

USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

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Guatemala

Retail Foods

Annual

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Report Highlights:

The retail industry in Guatemala is strong and continues growing; the two largest supermarket chains continue expanding and opening new outlets in both the urban and rural areas of the country. Walmart Mexico and Central America is the largest and the leading supermarket chain. The main competitors for supermarkets are the open air markets and corner stores that have a strong presence mainly in the interior of the country and sell mostly to low income consumers. However, there is a strong demand for imported products from the middle and high-end consumers. U.S. consumer-oriented products such as red meats; chicken; prepared foods; wines, beers, etc. which have good potential to increase growth. In 2017, U.S. consumer-oriented products exported to Guatemala reached \$420 million which represents an increase of 21 percent from 2016.

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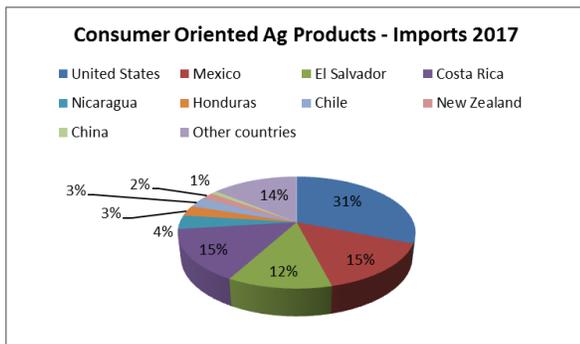
Guatemala City

Executive Summary

Guatemalan income distribution continues to be a major socioeconomic problem contributing to severe poverty among rural and indigenous populations. Approximately 63 percent of total income is in the hands of the top 20 percent of the population who are a group of elite consumers concentrated mainly in Guatemala City. Guatemalans spend more than 50% of their family income on food purchases. The basic food basket items in a Guatemalan family include: vegetables (tomatoes, onions, squash, potatoes, green beans); corn tortillas, black beans, rice, coffee, and sugar, dairy products (cheese and sour cream.) Guatemala is an agricultural country and exports a large amount of fruits and vegetables to other countries but also imports other agricultural products from the world. In 2017, Guatemala imported \$1.1 billion of agricultural products from the United States (largest trading partner), an increase of 11 percent compared to 2016.

Imports of Consumer-Oriented Products

According to data from U.S. Trade Statistics, 31 percent of consumer-oriented agricultural products imported in Guatemala are imported from the United States, followed by Mexico and Costa Rica with 15 percent; and El Salvador with 14 percent. In 2015, Guatemala imported US\$1.4 billion from the world and US\$408 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 ample opportunities in the retail sector since only 30 percent of food sales are made through supermarkets. The rest of the consumers still rely on open-air markets and neighborhood corner stores.

Quick Facts CY 2017

Imports of Consumer-Oriented Products from the U.S.: **\$419.7 million.**

List of Top 10 U.S. Products in Guatemala:

- | | |
|---------------------------------------|-------------------------|
| 1) Corn | 6) Dairy products |
| 2) Soybean meal | 7) Soybean oil |
| 3) Wheat | 8) Rice |
| 4) Poultry meat & products (ex. Eggs) | 9) Beef & beef products |
| 5) Pork & pork products | 10) Fresh fruits |

Processed Foods Sector

Guatemala exports to the world: \$2billion

Guatemala imports from the world: \$1.5 billion

Guatemalan imports from the U.S.: \$369million

Guatemalan exports to the U.S.: \$195million

GDP/Population

Population (millions): 16

GDP (billions USD): \$138.3

GDP per capita (USD): \$8,200

Sources: Global Trade Atlas

CIA – The World Fact Book

U.S. Census Bureau Trade Data

Strengths

The United States is Guatemala's main trading partner.

U.S. products are considered of high quality.

Weaknesses

Guatemala has trade agreements with many other countries.

Guatemala is a price sensitive market and sometimes

Guatemalan consumers are demanding more healthy and organic products which are mostly imported.

