

Required Report: Required - Public Distribution

Date: July 01, 2021

Report Number: GT2021-0014

Report Name: Retail Foods

Country: Guatemala

Post: Guatemala City

Report Category: Retail Foods

Prepared By: Edith Vasquez

Approved By: Andrew Hochhalter

Report Highlights:

The COVID-19 pandemic affected the retail industry in Guatemala. Although supermarkets remained open during the crisis, the sanitary measures dictated by the government greatly impacted supermarket sales. Walmart Mexico and Central America is the largest and the leading supermarket chain in Guatemala. The main competitors for supermarkets are the open-air markets and corner stores, which have a strong presence mainly in the interior of the country and sell mostly to low-income consumers.

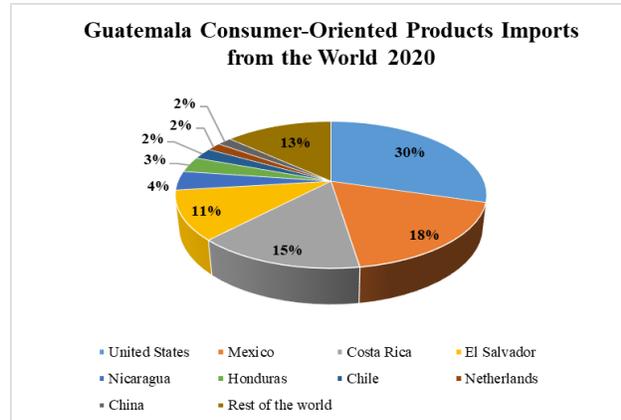
MARKET FACT SHEET: GUATEMALA

Executive Summary

Guatemala has the largest population in Central America with nearly 17 million inhabitants. It is the horticultural hub of Central America. The United States is Guatemala's largest trading partner, and Guatemala is a net importer. After 15 years of the Dominican Republic-Central America Free Trade Agreement (CAFTA-DR), almost all U.S. agricultural products enter duty free and nearly all remaining tariffs will be eliminated over the next 3 years. The United States is the largest agricultural product supplier to Guatemala, accounting for 42 percent of the market.

Imports of Consumer-Oriented Products

Around 30 percent of consumer-oriented agricultural products imported to Guatemala are from the United States, followed by Mexico with 18 percent, Costa Rica with 15 percent; and El Salvador with 13 percent. In 2020, Guatemala imported \$1.8 billion from the world and \$551 million from the United States.



Food Processing Industry

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

Food Retail Industry

The retail sector in Guatemala is dominated by three supermarket chains. These supermarkets mainly target middle and high-income consumers. However, there are still many opportunities in the retail sector. Only 30 percent of food sales are in supermarkets. Other consumers still rely on open-air markets and corner stores.

Quick Facts CY 2020

Imports of Consumer-Oriented Ag Products from the U.S.: **\$551 million.**

List of Top 10 U.S. consumer-oriented products in Guatemala (million \$):

- | | |
|--|--|
| 1) Poultry Meat & Products (\$111.9) | 6) Beef and beef products (\$37.5) |
| 2) Soups and other food prep. (\$60.0) | 7) Fresh fruits (\$35.8) |
| 3) Pork & Pork Products (\$54.4) | 8) Bakery goods, cereals, and pasta (\$24.1) |
| 4) Dairy Products (\$50.0) | 9) Condiments & Sauces (\$21.5) |
| 5) Processed Vegetables (\$44.3) | 10) Meat products NESOI (\$18.0) |

Guatemala total Ag imports from the U.S.: \$1.4 billion
Guatemalan Ag exports to the U.S.: \$1.9 billion

GDP/Population

Population (millions): 17.4

GDP (USD): \$143.4 billion

GDP per capita (USD, PPP): \$8,637

Top Guatemalan Retailers:

- | | | |
|--------------|-----------------------|-------------|
| 1. Walmart | 4. Tiendas del Barrio | 7. Super 24 |
| 2. Unisuper | 5. La Barata | |
| 3. Pricemart | 6. Save A Lot | |

Strengths	Weaknesses
Guatemalans view U.S. products as high quality	Guatemala has signed free trade agreements with various countries
The supermarket sector continues growing.	Regional competition with the U.S. imports is strong, with Mexico and Chile.
U.S. private label products have an opportunity at the retail industry	Lack of a civil service career creates a fragile regulatory structure for imports.

