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Turkey

Retail Foods

Despite the Recession, Grocery Retailing is Promising in the Long Run

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Report Highlights:

The Republic of Turkey has a young population of 82 million people fueling consumption. The country is in a Customs Union with the EU and is the 18th largest economy in the world. Though the Turkish economy stagnated recently, an annual average GDP growth of 1.9 percent is forecast by the IMF between 2019 and 2023. There was a very slight increase in total imports of consumer-oriented agricultural products in 2018 compared to 2017 in USD terms. EU countries are the major suppliers to Turkey in terms of consumer-oriented agricultural products.

Post:

Ankara

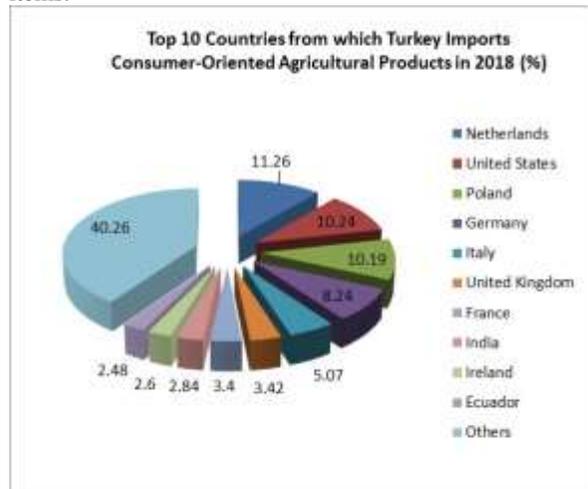
MARKET FACT SHEET: TURKEY

Executive Summary

The Republic of Turkey has a young population of 82 million people fueling consumption. The country is in a Customs Union with the EU and is the 18th largest economy in the world. Though the Turkish economy stagnated recently, an annual average GDP growth of 1.9 percent is forecasted by the IMF between 2019 and 2023. There was a very slight increase in total imports of consumer-oriented agricultural products in 2018 compared to 2017 in USD terms. U.S. food exporters should utilize importers in Turkey to penetrate the market in most cases. There is still a gap in the market to fill. The food retail sales index is in a generally upward trend in real terms over the last five years.

Imports of Consumer-Oriented Agricultural Products

EU countries are the major suppliers to Turkey in terms of consumer-oriented agricultural products. They have the advantage of proximity and the Customs Union. As Turkey's food sector has become more specialized and export-oriented, Turkey now imports some consumer-oriented agricultural commodities such as rice, dried beans, walnuts, almonds, bananas, coffee, cocoa, meat, fish and different kinds of processed/packaged food items.



Food Processing Industry

There are 47,617 food processing and 595 beverage producing enterprises in Turkey, according to the latest statistics published by TurkStat from 2017. Turkey has a modern and developed [food processing industry](#) supplying the domestic population and also exporting; it represents 16 percent of all manufacturing activities. As of the end of 2018, there were 611 foreign direct investments in food and beverage production: 101 of these were German, 44 Dutch, 33 French, 31 from the United States, 30 from Italy, 26 from Russia, 26 from Iran, and 25 Swiss.

Food Retail Industry

Grocery sales were USD \$84 billion as of the end of 2018. The inflation/seasonally adjusted [Real Retail Sales Index](#) has been increasing between 2013 and 2016 but started to decline slightly in 2017 and 2018. Despite the recent political and economic challenges, the food retail industry had been growing due to a young, dynamic population with 90 percent urbanization rates and a growing middle class. Several foreign players in grocery retail have left the market in the last few years but the domestic industry is coming on strong and investments continue to be fast-paced, especially

in the hard discount segment. Organized/modern retailers now make up the majority of the grocery market share as traditional retailers slowly exit the market.

Quick Facts

Imports of Consumer-Oriented Ag. Products 2018 \$2.6 billion

List of Top 10 Growth Products in Turkey (Imported Consumer Oriented Agricultural Products) 2015-2017

- | | |
|-------------------------------|--|
| 1. Nonalc. Beverages, nesoi | 6. Buttermilk/Kepfir/Curdled FermAcidfd Milk & Cream |
| 2. Mandarins (tang.&satsumas) | 7. Chestnut Inshell, fresh/dried |
| 3. Roasted Chicory | 8. Green tea, not fermented |
| 4. Meat, Bovine Cuts, bone in | 9. Tomatoes Whl/Pcs Prep/Pres |
| 5. Chicken Cuts/Whl., frozen | 10. Mix of Nuts & Dried Fruits |

Food Retailers by Channel (Sales in Million USD) 2018

Modern Grocery Retailers	34,920
- Convenience Stores	1,169
- Discounters	12,193
- Gas station/ Forecourt retailers	563
- Hypermarkets	1,044
- Supermarkets	19,950
Traditional Grocery Retailers	32,717
Grocery Retailers Total	67,637

Top 10 Retailers (by Marketshare in 2018)

