

Voluntary Report – Voluntary - Public Distribution

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Report Name: Grocery Retail 2022

Country: Honduras

Post: Tegucigalpa

Report Category: Retail Foods

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Report Highlights:

Honduras ranks twenty sixth as an export destination for consumer-oriented products from the United States. Honduras's imports were valued in US\$ 462.8 million, second only to Guatemala for the Central American region, and seventh in the Americas. In 2021, US exports of consumer-oriented goods to Honduras increased 64.5 percent in comparison to 2020. Honduras imported a total of US \$1.34 billion of consumer-oriented goods from the world. *This report has been revised to correct system-generated formatting errors*

MARKET FACT SHEET: HONDURAS

The International Monetary Fund (IMF) determined that Honduran economic growth reached 12.5 percent in 2021, led by strong remittances which supported private consumption, and robust external demand boosted by the U.S. recovery. Inflation breached the upper band in December and neared 7 percent year-over-year (Y-O-Y) at the end of March, largely reflecting supply side factors, together with some demand pressures from strong remittances and higher government spending. However, the resilience of the Honduran market is reflected in the growth forecasts that international organizations such as the IMF, ECLAC and BM perform, placing it between 3.8 percent and 4.9 percent for 2021 and 3.9 percent by 2022.

EXECUTIVE SUMMARY

North America (the United States, Canada and Mexico) was Honduras' main trading partner, generating US\$ 625.5 million in the first three months of 2022, followed by Europe with US\$ 486.8 million. In third place was Latin America with US\$ 469.8 million and Central America with US\$ 378.5.

TOP 5 IMPORTS OF CONSUMER ORIENTED PRODUCTS

Soup & Other Food...	273,404,807
Bakery Goods,...	157,283,932
Dairy Products	139,364,713
Pork & Pork Products	111,915,697
Non-Alcoholic Bev.	109,985,489

Source: Trade Data Monitor

Honduras' top 5 US consumer-oriented imports for FY 2021, listed by sales value in descending order were: Soups and other food preparation followed by Bakery Goods, Cereals & Pasta and Dairy Products, Pork & Pork products, and Nonalcoholic Beverages.

FOOD RETAIL INDUSTRY

The top three food retailers in Honduras are Walmart, Supermercados La Colonia and Distribuidora La Antorcha with a market share of 10.8, 7.0 and 0.4 percent, respectively.

Company Shares of Retailing

Tax - 2021

Company Name	2021
Wal-Mart Centroamérica	10.8 ▲
Supermercados La Colonia de Honduras	7 ▲
Distribuidora La Antorcha	2.4 ▲
Kielsen Farmaceutica	1.3 ▲
Corporacion La Cumbre	1.1 ▲
Distribuciones Universales	0.7 ▼
Pricesmart Honduras	0.6 ▲
Comisariato Los Andes	0.4 ▼
Larach y Cia	0.3 ▼
Others	75.4

Source: Euromonitor 2022

QUICK FACTS

Total Imports of Consumer Oriented Products from World: US\$ 1,389,497,303.

Population (millions): 9.9

GDP (billions USD): 23.8

TOP 5 CONSUMER GOODS: MARKET SHARE

Product	Percentage
Soup & other food preparations	19.68
Bakery goods, cereals, & pasta	11.32
Dairy products	10.03
Pork & pork products	8.05

Nonalcoholic Bev. (ex. juices,	7.92
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coffee, tea)	
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Source: Global Agricultural Trade System (BICO)

SECTION I: MARKET SUMMARY

In Honduras, store-based retailing generated US\$ 7,243.1 million in 2021, with year over year growth forecast at 1.8 percent and expected to remain unchanged through 2022. However, as inflation and the Russian invasion of Ukraine send food and gas prices higher, shoppers have already started to pull back on spending.