Source: Trade Data Monitor

SECTION I. MARKET SUMMARY

Guatemala's total population is estimated at 17 million people. Guatemala, as in many other Latin American countries, has high rates of social and economic inequality. Despite the challenging economic situation faced during the Covid crisis in 2020, the supermarkets were not as severely affected by curfew restrictions as other sectors such as the hotels and restaurants. During the first months of the curfew and other social distancing restrictions implemented, not all supermarkets were prepared to adjust to the sanitary measures, but the largest supermarkets quickly adjusted and made the changes to remain open. Public transportation was shut down, and therefore, supermarkets had to also provide transportation for their employees. This also limited the number of customers who were able to shop at their stores.

The retail sector in Guatemala is dominated by two supermarket chains, Walmart Mexico and Central America, with a retail value share of 51 percent, followed by Unisuper (La Torre/Econosuper), with 21.5 percent of retail value share. These supermarkets target middle- and high-income consumers and low to mid-low-income consumers. There are still many opportunities in the retail sector since only 30 percent of total food sales are made by supermarkets. This opportunity is also an advantage for the informal retailers who are mostly concentrated in the rural areas of the country and mainly attract low-income and mid-income consumers. According to Euromonitor, in 2020, sales at the supermarkets increased 5 percent from 2019 and totaled \$4.0 million.

The higher end consumers buy groceries in the supermarkets on a weekly basis, as they have higher disposable incomes and value the service that modern channel retailers provide. For the past 10 years, Guatemala has built many apartment buildings in the high-end neighborhoods; this new living concept is causing shoppers to look for convenience stores that have quick and easy access to purchase items in smaller amounts than what they would usually purchase at the larger supermarkets. The middle and low-income consumers still prefer to buy groceries at the open-air markets or corner stores nearby their neighborhoods, which are mostly run by the informal markets. Customers prefer these stores because they can find products sold in smaller sizes, which are more convenient for those who do not own refrigerators and due to the lower price.

Before COVID-19, online shopping was not a common purchasing method and was not very popular among shoppers, as only a few supermarkets offered this service and only at certain stores. A few days after the first case of COVID-19 in Guatemala, the Government of Guatemala announced restrictions on movement and activities to prevent the spread of the virus. These restrictions limited store hours and the number of customers allowed inside the stores. These restrictions led to shoppers looking to online shopping as a new purchasing method to avoid the exposure to the virus. Supermarkets were not ready for this high demand, and third-party online delivery services became essential services overnight. There are five companies that offer online grocery shopping:

1. Paiz Servicio a Domicilio – Paiz Home Delivery Service: the customer can communicate with a service agent through a “Chat Bot,” an automated program used with Facebook Messenger.

This tool allows the customer to not only request home delivery service, but also find the closest store available for a quicker delivery. The minimum purchase is Q200 (\$27); payment can be made by debit or credit card, cash, or personal check.

2. Hugo App: an application created in El Salvador that offers not only grocery delivery, but also any other type of purchase, including food from restaurants, medicines, and transportation. It is a free and easy geolocation application that can be download for IOS and Android. The customer shares their location, selects the service requested by looking at the detailed service or menu listings, and buys a product.

3. The Kiwi: a privately-owned company that purchases from supermarkets, small grocery stores, and open-air-markets. Orders are placed through their website or Facebook page.

4. PediSuper.com: a website that offers online shopping 24/7 with delivery hours from 10:00 a.m. to 8:00 p.m. The personalized service accepts requests via WhatsApp and Facebook Messenger where customers send their shopping lists. The site also offers a list of more than 650 imported products, and payment can be made by credit or debit card or cash, with a minimum purchase of Q150 (\$20).