- | | |
|----------------|----------------------------|
| 1. Bim | 6. M- Jet (a Migros Brand) |
| 2. A 101 | 7. Kipa |
| 3. Şok | 8. Ekomini |
| 4. Migros | 9. Hakmar |
| 5. CarrefourSA | 10. Yunus |

GDP/Population

Population: 82 million (2018)
 GDP, PPP: USD 2,186 billion (2017)
 GDP Per Capita, PPP: USD 28,000 (2017)

*Average FX rate for 2018 used to change into USD (4.999 TRY/USD)

Sources: CIA The World Fact Book; Euromonitor International; Turkish Statistical Institute; Global Trade Atlas, World Bank

Strengths/Weaknesses/Opportunities/Threats

Strengths	Weaknesses
Long term GDP and disposable income growth	Domestic and international political challenges
Large population base: young and growing	Economic instabilities such as exchange rate fluctuations
Opportunities	Threats
Unsaturated market, open for new items	Complex and time consuming import procedures
Growing demand for high value packed food; ready to-eat/cook meals as the share of working women increases	Strong traditional food and cuisine affecting consumption habits

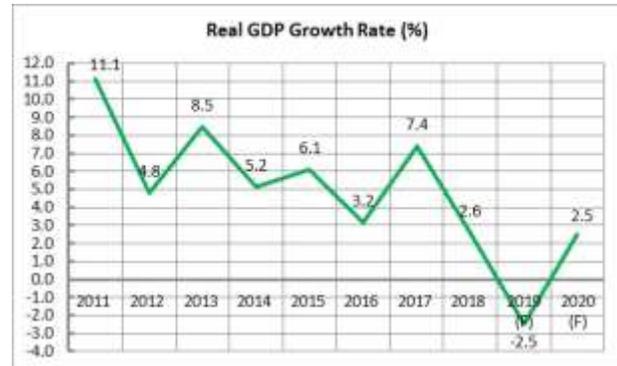
Sources: CIA World Fact Book; Euromonitor International; Turkish Statistical Institute, Economist Intelligence Unit

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I. MARKET SUMMARY

The Republic of Turkey, located in the south east of Europe and the north west of the Middle East, bordering the Black Sea to the north and the Mediterranean Sea in the south, has a young population of 82 million fueling consumption. The median age is 32 and 68 percent of the population is between the ages 15 to 64¹ (59 percent is between 15 and 54). The urbanization rate reached approximately 90 percent, with rapid urbanization in the last 20 years. These factors, coupled with increasing household income, drive the retail industry. The country is an associate member of the European Union (EU) and is in a customs union with the EU². Turkey is the 18th largest economy in the world according to the International Monetary Fund (IMF) as of 2018.

The average Gross Domestic Product (GDP) growth between 2014 and 2018 was about 5 percent and annual

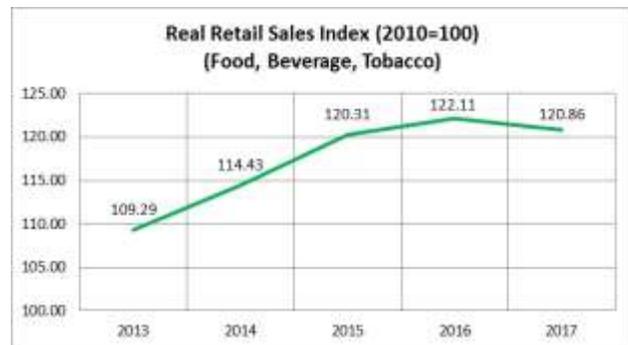


average projected GDP growth is 1.9 percent between 2019 and 2023 according to the IMF. Although the Turkish economy's growth has been positive up until recently, Turkey's macroeconomic achievements are being challenged. GDP has contracted in the third and fourth quarters of

2019 in terms of seasonally adjusted figures, producing a recession, which has negatively impacted investment, and growth. Although the domestic security environment has improved, several consecutive elections contributed to economic uncertainty. The strong recovery in 2017 mostly depended on a short-term fiscal stimulus. By the end of 2018, inflation measured by consumer price index (CPI) has risen to 20.3 percent doubling from a year ago. Food and beverage inflation was 25.1 percent as of December 2018. It is considered as one of the main drivers of overall inflation by the government of Turkey (GoT)³. The value

of Turkish Lira has also depreciated rapidly, especially since summer 2018.

Grocery retail sales make up 55% of all retail industry sales and were \$83.8 billion USD, through approximately 352,000 chain and independent grocery retailers. Total retail industry sales (excl. sales tax) were \$123.6 billion U.S. Dollars (USD) in 2018, according to Euromonitor. The chart shows the declining trend of retail sales and grocery sales in USD terms. One of the main causes of this decline was the rapid depreciation of the Turkish Lira (TRL) against USD, though the contraction of sales in 2017 was real (not only because of exchange rates) as seen in the retail sales index to the right. In terms of current value of the Turkish Lira though, the sales increased every year, this of course includes the inflation effects. The real retail sales index chart (2010=0) shows the actual trend in food retail



Source1: Sales in USD, Euromonitor International

Source2: Sales Index, Turkish Statistical Institute (TurkStat)

¹ Source for demographic data: Turkish Statistical Institute (TurkStat).

