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Report Highlights:

This is an update of the 2019 report. In 2019, U.S. consumer-oriented products exported to Guatemala reached a record \$567 million. Walmart is currently the largest supermarket chain in Guatemala. The COVID-19 pandemic drastically affected the Guatemalan retail industry in early 2020.

MARKET FACT SHEET: GUATEMALA

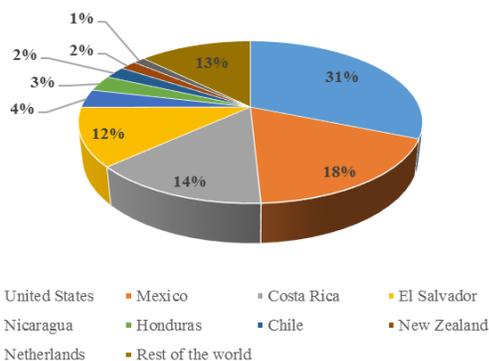
Executive Summary

Guatemala has the largest population in Central America with nearly 15 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 14 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 4 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 31 percent of consumer-oriented agricultural products imported to Guatemala are from the United States, followed by Mexico with 18 percent, Costa Rica with 14 percent; and El Salvador with 13 percent. In 2019, Guatemala imported \$1.8 billion from the world and \$567 million from the United States.

Guatemala Consumer-Oriented Products Imports from the World 2019



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 2019

Imports of Consumer-Oriented Ag Products from the U.S.: **\$567 million.**

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

- | | |
|--------------------------------------|----------------------------------|
| 1) Poultry Meat & Products (\$132.4) | 6) Prepared Foods (\$35.1) |
| 2) Dairy Products (\$59.9) | 7) Wine & Beer (\$29.5) |
| 3) Pork & Pork Products (\$59.7) | 8) Fresh fruits (\$25.3) |
| 4) Processed Vegetables (\$41.2) | 9) Snack foods (18.9) |
| 5) Beef & Beef Products (\$36.9) | 10) Condiments & Sauces (\$17.6) |

Guatemala Ag imports from the U.S.: \$1.3 billion
Guatemalan Ag exports to the U.S.: \$2.1 billion

GDP/Population

Population (millions): 15

GDP (USD): \$138.3 billion

GDP per capita (USD, PPP): \$4,535

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 from Mexico, Chile, is strong.
U.S. private label products have an opportunity at the retail industry	Limited career civil service creates a fragile regulatory structure for imports.

Source: BICO, Trade Data Monitor

SECTION I. MARKET SUMMARY

Guatemala's total population is estimated at 15 million people. Guatemala, as in many other Latin American countries, has high rates of social and economic inequality. Despite the challenging economic situation, urbanization continued before the COVID-19 crisis in March 2020, and more supermarket outlets were expected to open in the country throughout the year.

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 the retail value share. These supermarkets target middle- and high-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 middle-income consumers. According to Euromonitor, in 2019, sales at the supermarkets increased 6 percent from 2018 and totaled \$3.4 million.

The higher end consumers are shoppers that buy groceries in the supermarkets on a weekly basis, as they have higher disposable incomes and value the service that modern retailers provide. For the past 8 years, many apartment buildings have been built in the high-end neighborhoods; and 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 families. 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 are cheaper.

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, some are within the stores and some are third-party apps:

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. Glovo: a Spanish company that started business in Guatemala in 2018. It provides a multi-delivery on-demand service, allowing customers to shop, receive, and send a diverse range of products. This application can be used to buy from supermarkets, restaurants, pharmacies, etc. Glovo charges a service fee that is added to all deliveries.

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 lines.

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
-Chain 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, gluten-free, etc.	A nutrition front-of-package labeling initiative is 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. 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 with Guatemalan traders. 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: Super 24 opened new stores and Unisuper expanded its Express stores concept.
- ❖ Typically, imported products are introduced into the country by a local importer, agent, or distributor.
- ❖ The three largest supermarket chains in Guatemala 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.
- ❖ 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.
- ❖ Internet retailing is slowly becoming a new purchasing method for Guatemalan consumers in Guatemala as a result of COVID-19 crisis.

Company Profiles

Walmart Mexico and Central America: The largest supermarket chain and the leading supermarket chain in Guatemala. The company has 258 stores, divided as follows: Supertiendas Paiz (26), Walmart (10), Despensa Familiar (177), 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 101 stores under the names of La Torre (85) and La Torre Express (16). 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 around 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 43 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.pricemart.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/>

