

**Required Report:** Required - Public Distribution

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## **Report Name:** Retail Foods

**Country:** Guatemala

**Post:** Guatemala City

**Report Category:** Retail Foods

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### **Report Highlights:**

Supermarkets, hypermarkets, and independent food stores, continue expanding in Guatemala; imports of U.S. consumer-oriented products have continued to grow and in 2021, the value of these products reported a record year of \$637 million. This report provides information to U.S. exporters on how to enter the Guatemalan market, best products prospects, competition, and a profile of business within the retail food sector.

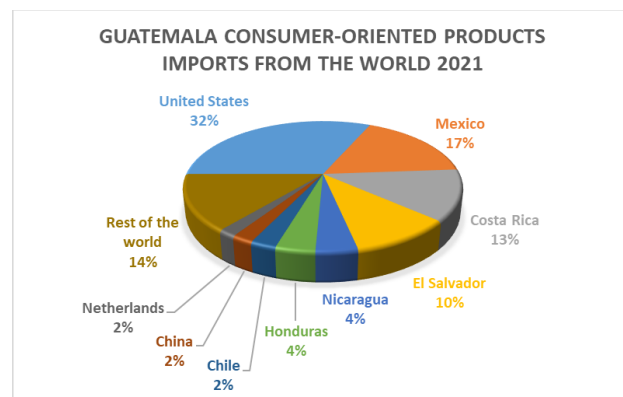
## MARKET FACT SHEET: Guatemala

### 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.

### Imports Consumer-Oriented Products

Around 32 percent of consumer-oriented agricultural products imported to Guatemala are from the United States, followed by Mexico with 17 percent, Costa Rica with 13 percent; and El Salvador with 10 percent. In 2021, Guatemala imported \$2.3 billion from the world and \$637 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 2021

Imports of Consumer-Oriented Ag Products from the U.S.: **\$637 million.**

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

Poultry Meat & Products (\$172.5)	Food Preparations (\$29.2)
Pork & Pork Products (\$88.5)	Bakery goods, cereals, and pasta (\$27.0)
Dairy Products (\$64.3)	Fresh fruit (\$22.7)
Beef and beef products (\$62.5)	Condiments & Sauces (\$22.6)
Processed Vegetables (\$52.1)	Dog & cat food (\$14.4)

Total Ag imports from the U.S.: \$1.6 billion

Total Ag exports to the U.S.: \$2.6 billion

Population (millions): 17.7

GDP (USD): \$141.5 billion (2020 est.)

GDP per capita (USD, PPP): \$8,400 (2020 est.)

Top Guatemalan Retailers:

- |               |                       |
|---------------|-----------------------|
| 1. Walmart    | 4. Tiendas del Barrio |
| 2. Unisuper   | 5. Super 24           |
| 3. Pricesmart | 6. La Barata          |