² In mid-March 2019, European Parliament (EP) officially recommended freezing EU membership negotiations with Turkey and not to update the customs union agreement unless there is an improvement in democracy and human rights issues. This is a [non-binding resolution approved on March 13th, 2019](#) by EP & directed this advice to EU governments and the European Commission, the bloc's executive arm, which together run the accession process with the Turkish government.

³ Source: TurkStat. Inflation measured by the Producer Price Index (PPI) has been 33.64 percent by the end of 2018.

sales, which is steadily increasing until 2017 and has a slight drop in real terms in 2017. The index is seasonally adjusted with constant prices, adjusted for inflation. At the end of 2015, \$1 USD was equal to 2.92 TRL, which increased to 3.52 TRL by the end of 2016, 3.77 TRL at the end of 2017 and 5.28 as of December 2018. The GoT has taken several actions to protect the value of the Turkish Lira, which have been seen by Market analysts as an indicator of the deteriorating economic conditions.

Food price inflation was a major concern for the Turkish economy in 2018 and 2017. It became such an issue in winter 2019 that in advance of elections, the government opened “regulatory sales stands” (*tanzim satis*) in major squares in Istanbul and Ankara in intervening the free market economy to sell subsidized fresh produce including onions, tomatoes, cucumbers, green peppers, eggplants and potatoes, as well as rice, lentils, and chickpeas. People lined up for the highly subsidized (70 – 75 percent) products, and the government also removed tariffs for imports of some needed products to balance prices in the Turkish market. Scarcity of staples like onions and potatoes as well as tomatoes and green peppers were shocking to Turkish consumers who are used to buying these at reasonable prices and always having them available. Since the vegetables shortages were partially driven by weather issues, as summer approaches, it is expected that more fresh produce will be available and more affordable in the market and retailers as spring and summer harvests begin in Turkey. This was also an effort to encourage retailers to reduce their prices to slow the rise in food inflation, and many companies signed onto the government program to keep their prices down. Some market analysts commented that this pressure on companies by the state had a negative impact on the free market. Some political analysts have also suggested a link between these regulatory sales stands and municipal elections which took place on March 31st, 2019.

Based on Post analysis of the market, it is expected that demand for imported higher-value processed food products will increase in medium to long term in Turkey’s urban western centers where consumers are relatively wealthier. With a growing middle class who travels more than their parents, taste for international flavors will increase. Turkey’s geographical position facilitates food imports (and exports) as well.

Imported high value food items are mostly sold in hypermarket settings which are located in wealthier urban areas.



Source: Euromonitor International.

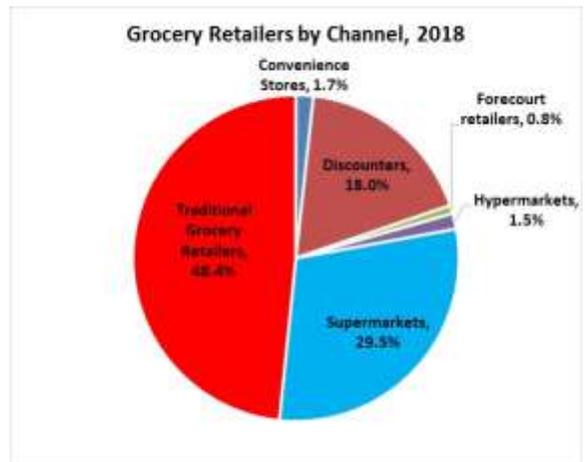
These include Migros, CarrefourSA, Metro Grossmarkets and premium grocery chains such as Macrocenter, as well as more regional gourmet chains like [Gourmet Garage](#). Standalone gourmet/premium food stores that are located in major city centers like Istanbul, Izmir, Ankara, Bodrum, Antalya, Bursa, Cesme also sell imported goods. Imported specialty or high value food items are generally not sold in discount grocery chains or in regional grocery chains, though imported commodities such as rice, walnuts, almonds and few imported fresh fruits

like bananas and avocados may be available there.

Turkish customers increasingly prefer to shop in areas where their homes or workplaces are located, especially in traffic-clogged metropolitan areas like Istanbul, Ankara, and Izmir. Turkey is also a very price sensitive market. Consumers have started to prefer hard discounters or discounters offering private label products, which are on average 30 percent cheaper than the name brand. Discount grocery retailers such as BIM and A101, are transforming the market and are opening up compact stores everywhere (usually sized around 100 to 400 square meters) in neighborhoods and side streets. An increasing number of [bakkals](#) (traditional stand-alone small grocery shops), are either closing due to competition, or transforming into smaller size outlets of organized grocery chains such as convenience stores or discounters. Grocery supermarket retailers such as Migros and CarrefourSA are opening smaller convenience stores like M-Jet and CarrefourSA Express to compete.

As a result of low presence of organized or modern retailers in smaller towns and villages, traditional grocery retailers such as *bakkals* (traditional small grocery shops) and [pazars](#) (street produce markets), are still the main way of grocery shopping in those places. According to Euromonitor International, 2018 is the first year that market share of the modern organized grocery retailers has surpassed traditional grocery retailers.