Imported products have more opportunities while the supermarket sector continues growing.

imported goods are viewed as more expensive products. The local processing companies do not have the capacity to satisfy the local demand for healthy processed products. Regional competition is strong, especially from Central American countries, Mexico, and Chile.

SECTION I. MARKET SUMMARY

Guatemala's total population is estimated at 16.3 million people. Guatemala, as in many other Latin American countries, has high rates of social and economic inequality. Despite the challenging economic situation, urbanization of Guatemala City and rural areas continue to be growing and more supermarket stores are being opened in the country.

The retail sector in Guatemala is dominated by three supermarket chains: Pricesmart, Walmart Mexico and Central America, and Unisuper (La Torre/Econosuper.) These supermarkets target middle and high income consumers; however, the two largest supermarket chains Walmart and Unisuper also have stores that service the low to mid-low income consumers. There are still ample opportunities in the retail sector since only 30 percent of total food sales are made through 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.

Higher-end consumers are shoppers that buy groceries in supermarkets on a weekly basis as they have higher disposable incomes and value the service that modern retailers provide in comparison to middle and low income consumers that still prefer shopping in open air markets or corner stores in their respective neighborhoods, which make up part of the informal economy. Consumers prefer these stores because they can find products in smaller package sizes and, in spite of higher relative prices, because of the lack of refrigeration in their homes, these stores are convenient as food items are typically consumed the same day they are purchased.

On-line shopping is still not very popular among shoppers as only a few supermarkets have this service available, and only at certain stores. It is mostly used by high-end shoppers who demand home delivery service the same day the order is placed. There are other few specialty stores that have on-line shopping and home delivery service for a minimum purchase of \$50 per order.

Sales Forecast for Food Retailers by Type: 2017-2022						
Million Quetzales						
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						

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 U.S. to be more competitive.
U.S. private label products have an opportunity at the retail industry especially with importing companies that distribute products to the interior of the country.	Local government authorities lack of a civil service career creating a fragile regulatory structure. This sometimes creates delays at some processes including 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 into the interior of the country.
An Expanding and growing supermarket sector will provide opportunities for increase U.S. food product exports.	Regional competition is strong, especially from other countries within Central America, Mexico, and Chile.
High-end consumers are looking for new products that are popular or consider trends in other countries, such as organic, low-carb, no sugar, fat-free, etc.	A nutrition front-of-package labeling initiative has been introduced in Central America. Guatemala is still reviewing the proposal, and a decision is expected by the end of September.

SECTION II. ROAD MAP FOR MARKET ENTRY

Entry Strategy

Success in introducing an imported product in the Guatemalan market depends upon 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 supermarket chains. 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 promote U.S. products that fulfill growing Guatemalan demand.

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-to-market products as well as technical support to train sales personnel.

Market Structure

- ❖ Typically, imported products are introduced into the country by a local importer, agent or distributor.
- ❖ The three largest supermarket chains in Guatemala have regional offices that import/distribute products within their respective stores in Central America.
- ❖ Importers prefer importing directly from U.S. manufacturers rather than doing businesses with brokers.
- ❖ When working with brokers, importers prefer those located in Miami so they can reduce transportation costs.
- ❖ The two largest supermarket stores in Guatemala 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.

Company Profiles

Walmart Mexico and Central America: Walmart is the leading supermarket chain in Guatemala. The company has a total of 238 stores divided as follows: Supertiempos Paiz (26), Walmart (10), Despensa Familiar (164), and Maxi Despensa (38). Walmart imports directly around 85 percent of its food products including, produce, cereals, processed foods and beverages. Walmart Guatemala and Costa Rica make most of the purchasing decisions for the rest of its Central American stores and are interested in expanding the lines of imported goods to supply their high-end hyper and Paiz stores.