RETAIL IN HONDURAS

Quick Stats and Links

Selected geography's actual rank vs other geographies



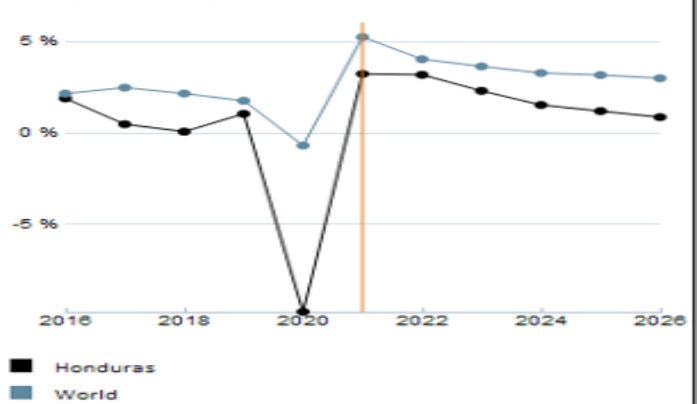
Top 3 Companies

Retail Value RSP excl Sales Tax, % breakdown

Walmart Inc	10.8
Supermercados La Colonia de Honduras SA de CV	7
Corporacion Lady Lee SA de CV	3.1
Others	67.9

Category YOY Growth Comparison

USD million, Constant 2021, Fixed 2021 Ex. Rates 2016-2026



Source: Euromonitor 2022

ADVANTAGES AND CHALLENGES FACING U.S. PRODUCTS IN HONDURAS

ADVANTAGES	CHALLENGES
Major retailers have expanded the number of stores and floor space during the last few years, with plans to continue this expansion.	The market is highly price-sensitive, and lower quality products are often more competitive due to pricing.
Food industry technology innovations allow business owners to understand customers better and provide them with a little bit more than they expect.	Only 2 percent of the population uses e-commerce to acquire their groceries.
Tourism has started to reactivate, and thus new venues are open to sell/promote U.S. consumer-oriented food products.	Economy remains very susceptible to the world economy, especially the United States, where negative events can disrupt remittance flows, tourism, and investment in Honduras.

SECTION II. ROAD MAP FOR MARKET ENTRY

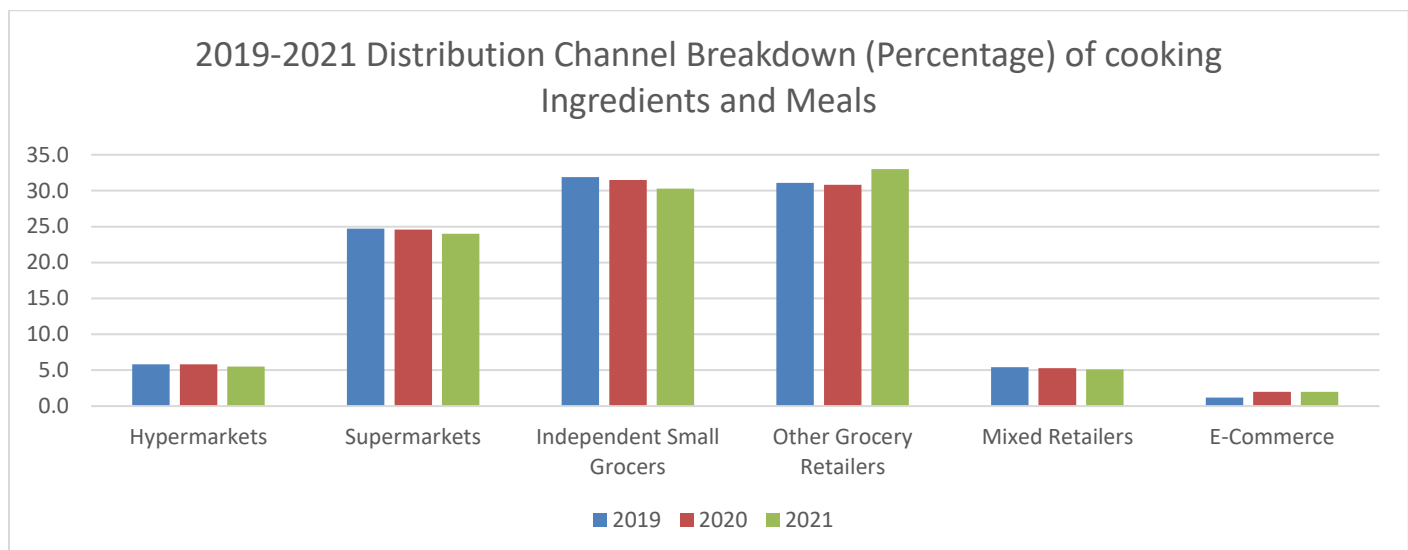
Exporters should be diligent when selecting a partner (local importer agent or legal representative) in Honduras. Personal visits and meetings with prospective partners are highly recommended, and exporters should conduct a background check of the prospective partner before signing a permanent contractual agreement. Small-to-medium sized potential exporters can work with the appropriate U.S. State Regional Trade Group (SRTG) to take advantage of the SRTG's resources for marketing and promotion support in Honduras. To learn more services available from the SRTGs, find the SRTG for your geographic region in the list below and visit the website.