The discounter model operated by BIM, and then followed by A101 and Şok, has shown a particular ability to meet many Turkish consumers' preference for proximity shopping and lower prices. International retailers' focus on larger supermarket formats may be reaching its limits. As the food retail market is very price-sensitive and the profit margins are low, Post forecasts that domestic grocery store chains will continue to dominate the Turkish market at least for the near term. During the last five years there has been a trend for international retailers to either leave the market or sell to local partners. Industry specialists speculate that beyond price sensitivity, it has been hard for foreign grocery retailers to understand and manage the Turkish market and consumer. Between 2012 and 2017 Tesco (UK), Real (Germany), and Dia (Spain) have left Turkey, and Carrefour sold the majority of its shares to its local partner [Sabanci Holding](#). In 2018, the large domestic retailer Migros bought out Uyum Markets, a local market chain with 56 stores. According to post analysis, further consolidations might be expected in terms of national chain markets to buy local chain markets. The economic deterioration has caused additional price sensitivity among consumers and there is strong competition from increasing penetration of the discounters to the realms of local chains.



There are a few companies using online grocery retailing as a sales channel in Turkey. [Migros](#) has been the market leader. Online grocery retailing is active only in major cities. Internet retailing registered a current value growth of 29 percent from 2017 to 2018 in USD basis and expected to have 144 percent growth between 2018 and 2023 according to Euromonitor International. In Istanbul, there is also a unique model for home based retail shopping via smart phone app called [Getir](#). Getir has no retail outlets, but delivers high-turnover products, both food and non-food, (that traditionally a neighborhood corner store/*bakkal* would carry) to homes in an average of 10 min, 24/7. The business model innovation seems to be a success so far.

<u>ADVANTAGES</u>	<u>CHALLENGES</u>
Solid GDP growth and disposable income growth (with stagnation in 2016-2018, but expected recovery in 2019)	Domestic and international political challenges
Large population base: young and growing, middle and upper middle class are growing	High import duties on processed/packed food and agricultural products
High and increasing urbanization rate	Lack of transparency in rules and regulations
Strong and steady retail market growth expected	Economic instabilities such as exchange rate fluctuations
Unsaturated market, open for new items	Complex and time consuming import procedures
Internationally traveling new generation open to more new tastes from abroad	Strong traditional food and cuisine affecting consumption habits
Growing demand for high value packed food; ready to-eat/cook meals as the share of working women increases	Risk of similar products being developed domestically, such as packaged confectionery products and ready to eat meals
Fast growing modern organized grocery chains	Unregistered economy can create some unfair competition
Positive perception for products from the USA	There is a zero tolerance for genetically engineered products or ingredients for food use in Turkey
Strong food culture and tradition of gathering for meals in large groups, so new products fitting into existing food culture and eating habits are easily adopted	Marketing for some products can be difficult: Labeling laws limit health-related claims, and regulations limit alcohol advertising, new labeling and advertising restrictions being developed on salt/fat/sugar content.
Many regulations are similar to those of the EU, so the	Competition from many products imported under FTAs

expansion to Turkey can be easier for companies already exporting to Europe

or European countries with lower tariffs

II. ROAD MAP FOR MARKET ENTRY

a. ENTRY STRATEGY

Normally a good way of bringing in retail food to Turkey is using a local agent in the country. This agent is sometimes an importer, distributor, wholesaler, a commission-based trader or some combination thereof. Local representatives will have experience in market development and contact information of potential buyers, such as the organized grocery retailers. A good representative can guide you in the market, including on import rules and regulations, which ports to utilize, local business practices, conducting market intelligence formally or informally, starting sales calls, etc. Turkey straddles southern European and Middle Eastern cultures, and relationships are very important for business. This makes already existing relations and connections in the country especially important.

In very rare cases, some organized retailers may import food items directly, such as high turnover products. But in general, retailers will buy from a Turkish company who is importing the product. Turkey's import processes and regulations can be difficult to navigate, so local agents are vital. For details on the requirements, please refer to FAS Turkey reports on [Food and Agricultural Import Regulations and Standards](#) and [Required Certificates](#). Please also refer to our [Exporters Guide](#) for an overview of the market and steps for market entry.

Turkey's "All Foods Foreign Trade Association" ([TUGIDER](#)) may be contacted to get information on potential representatives in Turkey. Contact: +90 212 347 2560, tugider@tugider.org.tr. TUGIDER members represent the major food importers in Turkey.

Food trade shows in Turkey can be helpful to visit, such as [Anfas Food Product](#), [World Food Istanbul](#), [CNR Food Istanbul](#), and Food Ingredients [Fi Istanbul](#), to meet importers and get a feeling of the market before trying to enter. Additionally, Turkish buyers usually visit [Anuga](#) in Germany, [Sial](#) in France and [Gulfood](#) in Dubai.

b. CONTACT THE AGRICULTURE OFFICE

The USDA/FAS Office of Agricultural Affairs in Turkey may be contacted to get information on market issues. Foreign Agriculture Services (FAS) offices listed below may assist with connecting U.S. food exporters and Turkish importers.

