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## **Peru**

### **Food Service - Hotel Restaurant Institutional**

#### **Food Service performance rebound poses great opportunities for U.S. food exports**

**Approved By:**

Kirsten Luxbacher

**Prepared By:**

Alvaro Loza

**Report Highlights:**

Peru is an internationally recognized gastronomic hub with opportunities for imported complementary food products. FAS Lima forecasts Peru's hotel, restaurant and institutional (i.e., HRI) sector to grow 2.1 percent in 2018 based on new restaurant openings, the consolidation of the fast food chains, and the expansion of commercial shopping malls. This report provides a road map for exporters wishing to enter the Peruvian food service market and who want to understand the key distribution channels for foods and beverages destined for food service.

**Post:**

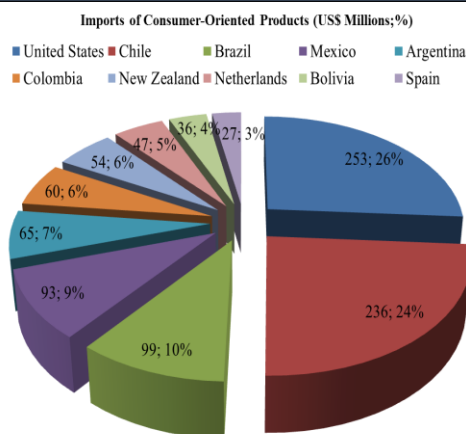
Lima

## Market Fact Sheet: PERU

### Executive Summary

For over a decade, Peru has been one of the world's top performing economies, registering sustained high growth and low inflation. Agriculture accounts for approximately five percent of Peru's GDP, but employs around 28 percent of the population. The U.S.-Peru Trade Promotion Agreement, which entered into force in February 2009, has increased bilateral trade of agricultural products from \$1.46 billion in 2009 to \$3.45 billion in 2017, an increase of 136 percent. More than two-thirds of current U.S. agricultural exports enter Peru duty-free. The United States remains the largest agricultural product supplier to Peru, accounting for 30 percent of market share.

### Imports of Consumer-Oriented Products



Peru offers good opportunities for U.S. exporters of consumer-oriented agricultural products, but there are some challenges. The successful introduction of new to market food products depends on knowledge of the market and personal contact. Exporters should review Peru's food laws, packaging and labeling requirements, business practices, and trade-related laws and tariffs. Getting to know the potential importer and the local distribution system is critical.

### Food Processing Industry

Peru's food processing industry is a dynamic sector of the national economy. The food industry in Peru accounts for almost 27 percent of the industrial GDP and sales are forecasted to reach \$14.3 billion by the end of 2017. Its growth is directly linked to the development of the food retail and food service sectors. Food product manufacturers source both domestic and imported product ingredients. Local processed food products cover 70 percent of the market demand.

There are three main supermarket chains in Peru: Cencosud (Wong and Metro), Saga Fallabella (Tottus) and Supermercados Peruanos (Vivanda and Plaza

### Food Retail Industry

supermarkets and superstores, with 171 alone in Lima, and 450 convenience stores, with two outside of Lima. The sector is comprised of both conventional supermarkets and traditional channels, comprised of wet markets and independent stores. Different types of food appear to perform better in the two formats. For example, snacks, dairy and edible oil, confectionaries, breads and cookies.

### Quick Facts CY 2017

**Imports of Consumer-Oriented Products:** \$264 Million

#### Top 10 Growth Products in Peru

1. Fresh Cut Flowers	6. Dates
2. Fruit & Nuts Provisionally Preserved	7. Linseed oil, refined.
3. Nutmeg	8. Vegetables Mixture, raw/cooked.
4. Egg Yolks, dried	9. Mixtures of Dried Fruits
5. Hazelnuts or Fiberts	10. Dairy Spreads.