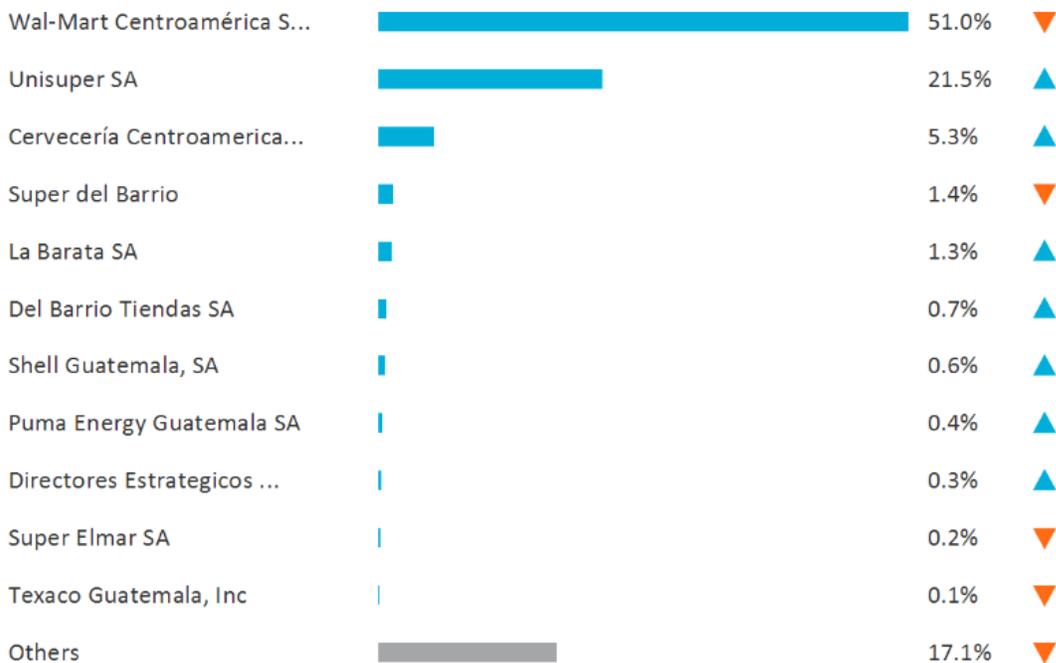
There are other smaller supermarkets in the country that are trying to gain market share in the retail sector, but these supermarkets target lower-middle and lower income consumers. They are smaller than regular supermarkets so have less shelf space to display their products.

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 packages (130 grams), and 95 percent of these products are produced locally. Very few imported processed grocery items such as cookies, snacks, instant soups, candies, and chocolates are sold in these markets.

The other type of traditional market are the corner stores, which are also called “tiendas de barrio” 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 are around 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 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 consider a convenient location a very important 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.

Company Shares of Modern Grocery Retailers in Guatemala

% Share (NBO) - Retail Value RSP excl Sales Tax - 2019



SECTION III. COMPETITION

Guatemala is a net importer of goods and services, and the United States is Guatemala's largest trading partner. However, in terms of bilateral agricultural trade, Guatemala has a trade surplus with the United States. In 2019, Guatemala imported \$1.3 billion in U.S. agricultural products and exported \$2.1 billion in Guatemalan agricultural products to the United States.

Guatemala is a strong competitor to the United States for processed food production; 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. Domestically produced processed foods are mainly sold in Guatemala, but many products are also exported to other countries.

Central American countries and Mexico compete with the United States for the Guatemalan food import 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. 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
Food Preparations & Miscellaneous Beverages				
Total imports in 2019: \$468.9 million	1	Costa Rica	25%	\$115,174,425
U.S. market share: 17%	2	Mexico	17%	\$82,031,583
	3	El Salvador	16%	\$81,518,799
Dairy Products – Milk & Cream				
Total imports in 2019 / \$256.9 million	1	Costa Rica	24%	\$61,952,842
U.S. market share: 18%	2	New Zealand	12%	\$32,629,870
	3	Mexico	11%	\$29,859,199
Snack Foods – Sugar Confectionary (including white chocolate) not containing cocoa				
Total imports in 2019 / \$106.3 million	1	Mexico	27%	\$29,272,580
U.S. market share: 7%	2	El Salvador	22%	\$23,682,615
	3	Costa Rica	18%	\$19,207,975
Condiments & Sauces				
Total imports in 2019 / \$96.7 million	1	Costa Rica	40%	\$38,823,785
U.S. market share: 24%	2	Mexico	30%	\$28,893,406
	3	El Salvador	3%	\$2,391,965
Beef and Beef Products				
Total imports in 2019 / \$88.5 million	1	Nicaragua	46%	\$37,746,241
U.S. market share: 43%	2	Honduras	3%	4,780,039
	3	Costa Rica	3%	4,652,407
Processed Vegetables				
Total imports in 2019 / \$83.5 million	1	El Salvador	12%	\$ 10,159,152
U.S. market share: 58%	2	China	8%	\$6,994,609
	3	Mexico	4%	\$3,308,040
Fresh Fruits				
Total imports in 2019 / \$69.4 million	1	Chile	27%	\$18,629,871
U.S. market share: 46%	2	Mexico	11%	\$7,336,105
	3	Peru	6%	\$4,495,480
Processed Fruits				
Total imports in 2019 / \$57.5 million	1	El Salvador	35%	\$20,106,081
U.S. market share: 13%	2	Chile	15%	\$7,765,285
	3	Mexico	14%	\$6,393,860
Dog & Cat Food				
Total imports in 2019 / \$32.8 million	1	Mexico	40%	\$13,144,133
U.S. market share: 31%	2	El Salvador	23%	\$5,113,800
	3	Honduras	9%	\$3,288,603

Source: Trade Data Monitor

SECTION IV. BEST PRODUCT PROSPECTS CATEGORIES

As we advance towards full CAFTA-DR implementation, 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 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.