For other agricultural industry reports on Turkey and other countries in the world you may visit Foreign Agricultural Service (FAS)' [internet page](#).

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c. MARKET STRUCTURE

Grocery retailers are classified in two major groups in Turkey: **organized/modern grocery retailers** and **traditional grocery retailers**. Organized grocery retailers are multi-format retail chains, discount grocery chains, regional grocery chains and gas station convenience stores. The largest chunk of the traditional local grocery retailers are standalone grocery stores which are called *bakkal* in Turkish, are up to 500 square feet in size and selling high-turnover grocery products. Traditionally there are also separate stores in each town or neighborhood specializing in fresh produce, meat, nuts/dried food items, and bread/baked goods. The other major channel in the traditional market structure is open-air bazaars/markets (*pazar* in Turkish) where fresh produce, nuts, fish, and even some textiles are sold by producers and traders. These are weekly farmers markets and are held on streets in different neighborhoods.

Another useful classification of grocery retail stores in Turkey is *regional grocery chains*, *national grocery chains* and *international grocery chains*. Regional grocery chains have stores in one or a few cities in Turkey; they are all domestically-owned companies. They rarely carry any imported food except agricultural commodities such as rice, popcorn, bananas, lentils, and dried beans. They are a large and important part of the retail picture in general, but **not for imported processed goods**, with a few exceptions. National grocery chains are supermarket chains with stores across Turkey in almost all cities. They can be discount, regular, or premium stores. International grocery chains are companies with international ownership and international presence of stores. They have stores around Turkey, but usually not east of Ankara. In total there are more than 200 grocery chains in Turkey having more than five stores.

d. TOP FOOD RETAILERS IN TURKEY & COMPANY PROFILES

Table 1: Top 10 Grocery Store Chains by Number of Stores

	Grocery Chain	Chain Type	Number of Stores 2018	Number of Stores 2017	New Stores in 2018
1	A 101	National Discount	7,994	7,200	794
2	BIM	National Discount	6,434	6,074	360
3	Sok	National Discount	6,055	5,100	955
4	Ekomini	National Discount	1,874	1,804	70
5	Migros (M, MM, MMM, 5M)	National	1,120	1,018	102
6	M-jet	National Convenience	680	629	51
7	Hakmar	Discount - Istanbul	516	473	43
8	CarrefourSA	National (Int. owned)	429	411	18
9	Sec Market	National Discount	388	303	85
10	Carrefour Express	National Convenience (int. owned)	194	196	-2
	Total of Top 10	All types	25,684	23,208	2,476

Source: Euromonitor International

Table 2: Top Gas Station Grocery Convenience Shops (Forecourt Retailers) by Number of Stores

	Gas Station Grocery Convenience	Number of Stores 2018	Number of Stores 2017	New Stores in 2018
1	Petrol Ofisi Gas Station Markets	1,667	1,790	-123
2	Opet Gas Station Full Markets	1,111	1,096	15
3	Shell Gas Station Shops & Shell Select Shops	1,092	1,090	2
4	BP Gas Station Shops	387	560	-173
	Total	4,257	4,536	-279

Source: Euromonitor International

Table 3: Market Shares of Organized Grocery Retailing in Turkey: Top 10

	Grocery Chain	Chain Type	Market Share (%) 2018	Sales (\$mil. USD) 2018
1	BIM	National Discount	8.4	5,662.10
2	A101	National Discount	5.3	3,593.70
3	Sok	National	3.9	2,640.80
4	Migros*	National Discount	3.4	2,358.60
5	CarrefourSA	National (Int. Owned)	1.1	768.80
6	M-Jet	National Convenience	0.7	501.10
7	Kipa	Regional	0.5	361.10
8	Ekomini	National Discount	0.5	354.30
9	Hakmar	Discount - Istanbul	0.4	296.00
10	Yunus	National	0.2	155.80
	Total of Top 10	All types above	24.40	16,692.30

Source: Euromonitor International

*M, MM, MMM, 5M Stores of Migros are displayed together. M-Jet, the convenience store of Migros, is not included. When M-Jet is combined with Migros, actually Migros would be ranked number 3. ** The market shares are in the organized grocery retail category, traditional grocers are not included.

BIM is the hard discounter of Turkey who sells 80 percent of products as private label. It is present in all large cities in Turkey and in most smaller towns as well. Stores are generally 3,000 – 6,000 square feet. They are in neighborhoods and side streets as well as some main roads. BIM does not sell imported food except commodity agricultural products such as rice, walnuts, almonds, corn for popcorn, and bananas. BIM does not sell alcohol of any kind or tobacco products. Seventy one percent of BIM shares are publically traded.

A101 is a hard discount market chain with the most number of stores in Turkey and is a major competitor of BIM with similar type of stores in similar locations. Similar to BIM, they only sell some imported commodities – they do not sell imported packaged or processed foods. Private label products constitute 50 percent of all products. A101 exists in all 81 cities in Turkey and also in 900 town centers in Turkey. Majority shares are owned by Turgut Aydin Holding. A101 does not sell alcohol of any kind or tobacco products.