**Food Industry Gross Sales 2017:** \$45.2 Billion

#### GDP/Population

Population (Millions): 32  
GDP (Billions USD): 198  
GDP Per-Capita (USD): 6,287

#### Food Industry by Channels 2017

1. Food Exports: \$7.0 billion
2. Food Imports: \$5.7 billion
3. Domestic Market: \$14.3 billion
4. Retail: \$22 billion
5. Food Service: \$8 billion
6. Wet market: \$18 billion

### Strengths/Weaknesses/Opportunities/Challenges

Data and Information Sources: FAS Lima / Contact: FAS Li

Strengths	Weaknesses
Strong demand for consumer food products.	Low penetration of modern food retail along the country
Opportunities	Threats
Growing middle class	Stiff competition from other countries in the region

## MARKET SUMMARY

The Government of Peru aggressively promotes Peru as a cultural and gastronomic destination. Instrumental to its reputation as a “foodie destination” in the region is Peru’s recognition as “World’s Leading Culinary Destination” by the World Travel Awards five years in a row and the presence of three Peruvian restaurants on the list of “Latin America’s 50 Best Restaurants in 2017.”

Tourism is a strong hotel-restaurant-institutional (HRI) sector driver and it represents the third largest income generator after the mining and agricultural sectors. The tourism sector has become an excellent source of foreign exchange, and a major service sector employer. According to the Ministry of Foreign Trade and Tourism (MINCETUR) some 4.4 million foreigners visited Peru in 2018, generating nearly \$5 billion in revenue. Food service soaks up to 18 percent of total foreign tourist revenue. Peru has over 20,000 hotels with almost a half-million beds. High-end restaurants and hotels serve high-value U.S. consumer-oriented products (e.g., wines, cheese, beef and pork). Demand for U.S. food products and ingredients has benefitted from the [U.S.-Peru Trade Promotion Agreement \(PTPA\)](#). U.S. food and agricultural product exports to Peru have doubled since the PTPA entered into force, reaching almost \$1.3 billion in calendar year 2017. Exports are expected to surpass 5 percent growth in 2018.

In addition to the growth of independent restaurants, other formats, including food chains, have created opportunities in Peru’s the food service sector. The expansion of shopping centers is allowing fast food chains and restaurants to reach new consumers. According to the Association of Commercial Centers in Peru (AACCA), 2018 sales will grow eight percent over last year. AACCA also reports \$600 million in investments for mall extensions and new constructions.

Fast food and casual dining restaurants leverage the popularity of shopping centers to open new outlets in Lima. This is particularly prevalent in the northern part of the city where 25 percent of the population resides. Ten percent growth of restaurant sales is expected due to increased demand. FAS Lima estimates that 25 percent of all food service sales occur at shopping centers, catering to younger, time-crunched consumers.

The National Statistics Institute (INEI) reports that currently 33 percent of consumer’s food expenditures go towards restaurant meals. Demand for restaurant meals is forcing competitiveness in the foodservice category. About 14,000 restaurants open yearly in Peru. MINCETUR estimates that the country has 200,000 full service restaurants, 66,000 of which are in Lima. According to INEI, the restaurant sector grew 2.7 percent in the first eight months of 2018. FAS Lima forecasts that Peru’s HRI sector will gross \$8.3 billion in 2018, a 2.1 percent increase over last year based on the opening of new restaurants, the consolidation of the fast food chains, and the expansion of commercial shopping malls.

The best prospects for U.S.-origin food products resides in supplying high-end hotels and restaurants. Casual dining and family-style restaurants, along with coffee shops and fast food chains (averaging eight percent growth over the past five years), also offer opportunities.

