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**Country:** Dominican Republic

**Post:** Santo Domingo

**Report Category:** Retail Foods

## **Update on the Dominican Republic Retail Sector**

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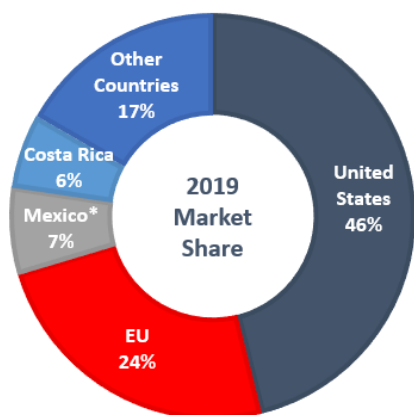
### **Report Highlights:**

Report Highlights: The Dominican Republic (DR) is one of the most dynamic economies in the Caribbean region. With U.S. consumer-oriented product exports reaching US\$600 million in 2019, the country represents the fifth-largest market in Latin America. The DR's modern retail sector is growing rapidly and offers a wide variety of U.S. products. However, despite the prominence and growth of local supermarket chains, they only account for 20-25 percent of total retail sales. Most sales are still in the traditional channel, which includes neighborhood stores (colmados) and warehouses, which offer largely local products.

# Market Fact Sheet: Dominican Republic

The Dominican Republic (DR) is an upper middle-income country with low and stable inflation. It is the second-largest economy in the Caribbean, just behind Cuba, and the third-largest country in terms of population (behind Cuba and Haiti). In 2019, the DR's GDP reached approximately US\$89 billion, a 5.1 percent increase from 2018. The DR's major export growth has shifted away from its traditional products (raw sugar, green coffee, and cacao) to gold, Ferro-nickel, sugar derivatives, free-trade zone products, vegetables and other agricultural products. Major imports include consumer-oriented products and livestock feed, with the United States as a primary partner.

## Imports of Consumer-Oriented Products



\*Estimated.

Source: TDM and GATS.

## Food Processing Industry

The DR's food processing industry was valued at US\$8.8 billion during CY 2019, in activities categorized as "food industry," with an additional US\$2.8 billion for processed beverages and other products. The United States has a strong history of supplying meat, edible meat offal, and animal and vegetable fats for the Dominican meat processing industry; this is expected to continue. There is potential for increased exports of U.S. ingredients for the milling, dairy, and confectionary industries, especially since CAFTA-DR will be fully implemented by 2025.

## Food Retail Industry

The Dominican modern retail sector offers a wide variety of U.S. products. Stores are predominately locally-owned companies, and the sector is growing rapidly. Despite the growth of modern supermarkets, they only account for 20-25 percent of retail sales. The majority of sales are still in the traditional channel, which includes neighborhood stores (colmados) and warehouses, which offer largely local products.

## Quick Facts CY 2019

### List of Top 10 Growth Products

- |                  |                        |
|------------------|------------------------|
| 1) Cheese        | 6) Meat (Beef)         |
| 2) Wine          | 7) Seafood             |
| 3) Beer          | 8) Snack foods         |
| 4) Pork          | 9) Frozen potatoes/veg |
| 5) Chicken parts | 10) Fresh fruit        |

### Consumer-Oriented Trade (U.S. billion) 2019

DR Imports (all sources)	\$1.31
DR Imports (from U.S.)	\$0.60
DR Exports (all destinations)	\$0.69
DR Exports (to U.S.)	\$0.41

### Top DR Retailers

- |                          |                |
|--------------------------|----------------|
| 1) La Sirena             | 6) Mercatodo   |
| 2) Pola Supermarkets     | 7) Plaza Lama  |
| 3) Jumbo                 | 8) Pricesmart  |
| 4) Nacional Supermarkets | 9) Carrefour   |
| 5) Bravo                 | 10) Superfresh |

### GDP/Population

Population: 10.6 million  
GDP: US\$89.0 billion  
GDP per capita: US\$8.30

Source: TDM; ONE; World Bank, Central Bank of the DR

## Strengths/Weaknesses/Opportunities/Challenges

Strengths	Weaknesses
Implementation of CAFTA-DR, which has lowered or eliminated duties on nearly 80 percent of products.	Higher cost of some U.S. products compared to competitors.
Proximity to the United States and strong demand for U.S. products.	Import sensitivity of several products.
Opportunities	Threats
Additional trade liberalization through the full implementation of CAFTA-DR by 2025.	Competition from other CAFTA-DR signees and the DR's other free trade agreement partners.
Growth potential for U.S. consumer-oriented products, livestock feed, and ingredients for the food processing industry.	Limited cold chain capacity.