5. Pedidos Ya: is the app that replaced the Spanish company Glovo in March 2021. Delivery Hero is the Germany company which owns Pedidos Ya and this app provides a multi-delivery on-demand service, allowing customers to shop, receive, and send a diversity of products. This application can be used to buy from supermarkets, restaurants, pharmacies, etc. Customers pay a service fee that is added to any delivery.

Supermarkets in Guatemala were required to implement safety measures for their personnel, facilities, and shoppers. Among other requirements, customers must undergo temperature screening, apply hand sanitizer before going inside a store, and use face masks. Supermarkets must also regularly clean shopping carts and surfaces, as well as enforce social distancing by placing markers throughout the store and at the cashier's line.

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

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

Advantages	Challenges
Guatemalans view U.S. products as high quality and safer than other products.	Guatemala has signed free trade agreements with various countries forcing the United States to be more competitive.
U.S. private label products have an opportunity in the retail industry especially with importing companies that distribute products to the interior of the country.	The government's weak civil service creates a fragile regulatory structure and delays, such as for the registration of new imported products.
Every year more supermarkets are opening stores in the outskirts of Guatemala City and the interior of the country.	Cold chain management continues to be a challenge for distributors in the interior of the country.
Imported products have more opportunities while the supermarket sector continues growing.	Regional competition is strong, especially from Mexico, Chile, and other countries within Central America.
High-end consumers are looking for new products that are popular or considered trends in other countries, such as organic, low-carb, no sugar, fat-free, etc.	The nutrition front-of-package labeling initiative is still under revision in Guatemala and might be required for imported products soon.

SECTION II. ROAD MAP FOR MARKET ENTRY

Entry Strategy

Success in introducing an imported product in the Guatemalan market depends on local representation and personal contact. Hiring a distributor is the easiest and fastest way to enter the market. In particular, it is best if this distributor is already supplying the supermarkets. The local representative or distributor should be able to provide sales contacts as well as market knowledge and guidance on business practices and trade related laws. In many cases, the local representative or distributor is also the importer. The Foreign Agricultural Service (FAS) office in Guatemala maintains a list of companies that represent or distribute U.S. products in Guatemala. The office also has ongoing activities that provide opportunities to meet the Guatemalan trade. In order to improve the odds of success in entering the market, U.S. suppliers should provide labeling or re-labeling services, competitive pricing, credit, catalogs, printed material, and samples to importers/distributors. Firms should also consider providing support to importers by sharing advertisement costs of new brands, as well as to support to train sales personnel.

Market Structure

- ❖ The largest expansion was seen within convenience stores: Walmart, Super 24, and Super Del Barrio, opened new stores and Unisuper expanded the Express stores concept by opening new outlets in Guatemala City.
- ❖ Typically, imported products are introduced into the country by a local importer, agent, or distributor.
- ❖ The three largest supermarket chains in Guatemala (Walmart, Unisuper, and Pricesmart) each have a regional office that imports/distributes products within their stores in Central America.
- ❖ When working with brokers, importers prefer those located in Miami, so they can reduce transportation costs.
- ❖ Walmart, and Unisuper, offer support to small local farmers by offering funds, technical support, and market information to help them grow high quality, competitively priced products that can be sold at their stores and other retailers in the formal marketplace.
- ❖ Internet retailing is a new purchasing method for consumers in Guatemala as a result of COVID-19. This is a service mostly provided by large supermarket chains in Guatemala City.

Company Profiles

Walmart Mexico and Central America: the largest supermarket chain and the leading supermarket chain in Guatemala. The company has 263 stores, divided as follows: Supertiendas Paiz (27), Walmart (10), Despensa Familiar (181), and Maxi Despensa (45). Walmart directly imports around 85 percent of its food products, including produce, cereals, processed foods, and beverages. Walmart Guatemala and Walmart Costa Rica make most of the purchasing decisions for the rest of the Central American stores and are interested in expanding the lines of imported goods to supply their high-end hyper and Paiz stores. The company is also introducing its private label called Great Value, which competes with imported products and is regarded as high quality and affordable. <http://www.walmart.com.gt/>