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

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

MARKET STRUCTURE

Honduran consumers shop at least once a week at local markets and once or twice a week in supermarkets and hypermarkets, depending on their income level. Most, however, prefer to shop locally. Middle- and higher-income consumers typically shop for groceries once a week or fortnight while lower-income consumers who do not enjoy a permanent source of income tend to shop for food and other essentials more frequently and in scattered patterns, often daily at independent small grocers or other grocery retailers.



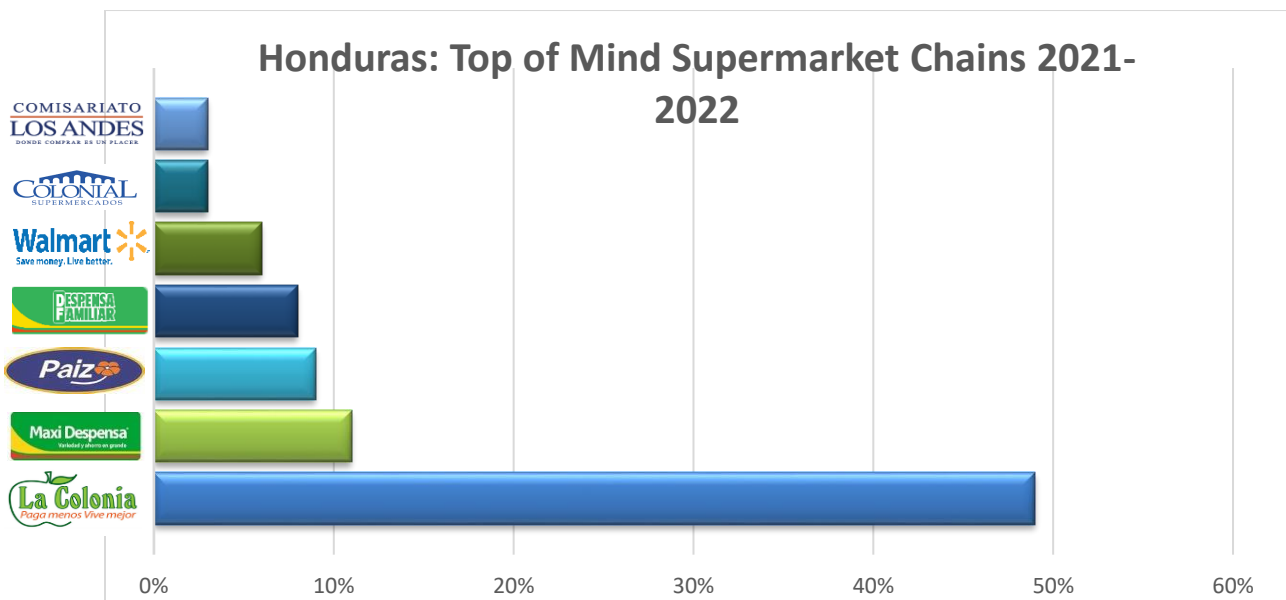
Source: Euromonitor 2022

Many consumers in rural areas travel once or twice to the nearest town to access a wider variety of retail outlets. In terms of the retail landscape, brick and mortar stores vary depending on whether based in rural or urban locations. In large cities there is a variety of large shopping centers and a multitude of smaller ones that offer a wide range of stores and products.