Advantages	Challenges
<ul style="list-style-type: none"><li>• Recognition of U.S. food quality and an</li></ul>	<ul style="list-style-type: none"><li>• Less favorable economic conditions</li></ul>

<p>appreciation for U.S. culture.</p> <ul style="list-style-type: none"> <li>• Food service products benefit from the PTPA with low or no tariffs.</li> <li>• Fast food chains are expanding the number of locales in Lima and its suburbs, as well as in major cities such as Arequipa, Trujillo, Chiclayo, and Piura.</li> <li>• Peru is actively promoting tourism.</li> <li>• With culinary tastes increasingly sophisticated, demand for high-quality food products is growing.</li> <li>• Strong foreign franchise investment interest in Peru's HRI sector.</li> <li>• Market opportunities for health food products.</li> <li>• Government food programs (<i>Qaliwarma</i>) are expanding.</li> </ul>	<p>continue to weigh on domestic economic activity, leading to a considerable short-term slowdown in growth.</p> <ul style="list-style-type: none"> <li>• Cultural misperception about the healthiness of frozen products.</li> <li>• Peruvians prefer meals made using fresh products.</li> <li>• The limited number of five-star hotels hinders U.S. product market penetration.</li> <li>• U.S. exporters need to tailor products and ingredients to local tastes and expectations.</li> <li>• Limited infrastructure coupled with low quality service, discourages tourists from staying longer or repeat visits.</li> <li>• Peru is opening its market to rival foreign food service product providers.</li> <li>• Stiff competition from the region and other countries through multiple trade agreements.</li> </ul>
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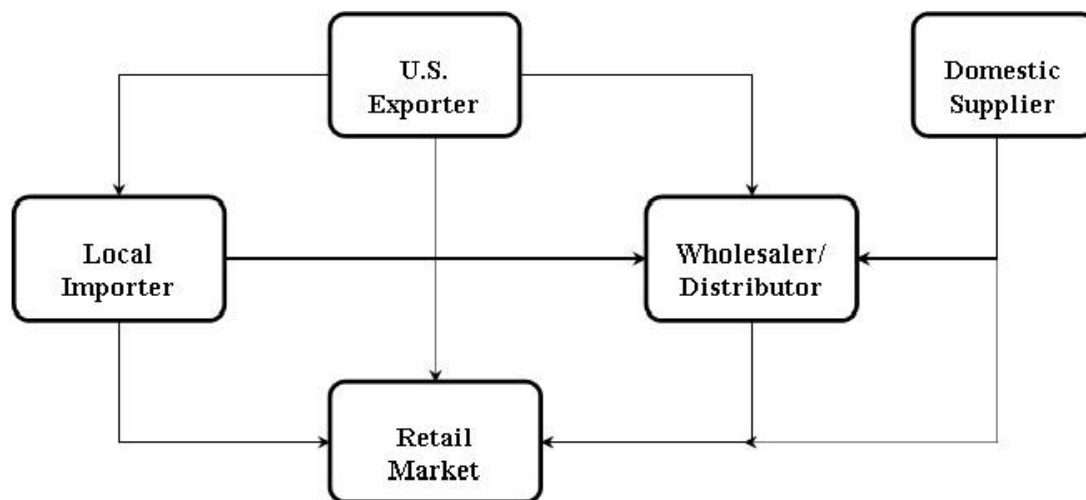
## Section II. Road Map for Market Entry

Strong demand continues for imported food products and ingredients. FAS Lima attributes the increase in demand to a combination of strong consumption by middle class consumers, population growth, and tourism. U.S. food products are known for their quality, consistency, and practicality.

### 1. Entry Strategy

- Determine if the product can be imported (see, FAIRS Country Report – Peru 2018).
- Determine the product's category and competitiveness.
- U.S. exporters can gain access to the Peruvian food service market through large importers, wholesalers/distributors, or specialized importers. Most food service companies buy imported goods from local intermediaries.
- Visits to Peru are recommended. The import partner should be well known by the exporter before signing contractual agreements. Maintain contact with import partners.
- Exporters should provide support to food service customers by participating in technical seminars, product demonstrations, and local trade shows whenever possible.
- Exporter must research food import regulations to facilitate the registration and import of food products and to minimize risk of detained shipments at port of entry (see, FAIRS Country Report – Peru 2018).
- The import partner should be able to provide updated information on consumer trends, market developments, trade, and business practices.