Unisuper: the second largest supermarket in Guatemala and the number one domestic supermarket chain, with 120 stores under the names of La Torre (91); Torre Express (23), and Econosuper (6.) La Torre sells local and imported products, and customers are middle-high and high-end consumers. La Torre Express stores are smaller and mainly located in Guatemala City. Unisuper introduced this new convenience store concept “express” at the end of 2017. The strategy consists of opening small convenience stores of around 70 square meters in Guatemala City and then expanding in the coming years to other large cities in the country. These stores carry a small inventory of products and compete directly with corner stores, but they can sell imported products and refrigerated and frozen goods. <http://www.supermercadoslatorre.com/>

Super Del Barrio: started business in 2007 and presently has 49 stores under three different concepts. There are 100 Super Del Barrio, which offers daily discounts for food items and competes with larger stores, attracting customers that live in nearby residential areas and target lower income consumers. In addition, there are three Summa, which are larger stores that are similar to hypermarket stores. Finally, there are three Super Fresh, which cater to middle and high-end consumers and sell imported and local products. Super Fresh also provides home delivery service. <http://superdelbarrio.com.gt>

Pricesmart: a U.S. warehouse company headquartered in San Diego, California that operates membership club stores in Latin America and the Caribbean. The company sells food and consumer goods, and members pay between \$20 and \$35 to shop at their stores. The supermarket has four stores in Guatemala City, Mixco, and Fraijanes. Presently, it is the only membership retail store in Guatemala. <https://shop.pricesmart.com/gt/en/>

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

<https://www.facebook.com/savealotguatemala/>

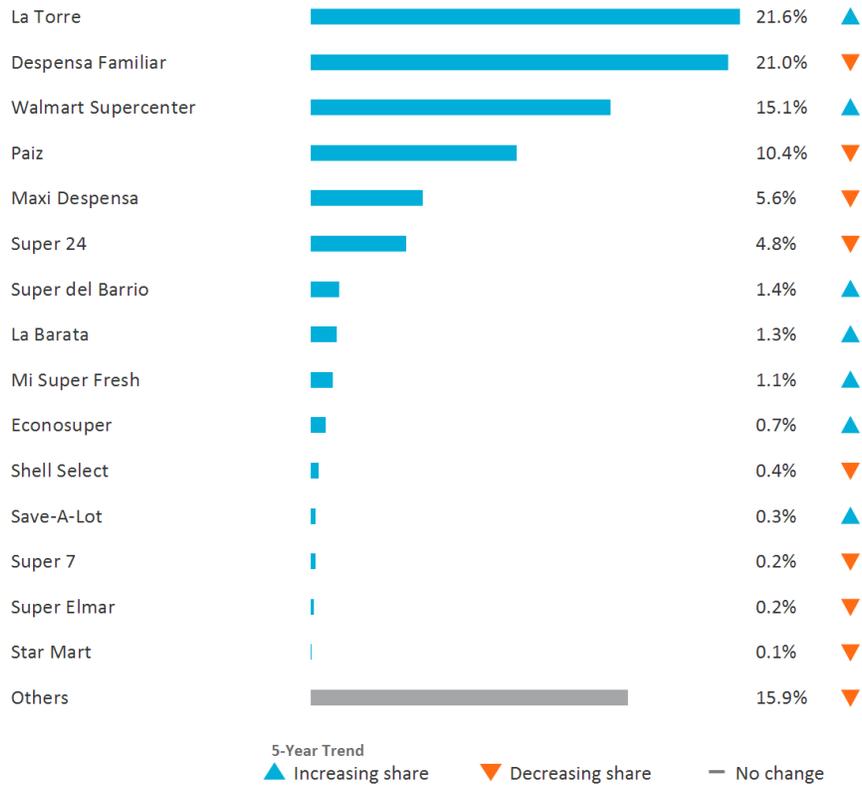
There are other smaller supermarkets in the country that are trying to gain market share in the retail sector, but these supermarkets target lower-middle and lower income consumers. They are smaller than regular supermarkets so have less shelf space to display their products.