Price and promotions will remain a crucial driving factor for this channel over the forecast period as consumers are set to continue holding out for seasonal and occasional promotions before making their purchases. Much of this trend stems from the low incomes of most of the working age population in the country to which mixed retailers respond by ensuring price promotions are available to avoid alienating these consumers.

COMPANY PROFILES

With the onset of the pandemic the mixed retailers’ channel was strongly affected by restrictions on operating hours imposed by local authorities and by shopper’s migration to smaller retailers in closer proximity to their homes. In 2021, the market began to normalize enabling mixed retailers to recover, with sales reaching 2019 levels. While the independent small grocers or pulperias remain very popular among Honduran consumers, the top five players accounted for almost 25 percent and rising of overall grocery retailing sales in Honduras in 2020. Walmart, on its own, accounting for forty three percent retail (food and nonfood items) market share.



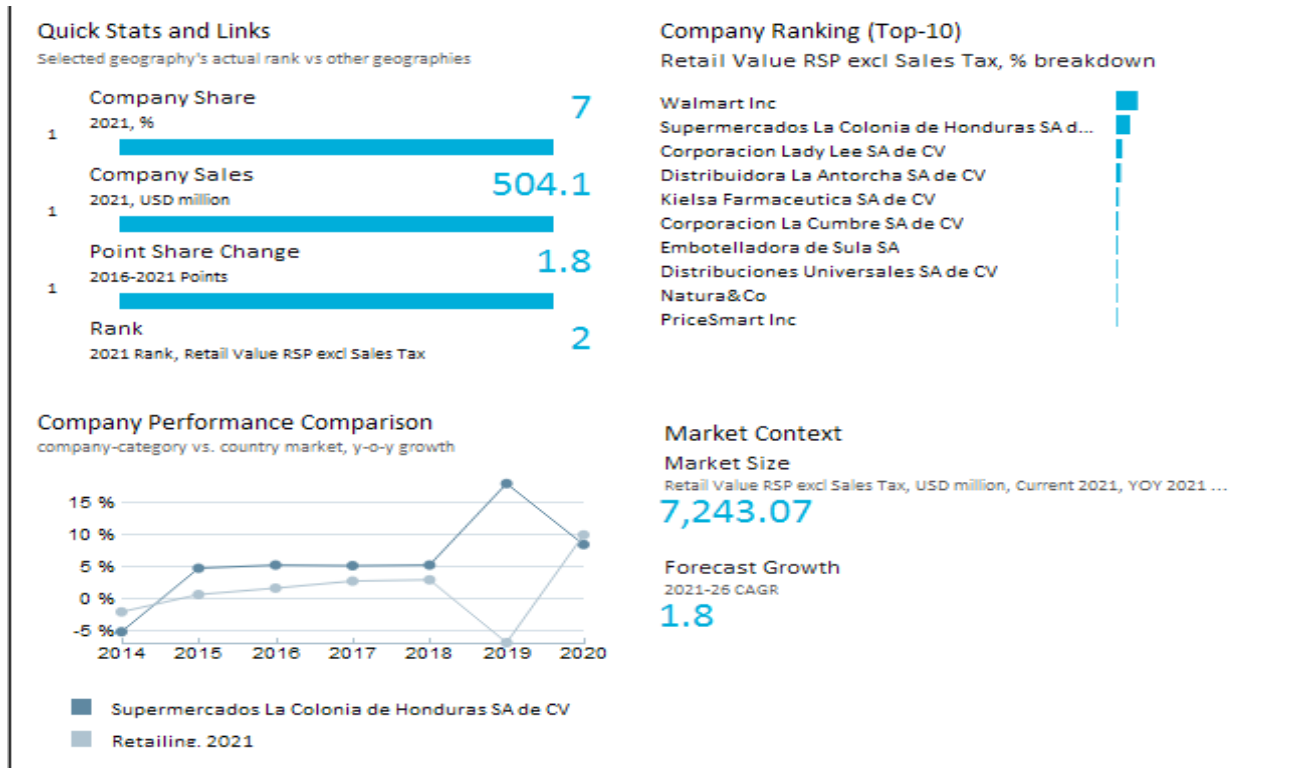
Source: <https://www.estrategiaynegocios.net>

WALMART

Walmart entered the region in 2005 and became Walmart Centro America in 2006. It is the largest grocery retailer in Latin America, with an 8 percent market share of regional sales value. In Honduras, Walmart currently operates 111 retail units and 10.8 percent brand shares of retailing, distributed between its five formats: Despensa Familiar (Discount store) accounts for 4.2 percent, Walmart Supercenter 2.8 percent, Maxi Despensa 2.2 percent, and Paíz 1.6 percent.

