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Report Highlights:

After an exceptional year in sales in 2020, the Spanish retail sector is becoming increasingly competitive, while trying to find a balance between high input costs and improved efficiency, during a period of high inflation that once again gives price the leading role in purchasing decisions. The main investments in the sector are directed to commercial regeneration and modernization of existing stores, improvement of fresh products supply chain, and online logistics. E-commerce, ready-to-eat food, and sustainability are the key trends gaining importance in the sector.

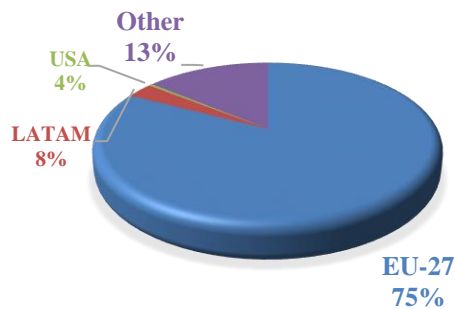
Executive Summary

Spain is a major producer and exporter of food and agricultural products, with other EU countries as its primary export destination. Spanish producers, processors, wholesalers, retailers, food service operators, and importers are all part of a well-developed agribusiness sector, contributing to a competitive and dynamic domestic scenario. In 2021, Spain's total imports of agricultural and related products reached \$54.2 billion, up 21 percent compared to 2020. More than 50 percent of these imports originated from European Union Member States.

Imports of Consumer-Oriented Products

Goods imported into Spain must meet the EU sanitary and phytosanitary requirements to protect human and animal health, as well as requirements under the customs union. Hence, U.S. exporters already exporting to other EU Member States will likely meet most of the Spanish import requirements. For the export of animal products, the production facility must be approved for export to the EU.

Total Imports of Consumer-Oriented Products 2021



Food Processing Industry

The food and beverage industry is the leading manufacturing industry in the country. In 2021, the Spanish food-processing industry recovered a large part of its activity and is now close to absorbing the full impact of the crisis caused by the COVID-19 pandemic. The industry's interest in developing new products along with its strong export sector continues to present opportunities for food ingredients.

Food Retail Industry

The competitive retail landscape remained highly fragmented in 2021, led by major grocery retailers. Within grocery store-based retailing, the market remains concentrated, with Mercadona retaining its leading position, followed by Carrefour. In 2021, changing consumption habits as a result of the pandemic continued to favor e-commerce and pushed retailers to adjust prices. As internet retailing is expected to continue to grow, retailers continue to invest in e-commerce platforms.

Quick Facts CY2021

World Imports of Consumer-Oriented Products

\$21.5 billion

List of Top 10 U.S. Growth Products

- | | |
|---------------------|----------------------|
| 1) Walnuts | 2) Pistachios |
| 3) Whiskey, Bourbon | 4) Gin |
| 5) Lobster | 6) Surimi/Pollock |
| 7) Hake | 8) Food preparations |
| 9) Sauces | 10) Dog & cat food |

Food Processing Industry Facts 2021

Food Industry Output	\$146 bn
Food Exports	\$40 bn
Trade Surplus	\$14 bn
No. of Employees	440,600
No. of Food Processors	30,260
% of total GDP	2%

Top Country Retailers Sales 2021* (\$ Million)

- | | |
|------------------------------------|--------|
| 1) Mercadona | 26,230 |
| 2) Grupo Carrefour | 9,875 |
| 3) Lidl | 5,215 |
| 4) Grupo Eroski | 4,735 |
| 5) DIA | 4,390 |
| 6) Alcampo, S.A. | 4,350 |
| 7) Consum. S.Coop. | 3,270 |
| 8) El Corte Ingles | 2,900 |
| 9) Ahorramas | 1,980 |
| 10) Bon Preu | 1,860 |

GDP / Population 2021

Population: 47.4 million

GDP: \$1.3 trillion (+5.1%)

Real GDP Per capita: \$24,548

Sources: FIAB, Alimarket, TDM, GATS, Eurostat

Strengths/Weaknesses/Opportunities/Challenges

SWOT ANALYSIS	
Strengths	Weaknesses
Diversified economic base; export competitiveness	High consumer price sensitivity
Opportunities	Threats
Emphasis on health & sustainability; consumers more open to new products	Slow economic recovery, high inflation; international political uncertainty

Data and Information Sources: Euromonitor, Eurostat, TDM; Contact: AgMadrid@fas.usda.gov

SECTION I. MARKET SUMMARY

In 2021, retailers resumed their development and expansion plans after the great health crisis suffered in 2020, which marked a turning point in the world economy. In 2022, the global situation presents new and complex economic and social challenges, with economic consequences from the Ukraine war, soaring inflation, and increased competition making economic forecasts increasingly difficult to make.