Around 70 percent of grocery items are sold in the traditional markets or open-air markets, also known as “mercados” where local farmers sell fresh local produce. These markets account for a large portion of national sales. Almost 90 percent of the produce sold in these markets is produced domestically. Additionally, imported fruits such as grapes, apples, pears, nectarines, and tangerines are sold year-round in these markets and in larger amounts during the Christmas season. The two most important open-air markets are Cenma and La Terminal. Both places offer fresh produce that come directly from the producers that travel to Guatemala City from the interior of the country. Inside the open-air markets, there are 3x3 mts. stands that sell grocery items from bulk grains to instant soups. Grocery items are sold in smaller presentations (130 grams) and 95 percent of these products are produced locally. Very few imported grocery items such as cookies, snacks, instant soups, candies, and chocolates are sold in these markets.

The other type of traditional market is the corner stores which are also called “tiendas de barrio”. It is estimated that the retail industry in Guatemala began through these stores that now account for more than 100,000 units within the entire country. They are an important income source for the informal retailers who own small stores that on average have 30 square feet and carry an inventory of approximately \$500 per month. According to the National Statistics Institute, around 56 percent of the home income in Guatemala is spent at the corner stores and/or open-air markets. Some of the largest soft drinks’ suppliers estimate that around 78 percent of their sales occur in these informal markets. Their customers usually live less than 10 minutes away and find location a very convenient asset. Most people shop in these stores every day. Customers prefer these stores because they can find products sold in smaller sizes, which are more convenient for those who do not own refrigerators and due to the lower price.

Brand Shares of Modern Grocery Retailers in Guatemala

% Share (LBN) - Retail Value RSP excl Sales Tax - 2020



Source: Euromonitor

SECTION III. COMPETITION

Guatemala is a global net importer, and the United States is Guatemala’s largest trading partner. In 2020, Guatemala imported \$1.4 billion in U.S. agricultural products and exported \$1.9 billion in Guatemalan agricultural products to the United States.

Guatemala is a strong competitor to the United States for processed foods; however, it is a large importer of raw materials and ingredients that are used for further processing by this industry. Presently, the food processing industry represents 36 percent of the total manufacturing industry in Guatemala. Processed foods are mainly sold in Guatemala, but many products are exported to other countries.

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

Guatemalan Imports of Consumer Oriented Products and Main U.S. Competitors

Product Category	Main	Competitors	%	Total Imports
Dairy Products				
Total imports in 2020 / \$296.9 million	1	Costa Rica	22%	\$65,712,033
U.S. market share: 17%	2	Mexico	15%	\$45,004,276
	3	El Salvador	11%	\$32,026,742
Soup and Other Food Preparations				
Total imports in 2020 / \$279.3 million	1	Costa Rica	38%	\$106,433,020
U.S. market share: 22%	2	Mexico	12%	\$33,941,224
	3	Netherlands	6%	\$18,128,471
Bakery Goods, Cereals & Pasta				
Total imports in 2020 / \$224.3 million	1	El Salvador	30%	\$67,694,519
U.S. market share: 11%	2	Mexico	22%	\$48,475,170
	3	Costa Rica	17%	\$37,525,592
Condiments and Sauces				
Total imports in 2020 / \$100 million	1	Costa Rica	42%	\$41,682,440
U.S. market share: 22%	2	Mexico	31%	\$31,095,115
	3	El Salvador	3%	\$3,076,467
Non-Alcoholic Beverages (ex. juices, coffee, and tea)				
Total imports in 2020 / \$110.9 million	1	El Salvador	30%	\$33,233,736
U.S. market share: 13%	2	Nicaragua	26%	\$28,900,875
	3	Mexico	14%	\$15,843,587
Beef and Beef Products				
Total imports in 2020 / \$72.9 million	1	Nicaragua	35%	\$25,406,365
U.S. market share: 51%	2	Honduras	6%	\$4,190,846
	3	Costa Rica	4%	\$2,858,310
Beer				
Total imports in 2020: \$67.7 million	1	Mexico	76%	\$51,331,531
U.S. market share: 21%	2	Costa Rica	1%	\$921,289
	3	Belgium	1%	\$826,602
Processed Fruits				
Total imports in 2020 / \$61.3 million	1	El Salvador	24%	\$15,070,600
U.S. market share: 12%	2	Mexico	14%	\$8,679,640
	3	Chile	10%	\$6,422,727