## 2. Market Structure



- Food service institutions largely source domestic food ingredients. Peruvians prefer locally produced, affordably priced, fresh food products.
- Food service importers supply the retail market.
- Almost 95 percent of food service businesses purchase through intermediaries.
- International franchises (e.g., KFC, Pizza Hut, Burger King, McDonalds), along with the local fast food chain, Bambos, import some of their food ingredients directly.
- Local and imported products are distributed directly to food service outlets or through sub-distributors, a practice common in secondary cities.

## 3. Sub-Sector Profiles

### a) Hotels and Resorts

Peru's 4.4 million foreign visitors are forecast to bring in \$5 billion in revenue in 2018, contributing significantly to the economy at a time when revenue from the mining sector is slowing. Currently, the tourism sector trails mining and agricultural exports as Peru's third largest foreign currency revenue generator. The latest available 2018 (January- July) data indicates that tourism numbers are up 2.7 percent. The government strategy aims to add almost 8,300 more hotel rooms by 2021.

International hotel brands are betting on the Peruvian market's growth. High-end hotels (i.e., four- and five-star) are a niche market for U.S. food products. These hotels use higher proportions of imported food products. Foreign imports account for about 15 percent of the food served in high-end hotels. Half of all Peruvian high-end hotels are located in Lima. Hotels are developing strategic alliances with international chains and major investor groups. Beef, pork, wine, distilled spirits, and frozen products are potential categories for development in this channel. Hilton and J.W. Marriott announced that they will open between 10 and 15 new hotels as a result of the influx of foreign business travelers. FAS Lima estimates that food service soaks up to 18 percent of total foreign tourist revenues. South Americans are the largest group of visitors to Peru, at nearly 60 percent. About 17 percent of visitors are from the United States.

## b) Restaurants

FAS Lima forecasts Peru's HRI sector growing 2.1 percent in 2018. Despite slower growth in 2017, the competitive foodservice category will keep incorporating new restaurants to the market in 2018. Signs of improvement started towards the second quarter of 2017. This is attributed to better weather conditions, the Pope's visit, and the fortieth edition of the Dakar Rally off-road race. All of which boosted tourism to Peru.

High-end restaurants, casual dining eateries, coffee shops, and fast food chains represent niche market opportunities for U.S. exporters. These establishments absorb 15 to 25 percent of all imported food products. The most frequently imported food ingredients include sauces, meats, processed fruits and vegetables, cheeses, and specialty products such as beef products, pork products, wines, and spirits.

**Table 2: Peru, Restaurant Company Profiles (2018)**

Company Name	Sales (\$million)	Brands	Location	Purchasing Agent
DELOSI	338	KFC, Starbucks, Pizza Hut, Burger King, Pinkberry, Chili's, Doggis, Olive Garden	Lima, Trujillo, Arequipa, Chiclayo, Huancayo, Cuzco, Ica, Piura, Cuzco, Pucallpa,	Direct Importer
NG Restaurants S.A.	131	Bembos, Chinawok, Don Belisario, Popeyes, Dunkin Donuts, Papa Johns	Lima, Trujillo, Arequipa, Chiclayo, Huancayo, Cuzco, Ica, Piura, Cuzco, Pucallpa,	Direct Importer
Franquicias Pardo SAC	73	Pardo's Chicken, Juicy Lucy, Planet Chicken	Lima, Trujillo, Arequipa, Chiclayo, Huancayo, Cuzco, Ica, Piura, Cuzco, Pucallpa,	Local
McDonald's	44	McDonald's (fast food) – 54 outlets	Lima, Trujillo, Arequipa, Chiclayo, Huancayo, Cuzco, Ica, Piura, Cuzco, Pucallpa,	Direct Importer
Grupo Norky's	110	115 outlets	Lima, Trujillo, Huancayo, Huanuco, Ica, Arequipa, Pucallpa, Puno, Piura, Chiclayo, Cajamarca,	Local
Grupo Roky's	74	97 outlets	Lima, Ica, Trujillo, Chiclayo, Piura	Local
Cinco Millas S.A.C.	12	Astrid & Gaston, Madame Tusan, Chicha, La Mar, Panchita, Tanta, Papachos, Los Bachiche, Los Valientes	Lima, Trujillo, Piura, Cuzco, Arequipa	Local