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## SECTION I. MARKET SUMMARY

The Dominican Republic (DR) is one of the largest and most stable economies in Central America and the Caribbean. With U.S. consumer-oriented product exports reaching \$600 million in 2019, the country represents the fifth-largest market for such products in the Western Hemisphere. For information on the DR's market and import requirements, please refer to Post's [FAS/Santo Domingo's 2019 Exporter Guide](#) and [FAS/Santo Domingo's 2019 Food and Agriculture Import Regulations and Standards \(FAIRS\) narrative report](#).

After March 19, 2020, Dominican retailers faced challenges due to the COVID-19 global pandemic, including reduced hours of operations and internal decisions to maintain prices close to normal levels. For imports, retailers reported some delays at ports and changes in customs procedures, which affected product entry. These issues have since been resolved by the authorities. In addition, some U.S. imported products, mainly in the beef category, had higher prices from April through June, which forced retailers to seek alternative suppliers via meat importers who normally supply the Hotel, Restaurant and Institutional sector. The retail sector is expected to return to normalcy in the coming weeks as the economy is opening gradually, and the U.S. Dollar to Dominican Peso exchange rate has stabilized over the past several weeks.

The Dominican retail sector can be divided into two distinct segments or channels: the modern and the traditional. The modern retail distribution channel is comprised of three main components: supermarket chains, independent supermarkets, and convenience stores known as "food shops." Supermarket chains dominate this segment and offer a wide variety of U.S. products. However, despite their prominence and growth, only 20 to 25 percent of retail sales are via the modern retail channel. The traditional retail channel is subdivided into two main components: neighborhood stores known as "*colmados*" and walk-in food warehouses known as "*almacenes*," or "*mercados*" located mainly in traditional street markets. In addition to direct sales to the public, *almacenes* also serve as suppliers to *colmados*. It is estimated that 70 to 80 percent of retail food sales are through the traditional retail channel.

**Supermarket Chains:** The number of Dominican modern supermarkets has doubled over the last 20 years. Supermarkets are concentrated in the greater Santo Domingo area and other large urban areas. There are currently more than 150 supermarkets nationwide, which is a 30 percent increase in new stores over the past two years. Post has been advised that there are plans for opening four more stores from one of the largest retail groups before the end of the year. See Section II for major supermarket chains.

**Independent Supermarkets:** The second component of the modern food retail channel is made up of the independent supermarkets. With more than 40 points of sale, the majority are based in Santo Domingo and Santiago, the two largest cities. Most of these independent supermarkets have joined forces under an umbrella group known as the National Union of Low-Cost Supermarkets (UNASE).

**Convenience Stores:** The last component of the modern food retail channel is comprised of convenience stores, which are mainly located in gas stations and focus on pre-packaged and ready-to-eat foods and beverages. They offer a large selection of U.S. brands (some produced outside the United States), including snacks, sodas, other non-alcoholic beverages, rum, wine, and beer. Customers

generally only purchase food and drink to consume onsite, in this inexpensive and social environment. There are no regional or national chains in this sub-segment.

### **Advantages and Challenges in the Market**

<b>Advantages</b>	<b>Challenges</b>
<ul style="list-style-type: none"> <li>• The implementation of CAFTA-DR, which has lowered or eliminated duties on nearly 80 percent of products</li> <li>• An increasingly modern retail sector, which seeks new, high quality products</li> <li>• A growing number of consumers demanding higher quality and healthier products</li> <li>• Proximity between the DR and United States and strong commercial and cultural ties</li> <li>• Efficient food distribution channels</li> </ul>	<ul style="list-style-type: none"> <li>• Competition from other CAFTA-DR signees and the DR’s other free trade agreement partners</li> <li>• Spanish language labeling requirements</li> <li>• Delays for import permits and sanitary registration, which can affect the availability of imported ingredients</li> <li>• Cold chain limitations</li> <li>• 18 percent VAT and high logistical costs</li> </ul>

## **SECTION II. ROAD MAP FOR MARKET ENTRY**

### ***2.1. Entry Strategy and Distribution Channel***

In order to enter the Dominican market, it is recommended to first review the FAIRS report, hyperlinked in Section I, to learn the most up to date information and import related regulations for the DR. Post can assist with guidance and connecting with the proper authorities when necessary.