Migros is a multi-format super market chain. It was the first grocery chain established in Turkey in 1954 by the City of Istanbul and Swiss Migros. It was then nationalized as Koc Group acquired majority shares in 1975. After several changes in ownership, the majority of shares are now owned by Anadolu Group of Turkey and the company is 100 percent Turkish. Migros has stores in many different sizes. The smallest format is a convenience store designed to compete with discounters and *bakkals* called M-Jet. The small supermarket format is called M Migros, the larger supermarket format is called MM Migros and hypermarket formats are called MMM Migros and 5M Migros. Their **MacroCenter** brand stores are gourmet stores selling a premium shopping experience. The chain covers 73 out of 81 cities in Turkey, and 22 percent of the offered products are private label. Migros sells some imported food, as well as processed and packed imported food at the larger format stores, and especially in MacroCenter stores. Migros stores sell all kinds of alcoholic beverages including imported wines and spirits, as well as tobacco products. Migros' [online sales platform](#) began in 1997 and now is serving in 24 cities around Turkey delivering groceries to homes in the requested time slot.

Şok (pronounced *shock*) is also a discount market chain. Şok is owned by [Yildiz Holding](#), which is the most prominent packaged food and packaged confectionery producer of Turkey, under the famous brand Ülker. Yildiz Holding has done an initial public offering (IPO) of Şok in May 2018. The IPO value was 2.3 million TL. Now there are five fund management companies having more than five percent of Şok shares, one being from the United States (9.15 percent). Thirty five percent of all the products in Şok are private label and the rest are typically Yildiz Holding's own well-known brands. In 2017, Şok also launched its mobile application which features click and collect services, the first discounter to do so.

CarrefourSA is a joint venture of Carrefour of France and Sabanci Holding of Turkey. Fifty one percent is owned by Sabanci, which may be the reason for this international chain to survive in Turkey unlike many other foreign chains that left the market. A small part of the shares are open to the public. CarrefourSA is the most important competitor for Migros. Like Migros, CarrefourSA operates multi-size super/hypermarkets. Carrefour has CarefourSA Express (their convenience store size) and CarrefourSA Super in different sizes, and also CarefourSA hypermarkets. CarrefourSA Gurme is their premium market which carries a lot of imported packaged and processed goods, as do the CarrefourSA super and hypermarkets. The chain is present in 58 of 81 major cities in Turkey. The chain has an [online sales platform](#) currently serving nine cities. CarrefourSA carries all kinds of alcoholic drinks including imported ones, as well as tobacco products.

III. COMPETITION

According to Post's market observations, imported processed food products face strong competition from local products in the food retail sector. Turkey has a well-developed food processing sector that is producing good quality food items for the Turkish market and to export overseas. In addition to local production, products from European countries are also important. EU has a customs union with Turkey where many European processed food items have low or no customs tariffs to Turkey. Furthermore, proximity is a major benefit for lower freight and shorter delivery times from Europe. Trucks are often used for transportation between Europe and Turkey. European Free Trade Association (EFTA) countries which are Switzerland, Norway, Iceland, and Liechtenstein also have a joint FTA with

Turkey, giving them preferential customs advantages as well. In addition, Turkey has [FTAs with 19 other countries](#) with many including preferential tariff rates on food and agriculture products.

Ecuador is the main supplier of bananas to Turkey and some other tropical fruits as well as being one of the suppliers of coffee.

Table 4: Top Countries supplying Turkey’s Imported Consumer-Oriented Agricultural Products: (2016-2018)

Thousands of USD		Imports	Imports	Imports	% Share
Product		2016	2017	2018	2018
1	Netherlands	239,552	292,795	288,400	11.26
2	United States	225,982	220,200	262,280	10.24
3	Poland	83,528	155,416	260,947	10.19
4	Germany	241,575	230,708	211,129	8.24
5	Italy	132,254	141,724	129,777	5.07
6	United Kingdom	60,321	80,362	87,499	3.42
7	France	72,543	92,867	87,137	3.40
8	India	57,831	96,611	72,787	2.84
9	Ireland	49,250	58,114	66,611	2.60
10	Ecuador	86,572	88,230	63,474	2.48
Consumer-Oriented Agricultural Total from All the World		2,237,980	2,559,026	2,561,856	100.00

Source: Global Trade Atlas

IV. BEST PRODUCT PROSPECT CATEGORIES

Turkey is a highly competitive and very price sensitive market for many items. Prospective exporters should look at Turkey as a long term market opportunity and be persistent. A recognized brand has an advantage in the market, with Oreo Cookies being an example. Although similar and good quality cheaper substitutes are available in the market, Oreo has maintained its presence on store shelves. Exporters should be sensitive in brand positioning and be prepared for sufficient marketing activities and advertising.