Post-COVID, the recovery of out-of-home consumption has limited the growth of the retail sector compared to an exceptional year of growth in 2020. The increase in costs resulting from the high price of raw materials and transportation is further slimming retail margins. Additionally, Spain's population has decreased by 0.14 percent. Although immigration is invigorating the demographic census and tourism is recovering, demand remains stagnant, even though supply is increasing.

With mounting inflationary pressure making local consumers increasingly price conscious, private label products are set to underpin the growth of discounters. Despite expected financial support from the European Union and from the national level, economic conditions are expected to constrain consumer purchasing power in the short-term at least. As a result, private label lines will have strong opportunity for growth, as stretched consumers will be looking for the best value for their money.

While food and drink e-commerce still represent a small percentage of total e-commerce, it is expected to continue to increase. Retailers are expected to resume investment plans for implementation of e-commerce services, including mobile applications, to meet growing demand. Currently, supermarkets compete between themselves, as well as with other formats of grocery retailers. To ensure success, retailers will need to differentiate themselves among a wide offer of both physical and digital stores that offer consumers a large number of possibilities and alternatives.

Apart from traditional e-commerce, supermarkets will also have to meet other growing consumer demands regarding digitalization, such as the development of mobile applications to attract younger customers. In this sense, Carrefour is one of the supermarkets in Spain that has successfully launched a mobile application space, with more retailers following their lead.

Some supermarkets are increasing the space dedicated to ready-to-eat and prepared foods in their stores, posing a larger competitive threat to consumer foodservice, like the strategy already adopted by convenience stores. This trend has been gaining traction throughout Spain, particularly in big cities, as consumers look for convenient meals to eat at home.

Supermarkets are also increasing their focus on sustainability. Environmental issues are becoming more important to Spanish customers, particularly younger consumers. This will push some chains to reduce the amount of plastic packaging on the shelves, in addition to improving the energy-efficiency of their outlets and offering more locally sourced products.

Overall, retailers now are working to appeal to demands for physical proximity and price, while also creating a bond with the consumer. This balance between good prices and consumer fidelity is expected to dominate the strategies and successes for retailers in the medium term.

Table 1. Advantages and Challenges of the Spanish Food Retail Market

Advantages	Challenges
Spain’s food industry relies on imported ingredients, many from the United States.	The economic environment: high inflation, raw material shortages, and high cost.
Good image and reputation of U.S. origin food products.	Food imported from third countries, including the U.S., must comply with EU food law, labeling, traceability, and packaging laws, which vary from U.S. regulation and practice.
Increased demand in retail channel is pushing food processors to be more innovative to provide new offerings.	High transportation costs. Small exporters face difficulties in shipping mixed/smaller container loads vs EU competitors or big exporters.
Good network of agents and importers to help get products into the market.	Competition from EU countries, where tastes and traditional products may be better known.
Consumers are increasingly health conscious, demanding new products.	Lack of consumer awareness of U.S. brands, applicability, and varieties of U.S. products.
Distribution structure is modern and many companies cover both Spain and Portugal.	High import tariffs and costly compliance with EU import regulations impose a price disadvantage on non-EU based companies.

SECTION II. ROAD MAP FOR MARKET ENTRY

Business Customs

Success in introducing products in the Spanish market requires local representation and personal contact. A local representative can provide up-to-date market intelligence, guidance on business practices and trade related laws, sales contacts with existing and potential buyers, and market development expertise. The Office of Agricultural Affairs (OAA) in Madrid maintains listings of potential importers and sector-specific information to help you introduce your product in Spain.

Spain’s sales channels range from traditional distribution methods – wholesalers that sell to small retail shops that, in turn, sell to the public – to large multinational supermarkets and retail stores. However, personal relationships are still important, especially within smaller organizations. While the pandemic increased the level of tolerance for virtual meetings and discussions, culturally, there is still no substitute for face-to-face meetings with business representatives in order to enter the market. The decision-making process within a company may differ from that in the United States. An initial "yes" usually means that the company will study the situation, and not necessarily that they will buy the product. Once a deal is signed, the company will likely expect the U.S. firm to translate commercial brochures, technical specifications, and other relevant materials into Spanish. Decision makers at Spanish firms may speak English, but paperwork is normally completed in Spanish.

Most agents, distributors, foreign subsidiaries, and government-controlled entities that make up the economic power block of the country operate in two hubs: Madrid and Barcelona. Companies outside these two hubs will almost invariably obtain their supplies from their Madrid and Barcelona contacts rather than engage in direct importation.

Market Entry Strategies

Market entry strategies for U.S. products intending to enter the Spanish market should include:

- Market research to assess product opportunities.
- Advanced calculations of the cost of introducing the product in the Spanish market to prove its competitiveness in the local market.
- Identify an experienced distributor or independent reliable agent to advise on adequate distribution channels, import duties, sanitary regulations, and labeling requirements.
- Explore the purchasing arrangements of the larger retail channels.