After preliminary research to determine if this market has potential for your specific product, FAS can provide assistance in connecting with retailers and importers, or providing advice. In addition, many U.S. agriculture-related trade associations have in-country representatives to promote their products in the DR and can assist with information on market trends and opportunities. Finally, it is recommended to conduct either an in-country visit, participate in a trade mission coming from the United States, or attend a trade show, such as the Miami Food and Beverage Show, which invites Dominican buyers, as personal connection is important in the Dominican market.

Given the diversity and rapid rate of change within the Dominican retail sector and the broad mix of domestically produced and imported products, there are many avenues for product entry. Several of the large (and modern) retail chains directly source products, which generally involves few intermediaries. However, given the prevalence of low purchase volumes in some specialty products, specialization among importers, and the prominent role played by freight consolidators, it is more common that multiple intermediaries are involved in product importation and placement. Common combinations in this sector, depending on the chain and product, may include various intermediaries, although a common model will be as follows:



## 2.2. Market Structure

### Major Trends

Over the last three decades, the Dominican retail sector has undergone significant changes in response to sustained economic growth. During that time, supermarkets developed from average store sizes of 200-500 square meters (in the early 1990s) up to sizes of 10,000 square meters in the early 2000s. This growth in size was due to a focus on serving the expanding urban middle and upper middle classes, which were experiencing rapid increases in income. This expansion in store size and number of outlets also means a greater selection of products for consumers. Supermarkets have increased their product selections from 30,000 products in the 1990's to up to 85,000 products (during the high season) in recent years. There has also been an expansion in the availability of non-grocery goods and services for supermarket clients to facilitate "one stop shopping." Goods and services, such as banking, household appliances, fast food, telecommunications, and pharmacies, are now commonly co-located with supermarkets.

In a related development, supermarket chains now offer an increasing number of products under their own brands. Consumers have benefited from special promotions and lower prices as stores seek to attract customers for these products. While there has been a negative impact on some local product manufacturers, who have seen their revenue decrease by up to 15 percent, this development also offers an opportunity for private label manufacturers. Most supermarkets in the country continue to offer U.S. products in some of their private label products.

In recent years, however, supermarket chains are turning their attention towards the lower-income sectors, which make up close to 50 percent of the population. This has resulted in the construction of smaller stores (approximately 3,000 square meters), which offer mainly perishable foods and home supplies. Meanwhile, there are substantial changes among smaller retail operations such as the "colmados and colmadones" (neighborhood stores or mom and pop stores), by increasing their number of locations and product offerings, and including a range of imported products on their shelves.

Finally, major retailers reported great success after launching on-line platforms amidst COVID-19 challenges in the market. Two of the largest supermarket chains reported this change represented a step forward in their sales strategy, with faster and easier consumer access to products. The on-line platforms also resulted in increased frequency of orders.

## Top Host Country Retailers

Based on the market structure described above, there are eight main supermarket chains in the DR, which you can learn more about by following the links below (official websites):

[Grupo Ramos](#) (La Sirena, Super Pola, Aprezio)

[Centro Cuesta Nacional](#) (Jumbo, J.Express, Nacional)

[Supermercados Bravo](#)

[Supermercados La Cadena](#)

[PriceSmart](#)

[Carrefour](#)

[Super Fresh](#)

[Plaza Lama](#)

