Commerce Solutions Elera Commerce platform to improve its front-end client experience. PriceSmart will begin rolling out the Elera platform in early 2023, replacing its present antiquated POS system with Elera technology. Today it has a 0.5 percent market share.

OTHERS

The number of convenience stores, such as Pronto and Circle-K, rose over the review period.

III. COMPETITION

Honduras has an open and expanding trade policy, through 12 Free Trade Agreements with the main markets, covering 36 countries, and of which the majority are multiparty. The free-trade agreement (FTA) between Taiwan and Honduras is to end in 180 days from June 8th 2023, according to the Ministry of Foreign Affairs. Honduras and the People's Republic of China will begin negotiating a trade agreement at the beginning of July 2023.

PROSPECTS AND OPPORTUNITIES BY VALUE

Five products represent 69% of the total imported by value for the category food-oriented products. Honduras imported over \$106 million in pork & pork products, \$93 million in dairy Products, \$84 million in beer, \$29 million in poultry meat & poultry products and \$28 million condiments & sauces.

FASTEST GROWING IMPORTS BY CATEGORIES

DAIRY PRODUCTS

Honduras imported dairy goods from all around the world for \$201 million, a 32% rise year on year. The United States controls 46% of the market, followed by Guatemala (19%), Mexico (12%), and Costa Rica (9%). Casein imports from China had the greatest year-over-year value changes, followed by milk and cream (powder or granule) from New Zealand and Cheddar and Colby cheese from Italy, Bulgaria, and France.

NON-ALCOHOLIC BEVERAGES (EXCLUDING JUICE, COFFEE & TEA)

The total import value of nonalcoholic of \$136 million. The year over year increase in value was of around 10 percent but the quantity decreased in 6 thousand tons. The US is the third non-alcoholic beverage supplier with a 15 percent market share behind Guatemala (47%) and El Salvador (24%).

CONDIMENTS & SAUCES

Honduras imported \$93 million in condiments and sauces from around the world, including about \$ 36 million from Guatemala, \$22 million from the United States, \$21 million from Costa Rica, and \$7 million from El Salvador. The US export dollar value rose by 18% for calendar year 2022. Soy sauce import value increase \$11 million.

DISTILLED SPIRITS

Honduras imported distilled spirits from around the world for \$ 21 million, representing a 21 percent increase year over year. Mexico has a market share of 28 percent, followed by Nicaragua (18%), Guatemala (16%), the United States (12%), and the United Kingdom (12%). Nonetheless, the UK's export value increased 316% in the last year.

CATEGORIES OF INTEREST ARE:

- ✓ Soups & broths
- ✓ Bread, pastry, cakes, biscuits, and similar baked products, nesoi, and puddings, whether or not containing chocolate, fruit, nuts or Sugar-free and gluten-free cookies, candy, baking mixes, etc.
- ✓ Ice cream
- ✓ Milk and cream, concentrated, whether or not sweetened, in powder, granules or other solid forms, of a fat content, by weight, not exceeding 1.5%
- ✓ Casein
- ✓ Whole wheat bread and/or seeds-base products: granola bars, flaxseed products
- ✓ Whey and modified Whey

- ✓ Cereals other than corn
- ✓ Potatoes, including french fries, prepared or preserved otherwise than by vinegar or acetic acid, frozen
- ✓ Meat and Edible Offal of Chickens, Not Cut in Pieces, Frozen
- ✓ Soy sauce
- ✓ Dog and cat food, put up for retail sale

V. POST CONTACT AND FURTHER INFORMATION

Office of Agricultural Affairs

American Embassy

Avenida La Paz. Tegucigalpa 11101, Honduras

Phone: +504 2236-9320 ext. 4354, 4544

E-mail: AgTegucigalpa@state.gov

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

Attachments: No Attachments

Attachments:

No Attachments.