SUPERMERCADOS LA COLONIA

Regarding food retailing, Super Mercados La Colonia ranked as the number one brand in top-of-mind awareness (TOMA) with 49 percent recognition by Hondurans, for the year 2021-2022, and Maxi moved up to second place. In 2021, Supermercados La Colonia had a 7 percent market share in grocery retailing with 57 retail units, company sales of US\$ 504.21 million (excluding sales tax), and a forecast growth of 1.98 percent for the years 2021 to 2026.



Source: Euromonitor 2022

DISTRIBUIDORA LA ANTORCHA

La Antorcha Supermarket Chain was born in Honduras in 1965 as a small grocery store in the popular central market of El Progreso. Today it has a 2.4 percent market share and generates US\$4.59 million in sales. In 2015 La Antorcha had 15 stores in Honduras and 1 in Cota Rica, today only one store remains operating in El Progreso, Yoro.

PRICESMART

Amongst the mixed retailers Pricesmart was one of the few warehouse clubs in Honduras that did not suffer the same impact as most mixed retailers, thanks to loyalty among its subscribed members who continued to shop in its stores during the pandemic. Also important in this loyalty was the strong component of multipacks in food and other household cleaning supplies in its product portfolio, which enabled cost savings.

Retailers, such as Mendels, Larach y Compañia started to offer food products at their stores, tapping into consumer preferences to shop where they can get everything under one roof.