a. PRODUCTS PRESENT IN THE MARKET WHICH HAVE GOOD POTENTIAL

- 1. Walnuts and Almonds:** Turkey is traditionally a nuts, dried fruits, and dried vegetables consuming culture. Some limited local production exists, but imports are required to meet the growing demand. Walnuts and almonds from California are very dominant in the Turkish market, sold packaged or unpacked by local importers. There has been a recent import tax cut on both walnuts and almonds from 43 percent to 15 percent in January 2018, which may bring down prices and increase demand. Please refer to [Report on Custom Tariffs of Almonds and Walnuts](#) for details on the tariff cuts and see our [report on additional levy](#) for some U.S. originated products. Also for further information see the [Turkey Tree Nuts Annual Report](#).
- 2. Sunflower Seeds for Confectionery:** There are prospects for sunflower seeds for confectionary, especially “Dakota” sunflower seeds which are recognized by Turkish importers and wholesalers as a high quality product. In-shell sunflower seeds are a hugely popular snack item. There is competition with local production and imports from China and Bulgaria, according to importers/processors, which are price competitive. There is interest in Dakota sunflower seeds by importers in Turkey. Turkish traders claim that US producers should try to improve their varieties for confectionary consumption to compete with China.
- 3. Dates:** Dates are culturally important in Turkey, and often eaten as part of religious rituals during Ramadan. Turkey doesn’t grow any dates but imports mainly from Israel, Saudi Arabia, and Tunisia, according to contacts in the sector. There have been date imports from the United States in the past but not very recently. Positioning in the market, a focus on quality, and brand recognition work would be important for building the market. California dates have sparked the interest of potential importers. Finding the right time to enter the market is important, as well as finding strategies for reducing refrigerated transportation costs.
- 4. Cranberries and Dried Fruits:** There is also some potential for other dried berries which do not grow in Turkey, such as blueberries or cranberries. They also can also be imported in frozen forms. Dried cranberries

have entered the market in recent years and have become popular among consumers as a snack food, and there is growth potential for expanding the uses.

5. **Spices:** Turkey is traditionally a spice consuming country and produces many kinds of spices and herbs, but does rely on some imports as well. In recent years, high quality U.S.-branded spices have gained the attention of well-traveled higher income consumers in Turkey. For example, cayenne pepper, crushed red chili peppers, black pepper, and some other niche spices have a potential in Turkey with high-end customers in premium outlets and specialty/gourmet stores.
6. **Functional foods:** Functional food consumption is increasing. There is a healthy eating trend among high end and even middle-class consumers. Gluten-free and diabetic products are available but much more variety is needed to fill the gap in the market. Diet products are also increasing with health consciousness. Baby foods and kid-focused foods that are ‘enriched’ are in the market in limited varieties and have potential to grow. See [FAS FAIRS reports for requirements](#) limiting what claims can be made on labels.
7. **Gourmet/Ethnic Food Ingredients:** With increasing disposable income, new generation Turkish consumers in upper-middle and upper classes, tend to be more open to international food as they engage with more international leisure and business travel. Tex-Mex, Chinese, Japanese, Indian, Thai, Italian, Lebanese, and Syrian restaurants are in the market. Gourmet and ethnic food ingredients have potential for home consumption as well as hotels and restaurants.
8. **Wine:** Although there are a variety of local and imported wines in the market, there is a potential for wine imports from the United States for wine enthusiasts that are keen to taste different wines. There is market potential for high end consumers who are less price sensitive. There are opportunities for beer as well, but it is more price sensitive. To note, Turkey has high consumption taxes and import tariffs for alcoholic beverages and there are also marketing restrictions to be aware of. There is 218 percent taxes (incl. customs tariffs, special consumption tax and VAT) on US originated wines and 192 percent taxes on EU and Chile originated wines. See our [reports](#) for details.
9. **Non-alcoholic beverages:** There is a growing market for other beverages, such as teas or juices, with a focus on natural, plant based, organic beverages according to Post’s retail market observations. There is an increasing demand for healthier beverages. They are sold in cafés and restaurants in addition to supermarkets. There are restrictions on health claims and on energy drinks to consider, see [FAIRS reports](#) for details.

b. TOP CONSUMER-ORIENTED PRODUCTS IMPORTED FROM THE WORLD

Table 4: Consumer-Oriented Agricultural Products Imported from the World to Turkey: Top 10 (2016-18)

Thousands of USD		Imports	Imports	Imports	Change %
Product		2016	2017	2018	2016 - 18
1	Food Preparations Nesoi	401,579	455,382	454,741	13
2	Meat, Bovine Cuts With Bone In & Boneless, Fresh Or Chilled	41,593	46,366	253,586	509
3	Cocoa Butter, Paste, Powder, Preparations	215,701	274,660	242,429	12
4	Walnuts, Fresh Or Dried, In Shell & Shelled	173,002	156,511	189,996	10
5	Coffee Extracts, Essences Etc. & Prep Therefrom; Coffee Roasted, not decaf.	119,662	151,586	129,180	8
6	Almonds, Fresh Or Dried, Shelled & Inshell	106,925	132,214	116,991	9
7	Food Preparations For Infants, Retail Sale Nesoi	100,287	103,338	101,061	0.8
8	Bananas, Fresh Or Dried, Nesoi	102,941	101,950	66,880	-35
9	Dog And Cat Food, Put Up For Retail Sale	43,850	47,661	53,157	21
10	Dates, Fresh Or Dried	36,384	51,442	47,669	31
Consumer-Oriented Agricultural Total from All the World		2,237,980	2,559,026	2,561,856	14.5

Source: Global Trade Atlas, Nesoi: Not elsewhere specified or included.