Source: *Trade Data Monitor / CIA World Factbook / BICO*

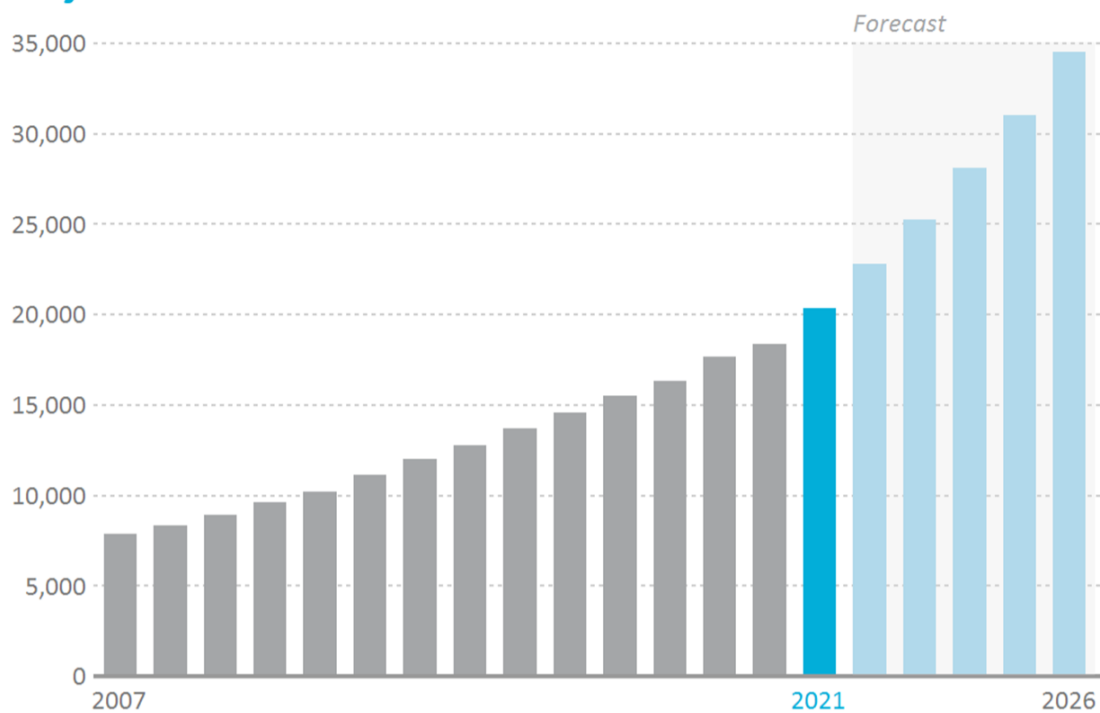
## SECTION I. MARKET SUMMARY

Guatemala's is the 19th largest U.S. agricultural export market, and is one of the main suppliers of agricultural, and processed foods to the rest of the Central American countries. The United States continues to be the largest agricultural products supplier to Guatemala, accounting for 42 percent of the market. In 2021, despite the global economic challenges because of the Covid crisis, and the rises in shipping costs for transportation of goods, the supermarkets sales in Guatemala continue to grow and it is expected to reach \$35,000 million by year 2026.

### Sales of Retailing in Guatemala

Retail Value RSP excl Sales Tax - USD million - Current - 2007-2026

20,256



Source: Euromonitor

In 2021, Wal-Mart Mexico and Central America, continued to be the leading supermarket chain with a retail value share of 49 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.

Supermarkets and hypermarkets started a recovery of pre-pandemic sales as consumers returned to do supermarket purchases at the stores, despite the presence of new Covid versions that increased the pandemic waves after the second half of the year in 2021.

## Sales of Modern Grocery Retailers in Guatemala by Category

Retail Value RSP excl Sales Tax - USD million - Current - 2021

Category	Category Value	Current Year Growth	% CAGR (Historic)	%CAGR (Forecast)
Convenience Stores	241.4	22.8	21.2	14.8
Discounters	1,240.3	12.3	9.4	12.7
Forecourt Retailers	174.4	35.4	6.9	8.1
Hypermarkets	594.7	9.2	8.8	12.8
Supermarkets	1,897.8	9.7	6.2	11.8

Source: Euromonitor

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. Guatemala continues to build apartment buildings in different zones within the city, especially on those areas considered as 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.

On-line shopping remained as a purchasing method that was implemented because of the pandemic and is now a more common purchasing method at the larger supermarket. The discount supermarkets implemented e-commerce in 2022 and 2021, but beginning 2022, this service is no longer available.

Aside from the largest supermarkets on-line delivery services, there are three companies that offer online grocery shopping:

1. Hugo App: [www.hugoapp.com](http://www.hugoapp.com)
2. PediSuper.com: <https://mushos.com/anuncios/pedi-super/>
3. Pedidos Ya: [www.pedidosya.com.gt](http://www.pedidosya.com.gt)

Hypermarkets and supermarkets will continue with the expansion of new outlets within the Guatemalan territory. Supermarkets such as La Torre and Tiendas Del Barrio are opening new stores. La Torre opened 22 new stores in 2021 within their different supermarket and express stores; Tiendas Del Barrio opened more than 10 stores among Guatemala City and other cities in the larger cities in the departments of Guatemala.

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

<b>Advantages</b>	<b>Challenges</b>
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. 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. 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 support to train sales personnel.

## **Market Structure**

- ❖ The largest expansion was seen within convenience stores: Walmart, Super 24, and Super Del Barrio.
- ❖ 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 because 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 142 stores under the names of La Torre (99); Torre Express (36), and Econosuper (7.) 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 more than 70 stores under three different concepts: 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, the company has five Summa stores, which are larger stores that are like hypermarket stores; and four Super Fresh stores, 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/>