<http://www.walmart.com.gt/>

Unisuper: is the second largest supermarket in Guatemala with 83 stores under the names of La Torre (66), Supermercados La Torre Express (7), and Econosuper (10). La Torre sells local and imported products to middle-high and high-end consumers, while Super La Torre Express, which are smaller stores located mainly in Guatemala City, cater to middle-income consumers. These express stores are new and carry a smaller inventory of products. They compete directly with neighborhood corner stores, but they also carry some imported products, along with refrigerated and frozen goods. Econosuper stores are targeted to lower-income consumers and sell mostly domestically produced products.

<http://www.supermercadoslatorre.com/>

Super Del Barrio: started business in 2007, and presently has 49 stores under three different concepts: Super Del Barrio (43) which offers daily discounts for food items and competes with larger stores attracting customers that live in nearby residential areas targeting lower-income consumers; Summa (3) which are larger stores that are similar to a hypermarket store; Super Fresh (3) which caters to a middle and high-end consumers where imported and local products are found. These stores also provide home delivery service. <https://www.facebook.com/MiSuperFresh>

PriceSmart: is a U.S. warehouse company that operates membership club stores in Latin America, and the Caribbean. The headquarters is located in San Diego, California. The company sells food and consumer goods, and members pay an annual fee between \$20 and \$35. There are only 3 membership stores in Guatemala and they are located in Guatemala City, and Fraijanes, just outside city limits. PriceSmart is the only membership club in Guatemala to date. <https://shop.pricesmart.com/gt/en/>

Save A Lot: a U.S. discount grocery store that opened the first store in Guatemala in April 2016. The supermarket offers more than 1,500 different products from which 75 percent 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. The company has invested approximately \$3.0 million to open the store and still has plans to expand and open new stores in the next few years.

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

There are other smaller supermarkets present in the country trying to gain market share in a very competitive retail sector, but these supermarkets are more targeted to lower income consumers. They are stores smaller than regular supermarkets and thus have less shelf space to display products.

Around 70 percent of grocery items are sold in 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 from producers that travel to Guatemala City from the interior of the country. Inside open-air markets, there are 3 x3 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 store, which is also called “tienda 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 that on average only has 30 square feet of store space and manage an inventory of approximately US\$500 per month. According to the National Statistics Institute, around 56 percent of the home income 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 customer-base lives within 10 minutes from where the stores are located and are preferred by customers who find convenience an important factor. Most people shop in these stores every day and customers prefer these stores because they can find products sold in smaller sizes. The size is convenient not only because of their price but also because in the absence of a refrigerator, the product size allows the consumer to use the entire product at once.

SECTION III. COMPETITION

Guatemala is a net importer in world trade and the United States is Guatemala’s largest trading partner. In 2017, Guatemala imported \$1.2 billion of U.S. agricultural products and exported \$2.1 billion of Guatemalan agricultural products to the United States. Guatemala is a strong competitor to the United States in processed food products; however it is an even larger importer of raw materials and ingredients that are used for further processing by the same food industry. Presently, the food processing industry represents 36 percent of the total manufacturing industry in Guatemala and sales of processed foods are mainly sold in Guatemala with some products exported to other countries in the region. Other Central American countries and Mexico are the main U.S. competitors for the Guatemalan food-import market. The existence of a 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 into the Guatemalan market. Mexico has a strong presence in Guatemala with products such as food preparations, cereals, beer, dog and cat food, and other consumer-oriented products. It should, however be noted that many of those products are made with U.S. raw materials.