Note: Food Preparations Nesoi are sauces and processing ingredients and additives used while processing food or cooking Cocoa products are combined in one line and are assumed to be used in food processing, i.e. chocolate and variations production.

Coffee products are combined in one line. Meat, Bovine Bone In and Boneless are combined. Walnuts and Almonds are inshell and shelled combined in one line.

c. TOP CONSUMER-ORIENTED PRODUCTS IMPORTED FROM THE UNITED STATES

Table 5: Consumer-Oriented Agricultural Products Imported from the United States to Turkey: Top 10 (2016-18)

Thousands of USD		Imports	Imports	Imports	Change %
	Product	2016	2017	2018	2016 - 18
1	Walnuts, Fresh Or Dried, In Shell	64,741	51,652	98,439	52
2	Almonds, Fresh Or Dried, Shelled	49,772	47,799	69,286	39
3	Food Preparations Nesoi	37,904	32,642	33,729	-11
4	Almonds, Fresh Or Dried, In Shell	40,710	56,599	33,056	-19
5	Tea Or Mate Extracts/Essences/Concentrates & Preps	1,340	3,218	3,208	139
6	Bread, Pastry, Cakes, Etc Nesoi & Puddings	1,020	2,055	1,658	62
7	Nonalcoholic Beverages, Nesoi	0	352	1,333	100
8	Sauces Etc. Mixed Condiments And Seasonings Nesoi	1,130	1,050	1,286	14
9	Coffee, Roasted, Not Decaffeinated	1,421	1,605	1,201	-15
10	Citrus Fruit Preparations Etc Nesoi (Including Mixtures)	28	850	1,157	4,047
Consumer-Oriented Agricultural Total from the USA		225,982	220,200	262,280	16

Source: Global Trade Atlas, Nesoi: Not elsewhere specified or included

d. PRODUCTS NOT PRESENT IN SIGNIFICANT QUANTITIES BUT WHICH HAVE GOOD SALES POTENTIAL

- 1. Nutrition bars:** Nutrition bars promoting a healthy lifestyle are trendy in Turkey. There are some locally produced ones, but it is limited. Imported products with specific attributes like a vitamin, protein, etc. have potential in the market. These products are again for the high end consumers and should be promoted as such, including the choice of the stores to be sold.
- 2. Pecans:** Pecans have made some progress in Turkey in the last few years, but because they are perceived as substitutes to walnuts and have a higher tariff, the high price limits consumption. There are targeted opportunities for growth, including high-end consumer confectionary and specialty baked goods.
- 3. Ready-made meals:** Ready to eat and ready to cook meals have an increasing sales potential in Turkey as the structure of households evolves. Dual-income households and urban single person households are on the rise.
- 4. Processed organic food:** There is an increasing demand for organic food as household incomes increase in Turkey and health consciousness rises. The market for organic packaged food in Turkey reached \$90 million in 2015 and is expected to reach \$170 million by 2020. Organic dairy, baby food, and snack items are the most consumed organic retail products in Turkey. Please take look at [the report prepared by our office](#).
- 5. Dog & cat food:** Along with domestic pet food, imported products from Europe dominate the market. There are opportunities for U.S. pet food. Functional/niche products might penetrate easier in the upscale market.
- 6. Seafood:** Turkey imports seafood from all over the world, including Europe, Asia, Africa. There are opportunities for high value seafood in the market.

e. PRODUCTS NOT PRESENT BECAUSE THEY FACE SIGNIFICANT BARRIERS

- 1. Food Items from Genetically Engineered Crops:** Any food item that is genetically engineered or contains any trace amounts of genetically engineered content is not currently allowed for import to Turkey for human consumption. No genetically engineered/GMO products have been approved for food use in Turkey. This barrier impacts all food categories and import processes and testing is rigorous and complex. Please see [Turkey Agricultural Biotechnology Annual Report](#) for more information on the situation.
- 2. High Quality Beef Products:** There is a potential demand for high quality and variety of beef products, especially for the luxury market, including for the new beef/steak restaurants that have grown in popularity. Beef can also be marketed at high quality gourmet stores and premium super markets. Although the market is

price sensitive for general consumption, there is potential for high quality niche beef products. Import permission and the control document procedure from the Turkish Government to import beef impede the import process however, as do the complex import requirements including having Turkish inspectors visit the production plant during slaughtering. Please see our [report](#) on the livestock sector or contact our office with additional questions.

- 3. Organic Sugar:** The industry specialists indicate that there is a demand for organic sugar, but there are regulatory barriers to import it into Turkey.