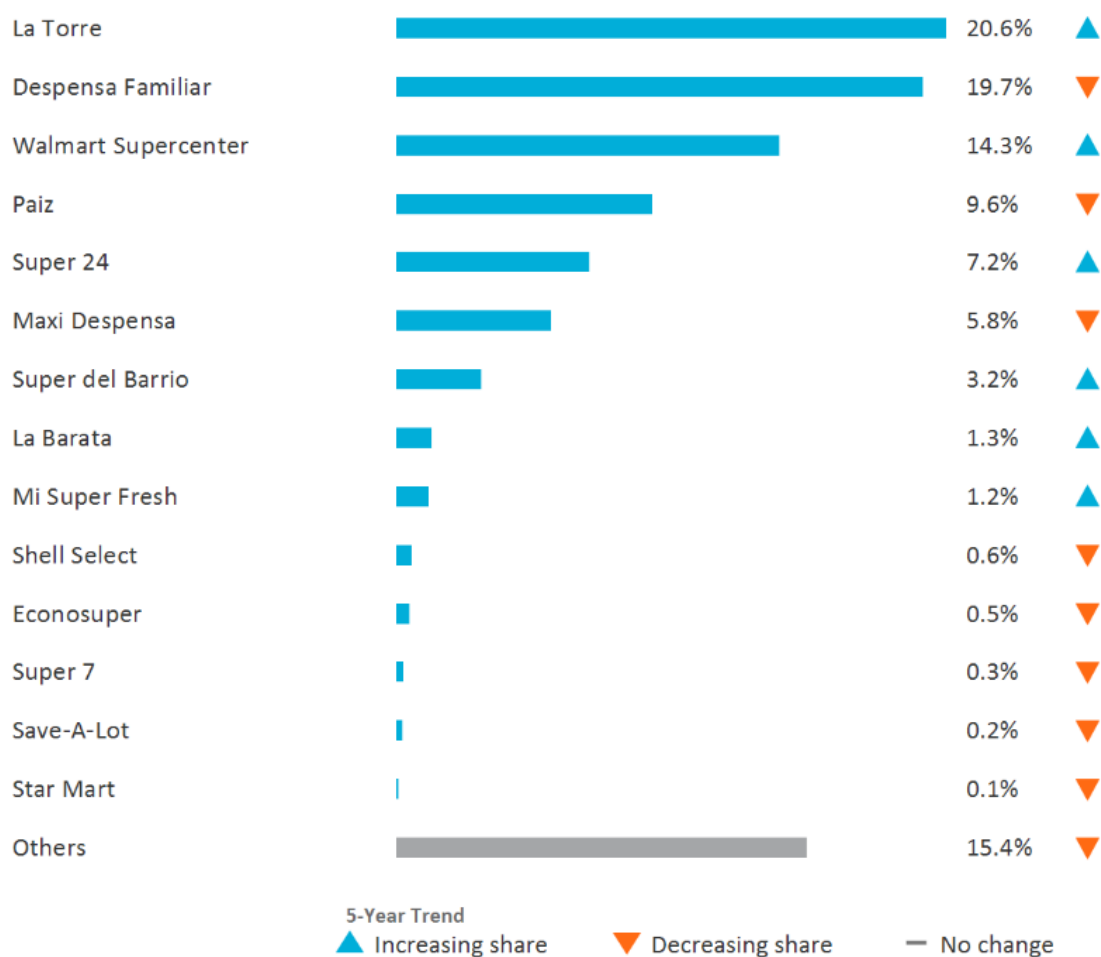
Save A Lot, a U.S. discount grocery store opened its first store in Guatemala in 2016 but due to economic challenges, sanitary restrictions, and other logistical issues, the supermarket closed its operations in 2021. There are other smaller supermarkets in the country that are trying to gain market share 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”. 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. 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 - 2021



Source: Euromonitor

## SECTION III. COMPETITION

Guatemala is a global net importer, and the United States is Guatemala's largest trading partner. In 2021, Guatemala imported \$1.6 billion in U.S. agricultural products and exported \$2.5 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.

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.



<b>Product</b>	<b>Country</b>	<b>Guatemalan imports from this competitor in 2021 (\$ millions)</b>	<b>Guatemalan imports from the U.S. in 2021 (\$ millions)</b>
Soups and other food preparations	Costa Rica	128	79
Beer	Mexico	87.2	2.3
Bakery goods, cereals, and pasta	El Salvador	80.4	29.5
Non-alcoholic beverages (ex. juices, coffee, and tea)	El Salvador	48	16
Condiments and sauces	Costa Rica	45	28
Chewing gum and candy	Mexico	21.4	5.2
Dog and cat food	Mexico	21.1	15.1
Coffee Roasted and Extracts	Mexico	18.5	1
Processed fruit	El Salvador	16	9
Fruit and vegetable juices	El Salvador	9	1.8

#### **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

## **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](mailto: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