Food Standards and Regulations

For detailed information on food standards and regulations, consult the Food and Agricultural Import Regulations and Standards Report ([FAIRS](#)) and the [FAIRS](#) Export Certificate Report for the [EU](#) and [Spain](#). Also, please check the U.S. Mission to the European Union ([USEU Mission](#)) web page for helpful information on exporting U.S. food and agricultural products to the EU.

General Import and Inspection Procedures

Spain follows the Harmonized Nomenclature and Classification System (HS) and applies [EU import duties](#) according to a maximum and minimum rate schedule. The minimum tariff rate is applied to goods originating in countries entitled to the benefits of most-favored nation treatment – that is, members of the World Trade Organization (WTO), including the United States, and countries with which the EU has signed trade agreements. In some instances, [negotiations and trade agreements](#) in place between the EU and other countries provide for advantageous access to the European market.

Currently, the EU and the US have the following agreements and arrangement in place:

- [US-EU Organic Equivalency Arrangement](#);
- [US-EU Wine Agreement](#); and the
- [Veterinary Equivalency Agreement](#).

The local importer has primary responsibility with the Spanish Government for imported food products once they enter Spanish territory. Therefore, the Spanish agent/importer should guide the U.S. exporter through the entire process of marketing a food or agricultural product in Spain. Most food products require an Import Certificate issued by the competent authority.

The following documents are required for ocean/air cargo shipments of food products into Spain:

- Bill of Lading and/or Airway Bill
- Commercial invoice
- Phytosanitary Certificate and/or Health Certificate, when applicable
- Import Certificate

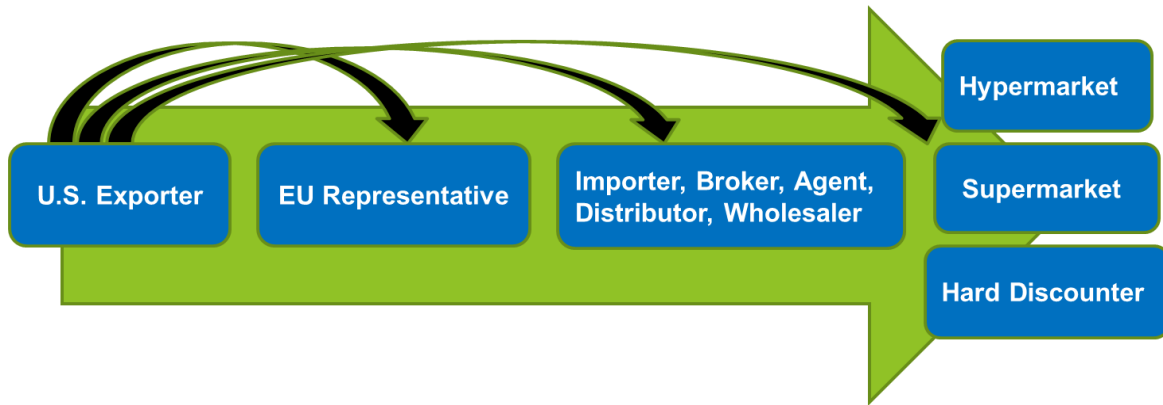
The Standard U.S. label does not comply with the EU’s labeling requirements. For additional information, visit the [EU labeling requirements](#) section of the [USEU Mission](#) webpage.

Please keep in mind that if the product you are exporting into Spain does not comply with EU harmonized regulations, Spanish customs or health authorities may not allow entry of the product.

Trade Shows

Trade shows in Spain offer excellent opportunities for U.S. exporters to contact potential clients, both domestic and international. The most important trade show related to the food processing sector is [Alimentaria](#), the International Food and Beverages Exhibition that will take place in Barcelona in April 2024 (dates TBC). Other specialized shows include [Salon de Gourmets](#), that will take place in Madrid on April 17-20, 2023.

Market Structure:



For more information on the Spanish Retail Food Sector, please consult the retail sector reports for Spain at [FAS GAIN Home](#).

Spain's Top Retailers

Retail Organization	Ownership	Sales 2021 (\$ Million)*
<u>MERCADONA</u>	Spanish	26,230
<u>GRUPO CARREFOUR</u>	French	9,875
<u>LIDL SUPERMERCADOS</u>	German	5,215
<u>GRUPO EROSKI</u>	Spanish	4,735
<u>DIA RETAIL ESPANA, S.A.</u>	French	4,390
<u>ALCAMPO, S.A.</u>	French	4,350
<u>CONSUM, S. COOP.</u>	Spanish	3,270
<u>EL CORTE INGLES ALIMENTACION</u>	Spanish	2,900
<u>AHORRAMAS</u>	Spanish	1,980
<u>BON PREU, S.A.</u>	Spanish	1,860

Source: Alimarket; *Estimate

SECTION III. COMPETITION

Spain's main trading partner is the EU-27. The lack of trade tariffs, trade barriers, and other restrictions often make European goods more attractive and competitive, particularly to price sensitive goods.