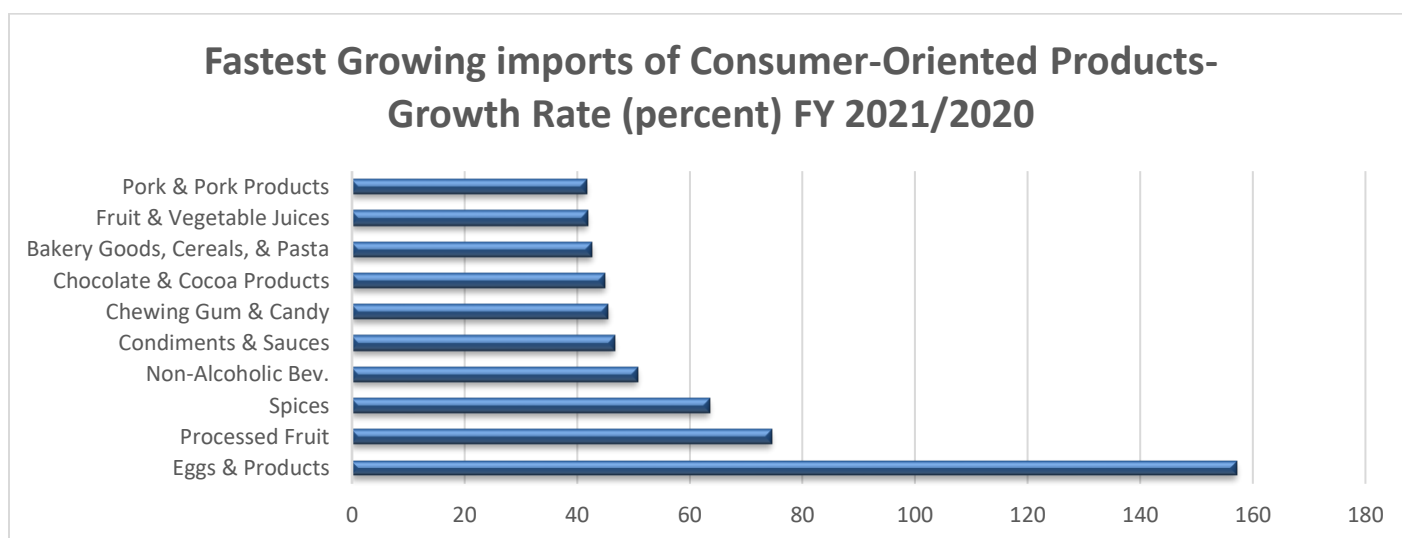
III. COMPETITION

Honduras has an open and expanding trade policy, through 10 Regional Trade Agreements (RTAs) with the main markets, covering 36 countries, and of which the majority are multiparty.

PROSPECTS AND OPPORTUNITIES BY VALUE

Five products represent 57 percent of total imports by value for the consumer-oriented product category. Honduras imported over US\$ 273.4 million soup & other food preparations, US\$ 157.28 million Bakery goods, cereals & pasta, US\$ 139.36 million Dairy products, US\$ 111.92 million Pork & pork products, and US\$ 109.99 million in nonalcoholic beverages.

FASTEST GROWING IMPORTS BY CATEGORIES



EGGS & ASSOCIATED PRODUCTS

Honduras is one of the largest egg producers in Central America. Egg production in Honduras is estimated at approximately 3.6 million eggs per day. In the past, Honduras was a major importer of eggs, but it has become an exporter. So much so that today it is one of the leading exporters of chicken eggs to the U.S. market. The BCH report links this 0.5 percent egg production increase to household demand in Honduras. In addition, according to available information, they also attribute the increase to higher demand from the food industry. The growth rate of Eggs & Products is due to the Honduran imports of hatchery eggs.

FRUIT

Processed fruit imports from the US totaled US\$ 34,452,215, growing 50 percent in value from the previous years, and the main imported fruits were frozen strawberries, culture blueberries, jams, and jellies. Imports of fresh fruit decreased 13.84 percent to US\$ 442,790,553, and the main fresh fruit imports were apples & grapes.

SPICES

Honduras imported US\$ 19.25 million in spices from the world, US\$ 6.07 million from the US, US\$ 3.13 million from Guatemala, US\$ 2.61 million from Sri Lanka, US\$ 1.93 million from India, and US\$1.24 million from the Netherlands. U.S. imports increased 41.59 percent for FY 2021.

CHEWING GUM

The United States is the fifth largest chewing gum supplier behind El Salvador, Guatemala, Mexico, and Costa Rica. In the first three months of 2022, three countries saw the largest increase in export value to Honduras: Brazil 3,736 percent, Taiwan 286 percent and Spain 110 percent.

Chewing Gum	Calendar Year (Value: Million USD)				
	2017	2018	2019	2020	2021
Country					
El Salvador	8.27	9.46	8.16	6.75	9.42
Guatemala	7.97	8.73	9.11	8.80	11.99
México	6.77	7.43	6.95	4.96	8.34
Costa Rica	1.80	2.09	2.30	2.40	4.13
United States	4.13	5.01	3.95	2.13	3.91
Others	5.06	5.80	5.64	5.11	6.77
World	34.02	38.52	36.11	30.16	44.56

Source: Global Agricultural Trade System (BICO)

CATEGORIES OF INTEREST ARE:

- ✓ Whey and modified Whey
- ✓ Casein
- ✓ Cereals other than corn
- ✓ Mixes and doughs for the preparation of bread
- ✓ Whole wheat bread and/or seeds-base products: granola bars, flaxseed products
- ✓ Milk And cream, Concentrated, whether or not Sweetened, In Powder, Granules or Other Solid Forms, of a Fat Content, by Weight, Not Exceeding 1.5 percent
- ✓ Meat And Edible Offal of Chickens, Not Cut in Pieces, Frozen
- ✓ Sugar-free and gluten-free cookies, candy, baking mixes, etc.

V. POST CONTACT AND FURTHER INFORMATION

Office of Agricultural Affairs | American Embassy

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Phone: +504 2236-9320 ext. 4354, 4544 | E-mail: AgTegucigalpa@state.gov

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

Attachments:

No Attachments.