Guatemalan Food Product Imports from Main U.S. Competitors: 2017				
Product Category	Main	Competitors	%	Total Imports
Food Preparations				
HS Code: 210690	1	Costa Rica	38%	\$ 77,421, 923
2017 MT: 26,222 / \$201,823,183	2	Mexico	12%	\$24,881,085
	3	Netherlands	5%	\$9,668,528
Mixed Condiments And Mixed Seasonings				
HS Code: 210390	1	Costa Rica	42%	\$ 29,155,697
2017 MT: 25,262 / \$69,145,155	2	Mexico	30%	\$ 21,210,640
	3	El Salvador	4%	\$ 2,189,742
Bread, Pastry, Cakes, Biscuits And Similar Baked Products				
HS Code: 190590	1	El Salvador	49%	\$ 29,681,845
2017 MT: 28,237 / \$60,292,249	2	Honduras	19%	\$ 11,531,679
	3	Costa Rica	15%	\$ 9,054,702
Prepared Foods Swelling or Roasting of Cereals or Cereal Products				
HS Code: 190410	1	Mexico	43%	\$21,454,756
2017 MT: 26,288 / \$49,462,857	2	El Salvador	34%	\$16,881,050
	3	Honduras	13%	\$6,508,840
Milk And Cream, Concentrated, Not Sweetened, In Powder, Granules Or Other Solid Forms				
HS Code: 040221	1	New Zealand	41%	\$45,655,770
2017 MT: 12,561 / \$45,655,770	2	Nicaragua	31%	\$18,913,144
	3	Costa Rica	18%	\$14,351,379
Beer Made From Malt				
HS Code: 220300	1	Mexico	85%	\$35,951,919
2017 MT: 84,168 / \$42,105,724	2	Costa Rica	3%	\$1,307,151
	3	Germany	1%	\$348,676
Cookies (Sweet Biscuits)				
HS Code: 190531	1	Costa Rica	26%	\$10,734,241
2017 MT: 22,507 / \$41,843,257	2	El Salvador	23%	\$9,800,113
	3	Mexico	17%	\$7,297,557
Sugar Confectionary (Including White Chocolate), Not Containing Cocoa				
HS Code: 170490	1	El Salvador	26%	\$ 9,786,586
2017 MT: 17,758 / \$34,770,203	2	Costa Rica	20%	\$5,586,729
	3	Mexico	16%	\$5,228,314
Dog And Cat Food, Put Up For Retail Sale				
HS Code: 230910	1	Mexico	32%	\$9,515,655

2017 MT: 17,758 / \$29,712,879	2	El Salvador	23%	\$6,836,574
	3	Honduras	8%	\$2,561,396
Food Preparations For Infant Use, Put Up For Retail Sale				
HS Code: 190110	1	Mexico	30%	\$7,695,308
2017 MT: 5,689 / \$25,357,528	2	Panama	25%	\$6,482,037
	3	Ireland	21%	\$5,563,630

Source: Global Trade Atlas

SECTION IV. BEST PRODUCT PROSPECTS CATEGORIES

As CAFTA-DR implementation progresses, more than 90 percent of U.S. agricultural products do not pay import tariffs providing opportunities for increasing U.S. food product exports to Guatemala. 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 and a 20 percent tariff and a quota that grows by 2 percent annually.

Guatemalan Top Consumer-Oriented Product Imports from the World: 2017

No	HS Code	Product	Value in 2017
1	210690	Food Preparations	\$201,823,183
2	02714	Chicken Cuts And Edible Offal (Including Livers) Frozen	\$102,226,685
3	210390	Mixed Condiments And Mixed Seasonings	\$69,145,155
4	190590	Bread, Pastry, Cakes, & Puddings	\$60,292,249
5	220299	Non-alcoholic Beverages	\$52,870,033
6	190410	Prep Food, Swelling/Roasting Cereal/Cereal Product	\$49,462,857
7	040221	Milk/Cream Cnctrd Nt Swtn Pwd/Oth Solids Ov 1.5% Fat	\$45,655,770
8	020230	Meat Of Bovine Animals, Boneless, Frozen	\$45,647,604
9	220300	Beer Made From Malt	\$42,105,724
10	190531	Cookies (Sweet Biscuits)	\$41,843,257