Source: FAS Lima office research.

The number of foodservice outlets continues to grow rapidly in Peru due to the expansion of shopping centers in Lima and cities located in the provinces where the cost of real estate is significantly lower than in Lima. Retail penetration in Peru is still low compared with other countries in the region. As a result, growth in this environment is expected to continue. The return of well-known U.S. brands, including Taco Bell and Little Caesar, and the novelty interest in other chains, such as IHOP and Hooters, pose promising areas for future growth. Peruvian companies are seeking to expand into new franchise options, particularly in health foods and Mexican food. The booming Peruvian cuisine scene is also driving the significant expansion of the high-end restaurant sector. This trend has been instrumental in the development of new restaurant formats. U.S. food and agricultural products are perceived to be of high quality and have found a niche market in high-end restaurants.

### c) Institutional

The institutional sub-sector continues to suffer from a slowdown in the mining sector, which accounts for 65 percent of total sector sales. Large caterers remain potential buyers of U.S. food products. These caterers supply the country's airports and mining companies. SODEXO and APC Corporación S.A. are Peru's largest caterers. These companies account for half of the market. Institutional sales reached \$642 million in 2017 and are forecast to grow by one percent in 2018.

**Peruvian Government Programs:** To address child malnutrition in low-income families, the Government of Peru sponsors programs aimed at improving nutritional standards for children attending public schools. *Qaliwarma* is the national food assistance program that provides a nutritionally balanced lunch supplements to approximately four million schoolchildren (age 3 and up). The program is countrywide, reaching public schools in Peru's cities all the way to indigenous communities in the Amazonian area. The *Qaliwarma* program is a public-private initiative that is co-managed by the Ministry of Development and Social Inclusion and the private sector. Currently, there are program suppliers that are sourcing U.S. products (canned goods).

### Section III. Competition

**U.S.-Peru Trade Promotion Agreement (PTPA):** The U.S.-Peru Trade Promotion Agreement has been instrumental in boosting bilateral trade in food and agricultural products between the United States and Peru. Seven years after entering into force (February 1, 2009), trade between the two partners is at record highs. The U.S. is the largest supplier of consumer-oriented products to Peru, accounting for 21 percent of the market share. From 2009 to 2017, U.S. exports of food and agricultural products to Peru more than doubled, from \$530 million to \$1.32 billion. U.S. consumer-oriented product exports account for 20 percent of U.S. food exports to Peru, totaling \$264 million in 2017. U.S. food and agricultural product exports to Peru are expected to grow by six percent in 2018.

### Section IV. Best Product Prospects

#### a) Products Present in the Market That Have Good Sales Potential

- Cheese: U.S. cheeses are used in the food-processing sector, but have potential in the HRI and Retail Food Sectors. The United States is the main supplier with a market share of 41 percent. PTPA: 17 years linear, 2,500 MT quotas with 12 percent increase per annum.
- Beef and offals: Consumers' increased purchasing power is driving demand for high quality U.S. beef. United States holds 43 percent market share of imported beef. The United States holds 77 percent of import market. Government has initiated a campaign against child anemia
- Poultry meat: Peru is a major poultry consumer. TRQ: 6 percent increase per annum. Food service channel is growing especially for leg-quarters.