Top 20 Guatemalan Imports of Processed Foods from the World Calendar Year: 2017 - 2019

HS Subheading	January - December (Value: USD)		
	2017	2018	2019
Other Processed Foods, Ingredients & Bvg Bases	\$ 226,942,463	\$ 253,449,229	\$ 275,601,535
Baked Snack Foods (Pastries, Pretzels, etc.)	\$ 104,997,795	\$ 114,570,262	\$ 125,517,304
Bottled Drinks (Incl. Soda, Juice Mixes, etc.)	\$ 86,667,549	\$ 92,387,610	\$ 115,416,981
Baking Inputs, Mixes & Doughs (Incl. Pudding)	\$ 87,519,775	\$ 89,767,263	\$ 95,345,535
Beer	\$ 42,105,724	\$ 67,584,600	\$ 85,063,540
Table Condiments (Incl. BBQ, Excl. Ketchup)	\$ 70,973,366	\$ 77,583,190	\$ 79,419,438
Breakfast Cereals & Other Breakfast Products	\$ 72,000,875	\$ 76,322,707	\$ 75,317,064
Cream & Powdered/Condensed Milk	\$ 62,689,189	\$ 70,103,389	\$ 74,396,917
Cheese	\$ 58,168,452	\$ 65,875,129	\$ 74,290,495
Soybean Oil	\$ 71,228,440	\$ 78,220,562	\$ 73,235,087
Vegetable Oils (Excl. Soybean)	\$ 55,810,958	\$ 47,587,955	\$ 48,065,758
Chocolate	\$ 40,762,832	\$ 42,348,420	\$ 42,384,194
Sugar Confectionary	\$ 34,770,203	\$ 34,920,093	\$ 40,653,036
Frozen French Fries & Other Potato Products	\$ 30,267,711	\$ 33,340,028	\$ 36,262,124
Baby Food	\$ 30,104,289	\$ 35,419,901	\$ 35,469,480
Dog & Cat Food	\$ 29,712,879	\$ 31,175,724	\$ 32,879,034
Cooked & Prepared Shellfish	\$ 40,425,647	\$ 30,672,079	\$ 30,183,425
Dry Beverages (Coffee, Tea, Herbal, etc.)	\$ 27,618,370	\$ 31,349,805	\$ 28,711,786
Other Prepared/Preserved Meats	\$ 27,962,530	\$ 28,881,332	\$ 28,477,506
Canned Vegetables & Pulses	\$ 26,140,829	\$ 25,842,428	\$ 27,613,612

Source: Trade Data Monitor

Guatemalan Imports of Consumer-Oriented Products
Calendar Year 2017-2019

HS Subheading	January - December (Value: USD)		
	2017	2018	2019
Food Preps. & Misc. Bev	\$ 391,749,588	\$ 440,834,717	\$ 468,945,875
Dairy Products	\$ 218,209,359	\$ 241,050,313	\$ 256,901,432
Poultry Meat & Prods. (ex. eggs)	\$ 118,228,222	\$ 122,097,377	\$ 133,179,727
Snack Foods NESOI	\$ 87,377,173	\$ 91,407,798	\$ 106,306,191
Wine & Beer	\$ 54,682,204	\$ 81,511,401	\$ 101,490,785
Condiments & Sauces	\$ 84,056,720	\$ 92,720,206	\$ 96,774,897
Non-Alcoholic Bev. (ex. juices, coffee, tea)	\$ 66,834,535	\$ 69,244,623	\$ 89,781,361
Beef & Beef Products	\$ 73,024,545	\$ 79,232,694	\$ 88,537,072
Processed Vegetables	\$ 75,294,683	\$ 77,382,857	\$ 83,593,166
Fresh Fruit	\$ 61,973,777	\$ 66,418,027	\$ 69,396,315
Pork & Pork Products	\$ 49,416,485	\$ 53,657,928	\$ 61,222,408
Processed Fruit	\$ 53,459,197	\$ 61,343,612	\$ 57,546,560
Chocolate & Cocoa Products	\$ 40,762,832	\$ 42,348,420	\$ 42,384,194
Dog & Cat Food	\$ 29,712,879	\$ 31,175,724	\$ 32,879,034
Meat Products NESOI	\$ 29,174,672	\$ 29,697,528	\$ 29,294,203
Spices	\$ 17,220,322	\$ 15,376,677	\$ 22,421,900
Coffee, Roasted and Extracts	\$ 20,120,971	\$ 21,658,016	\$ 20,887,220
Fruit & Vegetable Juices	\$ 14,055,186	\$ 16,593,012	\$ 15,895,342
Fresh Vegetables	\$ 14,252,708	\$ 7,351,209	\$ 10,993,071
Tree Nuts	\$ 11,608,290	\$ 12,877,559	\$ 10,857,892

Source: Trade Data Monitor

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

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