Guatemala Import Statistics From United States

25 Top Consumer-Oriented Agricultural

Calendar Year: 2015 - 2017

Commodity	Description	United States Dollars		
		2015	2016	2017
020714	Chicken Cuts And Edible Offal (Inc Livers), Frozen	\$73,720,469.00	\$88,638,101.00	\$ 100,090,626.00
210690	Food Preparations Nesoi	\$29,648,819.00	\$41,299,102.00	\$ 42,067,337.00
200410	Potatoes, Prepared Etc., No Vinegar Etc., Frozen	\$23,045,769.00	\$24,444,922.00	\$ 27,177,538.00
020329	Meat Of Swine, Nesoi, Frozen	\$19,541,041.00	\$23,784,852.00	\$ 25,748,445.00
020230	Meat Of Bovine Animals, Boneless, Frozen	\$19,968,137.00	\$19,181,625.00	\$ 24,341,316.00
160249	Prepared Etc. Swine Meat, Offal, Etc. Nesoi	\$12,984,174.00	\$13,328,081.00	\$ 15,030,348.00
210390	Sauces Etc. Mixed Condiments And Seasonings Nesoi	\$11,767,305.00	\$12,576,309.00	\$ 14,345,994.00
040620	Cheese Of All Kinds, Grated Or Powdered	\$ 6,494,989.00	\$12,779,663.00	\$ 13,423,543.00
080810	Apples, Fresh	\$12,625,406.00	\$10,790,016.00	\$ 11,654,746.00
040690	Cheese, Nesoi, Including Cheddar And Colby	\$ 9,191,416.00	\$ 7,988,128.00	\$ 11,177,174.00
160100	Sausages, Similar Prdt Meat Etc Food Prep Of These	\$ 7,520,376.00	\$ 8,529,383.00	\$ 11,040,309.00
080610	Grapes, Fresh	\$12,326,351.00	\$11,891,758.00	\$ 10,697,995.00
230910	Dog And Cat Food, Put Up For Retail Sale	\$ 9,551,941.00	\$ 9,816,342.00	\$ 10,322,254.00
220290	Nonalcoholic Beverages, Nesoi	\$ 8,632,964.00	\$ 9,838,946.00	\$ 10,008,357.00
180631	Chocolate & Othr Cocoa Preps, Not Bulk, Filled	\$ 8,969,438.00	\$ 9,420,541.00	\$ 7,276,925.00
180690	Cocoa Preparations, Not In Bulk Form, Nesoi	\$ 3,689,344.00	\$ 4,754,800.00	\$ 7,253,861.00
190120	Mixes & Doughs For Prep Of Bakers Wares Hdg 1905	\$ 6,113,695.00	\$ 7,397,916.00	\$ 7,048,307.00
210320	Tomato Ketchup And Other Tomato Sauces	\$ 4,836,184.00	\$ 5,997,150.00	\$ 6,175,067.00
190590	Bread, Pastry, Cakes, Etc Nesoi & Puddings	\$ 5,608,101.00	\$ 6,070,179.00	\$ 5,796,799.00
170490	Sugar Confection (Incl Wh Choc), No Cocoa, Nesoi	\$ 4,296,333.00	\$ 5,366,857.00	\$ 5,043,017.00
020727	Turkey Cuts And Edible Offal (Includ Liver) Frozen	\$ 3,774,843.00	\$ 3,645,202.00	\$ 4,621,746.00
020130	Meat Of Bovine Animals, Boneless, Fresh Or Chilled	\$ 206,799.00	\$ 1,640,780.00	\$ 4,555,863.00
200520	Potatoes, Prepared Etc. No Vinegar Etc, Not Frozen	\$ 4,579,265.00	\$ 5,267,842.00	\$ 4,537,071.00
200290	Tomato Paste Etc, Not Prepared With Vinegar Etc.	\$ 4,301,533.00	\$ 5,062,891.00	\$ 4,429,032.00
200819	Nuts (Exc Peanuts) And Seeds, Prepared Etc. Nesoi	\$ 3,960,694.00	\$ 4,408,153.00	\$ 4,413,175.00

Source of Data: World Trade Atlas

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

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

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>