Product Category (USD million)	Major Supply Sources in 2020 (in value)	Strengths of Key Supply Countries	Advantages and Disadvantages of Local Suppliers
Frozen Fish Value: \$801	1.Portugal-12% 2.Netherlands-9% 3.S. Africa-7%	Other major suppliers offer high quality fish products at competitive prices.	Significant competition from local producers. Domestic consumption and exports largely exceed local supply.
Almonds Value: \$547	1.USA-80% 2.Portugal-7% 3.Belgium-3%	Limited competition from other countries. Spanish demand is high, and production insufficient to meet demand.	Spain produces almonds, mostly used roasted as a snack. U.S. almonds are processed, both used domestically and exported.
Pulses Value: \$194	1.Argentina-22% 2.USA-14% 3.Russia-14%	Strong competition from Argentina, which increased its presence in recent years, and Canada, a traditional supplier.	Spain is a traditional consumer of pulses; local production is not sufficient to satisfy demand.
Pistachios Value: \$130	1.USA-77% 2.Iran-8% 3.Germany-8%	Germany is the main entry point for U.S. and Iranian pistachios to the EU which are re-exported to other Member States.	Local pistachio production is growing, but still very limited. Demand continues to grow significantly.

Sunflower Seeds Value: \$222	1.France-35% 2.China-26% 3.Bulgaria-14%	Growing competition from China and Argentina for confectionery.	Traditional snack. Local production is insufficient to meet demand.
Sweet Potatoes Value: \$13	1.Netherlands -23% 2.Portugal -15% 3.USA-15%	Other major suppliers offer high quality products at competitive prices.	Imports from the world and the U.S. have increased considerably in the last five years. Demand and consumption continue to be strong.
Distilled Spirits Value: \$839	1.U.K.-31% 2.Netherlands -13% 3.USA-11%	Main competitors are other EU countries. Difference in legal format of alcohol containers; exporters need to adapt to EU size.	Increasing interest in U.S. distilled drinks, mainly bourbon and gin.

SECTION IV. BEST PRODUCT PROSPECTS CATEGORIES

Table 3. Agricultural and Food Import Statistics

AGRICULTURAL PRODUCTS IMPORTS (\$ Million)	2018	2019	2020	2021	2022*
Total Agricultural and Related Products	47,482	45,994	44,592	54,149	55,000
Total U.S. Agricultural and Related Products	2,192	1,860	1,670	1,708	1,700
Total Agricultural Related Products	11,564	11,149	9,963	12,739	13,000
Total U.S. Agricultural Related Products	195	175	163	163	160
Total Consumer-Oriented Products	19,977	19,755	19,114	21,613	21,000
Total U.S. Consumer-Oriented Products	840	820	836	761	760
Total Seafood Products	8,616	8,104	7,348	8,856	9,000
Total U.S. Seafood Products	101	94	86	82	85

Source: Trade Data Monitor LLC; * Estimate

Best High-Value, Consumer-Oriented Product Prospects Category

Products Present in the Market with Good Sales Potential

Tree nuts (particularly almonds, walnuts, and pistachios) -- Peanuts -- Pulses -- Sunflower seeds -- Fish and Seafood (frozen) -- Surimi -- Spirits

Products Not Present in Significant Quantities with Good Sales Potential

Functional and innovative health food -- Free-from products (lactose-free, gluten-free) -- Specialty and snack foods -- Nuts e.g., pecans, hazelnuts -- Sweet potatoes -- Pet foods

Products Not Present Because They Face Significant Barriers

Red meat and meat preparations (hormone ban) -- Poultry (sanitary procedures – pathogen reduction treatments) -- Processed food (with GMO ingredients)

SECTION V. KEY CONTACTS AND FURTHER INFORMATION

If you have any questions, please contact the [OAA in Madrid](#). The [FAS website](#) also offers recent reports of interest to U.S. exporters interested in the Spanish market. Additionally, useful contacts include:

Trade Associations

[Spanish Federation of Food and Beverage Industries](#)

[Spanish Federation for HRI Sector](#)

[Spanish Association for Distributors and Supermarkets](#)

[Spanish Restaurant Chain Association](#)

Government Agencies

[Ministry of Health](#)

[Spanish Food Safety and Nutrition Agency](#)

[Ministry of Agriculture, Fisheries and Food](#)

For more information on exporting U.S. agricultural products to other countries, please visit the Foreign Agricultural Service home page at www.fas.usda.gov

Attachments:

No Attachments