Dog & Cat Food				
Total imports in 2020 / \$35.2 million	1	Mexico	44%	\$15,478,460
U.S. market share: 28%	2	El Salvador	13%	\$4,641,349
	3	Honduras	11%	\$3,769,196

Source: Trade Data Monitor

SECTION IV. BEST PRODUCT PROSPECTS CATEGORIES

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

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

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

Top 20 Guatemalan Imports of Processed Foods from the World						
Calendar Year: 2018-2020						
Description	January - December (Value: USD)			Market Share(%)		
	2018	2019	2020	2018	2019	2020
Other Processed Foods, Ingredients & Bvg Bases	\$ 253,449,229	\$ 275,601,535	\$ 284,566,273	14.9	15.07	15.18
Baked Snack Foods (Pastries, Pretzels, etc.)	\$ 114,570,262	\$ 125,517,304	\$ 120,616,161	6.74	6.87	6.43
Bottled Drinks (Incl. Soda, Juice Mixes, etc.)	\$ 92,387,610	\$ 115,416,981	\$ 110,953,193	5.43	6.31	5.92
Baking Inputs, Mixes & Doughs (Incl. Pudding)	\$ 89,767,263	\$ 95,345,535	\$ 103,013,569	5.28	5.21	5.5
Soybean Oil	\$ 78,220,562	\$ 73,235,087	\$ 88,745,357	4.6	4.01	4.74
Breakfast Cereals & Other Breakfast Products	\$ 76,322,707	\$ 75,317,064	\$ 85,914,346	4.49	4.12	4.58
Cheese	\$ 65,875,129	\$ 74,290,495	\$ 79,081,920	3.87	4.06	4.22
Table Condiments (Incl. BBQ, Excl. Ketchup)	\$ 77,583,190	\$ 79,419,438	\$ 76,949,445	4.56	4.34	4.11
Cream & Powdered/Condensed Milk	\$ 70,103,389	\$ 74,396,917	\$ 76,115,032	4.12	4.07	4.06
Beer	\$ 67,584,600	\$ 85,063,540	\$ 67,727,470	3.97	4.65	3.61
Vegetable Oils (Excl. Soybean)	\$ 47,595,569	\$ 48,077,703	\$ 53,406,542	2.8	2.63	2.85
Chocolate	\$ 42,348,420	\$ 42,384,194	\$ 42,049,536	2.49	2.32	2.24
Dog & Cat Food(--)	\$ 31,175,724	\$ 32,879,034	\$ 35,203,961	1.83	1.8	1.88
Cooked & Prepared Shellfish	\$ 30,672,079	\$ 30,183,425	\$ 34,691,652	1.8	1.65	1.85
Sugar Confectionery	\$ 34,920,093	\$ 40,653,036	\$ 33,742,203	2.05	2.22	1.8
Dry Beverages (Coffee, Tea, Herbal, etc.)	\$ 31,349,805	\$ 28,711,786	\$ 33,328,168	1.84	1.57	1.78
Baby Food(--)	\$ 35,419,901	\$ 35,469,480	\$ 33,027,486	2.08	1.94	1.76
Canned Vegetables & Pulses	\$ 25,842,428	\$ 27,613,612	\$ 32,750,218	1.52	1.51	1.75
Frozen French Fries & Other Potato Products	\$ 33,340,028	\$ 36,262,124	\$ 32,455,454	1.96	1.98	1.73
Other Prepared/Preserved Meats	\$ 28,881,332	\$ 28,477,506	\$ 27,907,141	1.7	1.56	1.49
Source: Trade Data Monitor						

SECTION VI. KEY CONTACTS AND FURTHER INFORMATION

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

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

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

Attachments:

No Attachments