- Nuts and almonds: - Importers recognize that the quality of U.S. nuts and almonds is better than competitors' quality. U.S. exports are expected to grow 18 percent in 2017. The U.S. became the largest supplier, holding 62 percent of import market share.
- Wine: Niche market for quality wines. Peru's wine consumption is growing to 1.5 liters per person. HRI sector is growing and demanding high value products.
- Sauces: United States imports are projected to grow 12 percent in 2018. The U.S. is the top import supplier in this category, holding 31 percent of import market share.
- Pork meat: U.S. pork benefits from PTPA implementation. Beef importers can also import pork. Best quality and competitive prices. U.S. pork meat exports grew 65 percent in 2017.

**b) Products Not Present in Significant Quantities, but with Good Sales Potential**

- Peaches, Cherries and Nectarines: Chile has 98 percent of import market share. Interest in U.S. peaches and nectarines.
- Apples and Pears: Chile has 83 percent of import market share. Export window opportunity: Nov-Feb. Recognized quality of U.S. apples and pears.
- Grapes, Raisins: Chile has 63 percent of import market share. Export window opportunity: Sept-Dec.
- Citrus: Strong local competition. United States holds 84 percent of import market. Export window opportunity: Jan-March.
- Sausages: Strong local competition. High-end gourmet offers best possibilities for U.S. product. Fast food restaurants are the main channel.
- Ham, processed: High-end gourmet offers best possibilities for U.S. product.

FROM THE WORLD	Value
World	1,332
Food Preparations Nesoi	203
Food Preparations For Infants	66
Mlk/Cream Cnctrd Nt Swtn Pwd/Oth Solids	57
Mlk & Crm,Cntd,Swt,Powdr,Gran	49
Apples, Fresh	46
Fats And Oils Derived From Milk,	39
Edible Fruit Or Nut Trees,	37
Sugar Confection (Incl Wh Choc),	35
Chicken Cuts And Edible Offal Frozen	35
Coffee Extracts, Essences Etc. & Prep	32

- Beer: Strong local competition. Local breweries produce and import new brands. Mexico with a 76 percent import market share is the top supplier. Niche market for U.S. premium craft beers culinary development.

**c) Top Consumer-Oriented Products Imported from World & U.S. in 2017, US\$ Million**



## **Section V. Post Contacts and Further Information**

U.S. Embassy Lima – FAS Office of Agricultural Affairs

Street Address: Avda. La Encalada, Cuadra 17, Monterrico-Surco, Lima, Peru

Mailing Address: Unit 3785, DPO AA 34031

Phone: (511) 434-3042; Fax: (511) 434-3043; E-mail: [Aglima@usda.gov](mailto:Aglima@usda.gov)

For further information, see [www.fas.usda.gov](http://www.fas.usda.gov). See also FAS Lima's Exporter Guide and Food and Agricultural Import Regulations and Standards (FAIRS) reports.

Ministry of Foreign Trade and Tourism (MINCETUR) – Minister: Rogers Valencia

Address: Calle Uno Oeste 050, Urb. Corpac, San Isidro, Lima 27

Phone: (511) 513-6100; Fax: (511) 224-3362; [www.mincetur.gob.pe](http://www.mincetur.gob.pe)

Hotel and Restaurant Association (AHORA) – President: Jose M. Gamarra

Address: Av. Benavides 881, Miraflores, Lima 18

Phone: (511) 444-4303; Fax: (511) 444-7825; E-mail: [ahora@ahora-peru.com](mailto:ahora@ahora-peru.com); [www.ahora-peru.com](http://www.ahora-peru.com)

American Chamber of Commerce Peru – Executive Director: Aldo Defilippi

Address: Av. Ricardo Palma 836, Miraflores, Lima 18

Phone : (511) 705-8000; Fax: (511) 241-0709; E-mail: [amcham@amcham.org.pe](mailto:amcham@amcham.org.pe); [www.amcham.org.pe](http://www.amcham.org.pe)