## SECTION III. COMPETITION AND MARKET SHARE

Overall, the United States is the top supplier of products in the consumer-oriented category, achieving a 46 percent market share in 2019, a three percent increase from the previous year. For beef and beef products, the United States had nearly a 96 percent market share in 2019, valued at US\$65 million, due to geographic proximity to the DR, high product quality, and a preference for Certified Angus Beef in both the food service and retail sectors. Although U.S. pork exports fell US\$77 million, a 16 percent decrease compared to last year, due to robust production in the local swine industry, US pork maintained 92 percent of Dominican import market share. For dairy products, domestically produced cheese is not currently comparable to imported cheese due to differences in variety, quality, and sanitary factors. For imports, U.S. cheese had nearly 42 percent market share, underperforming the European Union, which had 45 percent share. Nevertheless, it is important to note that U.S. dairy product exports to the DR had a 20 percent increase over the previous year. For additional information on dairy products, view [FAS Santo Domingo's 2019 Dairy Report](#). The United States continues to enjoy a strong market share for U.S. apples, pears, and grapes (97 percent), with no local competition. Chilean fruit is present in the market but is counter seasonal to U.S. products. This past year, the fresh fruit sector had an 11 percent increase in U.S. exports to the DR. Finally, for potatoes and fresh vegetables, the United States was the dominant foreign supplier (70 percent and 64 percent respectively) but faces seasonal local competition.

## SECTION IV. BEST PRODUCTS PROSPECTS CATEGORIES

### *2.1. Products Present in the Market which have Good Sales Potential*

Industry sources indicate that the best product prospects in the Dominican retail sector include U.S. dairy products (cheese, yogurt, and milk powder), although they continue to face onerous and time-consuming import regulations. Other top categories are poultry, pork and pork products, beef and beef products, flour and other baking ingredients, spices, candies, fresh fruit, processed vegetables, prepared foods, condiments and sauces, snacks, eggs and egg products, and fruit and vegetable juices. There is also growth potential for existing and new alcoholic beverage products within the distilled spirits, wine, and craft beer categories.

## 2.2. Top Consumer-Oriented Products Imported from the United States

<b>January – December Exports United States to DR 2019</b>	
<b>Product</b>	<b>Value (USD, 1000's)</b>
<b>Consumer Oriented Agricultural Total</b>	\$604,162
Dairy Products	89,577
Pork & Pork Products	77,293
Food Preps. & Misc. Bev	76,517
Poultry Meat & Prods. (ex. eggs)	76,389
Beef & Beef Products	65,411
Fresh Fruit	36,412
Fruit & Vegetable Juices	29,840
Wine & Beer	27,510
Processed Vegetables	21,683
Condiments & Sauces	19,883
Chocolate & Cocoa Products	13,598
Fresh Vegetables	12,597
Non-Alcoholic Bev. (ex. juices, coffee, tea)	10,914
Tree Nuts	10,256
Processed Fruit	9,891
Snack Foods NESOI	8,005
Meat Products NESOI	6,439
Dog & Cat Food	3,779
Nursery Products & Cut Flowers	2,372
Eggs & Products	2,154
Spices	1,660
Tea	1,264

*Data Source: U.S. Census Bureau Trade Data*

## 2.3. Products Not Present in Significant Quantities but which have Good Sales Potential

Retailers continue to report that most consumer-oriented products listed above that can be offered under private labels will have good sales potential. Retailers see opportunity to target low-income consumers with lower priced products.



## **SECTION V. KEY CONTACTS AND FURTHER INFORMATION**

### **Foreign Agricultural Service (FAS/ USDA)**

United States Embassy in the Dominican Republic  
Ave. República de Colombia # 57, Santo Domingo, Dominican Republic  
Telephone: 809-368-7654  
E-mail: [agsantodomingo@fas.usda.gov](mailto:agsantodomingo@fas.usda.gov)  
Web page: [www.fas.usda.gov](http://www.fas.usda.gov)

*Please do not hesitate to contact this office for more detailed information about the Dominican food market, lists of importers, major players in the sector, and any other related questions.*

### **Industry and Commerce Ministry of the Dominican Republic (MICM)**

Edificio de Oficinas Gubernamentales Juan Pablo Duarte (7<sup>th</sup> floor)  
Av. México esquina Leopoldo Navarro, Gazcue.  
Santo Domingo, Dominican Republic  
Telephone: 809- 685-5171 Ext.: 642 / Fax: (809) 686-1973 | E-mail: [info@mic.gob.do](mailto:info@mic.gob.do)  
<https://www.mic.gob.do/nosotros/publicaciones/tag/Informe>; <https://www.mic.gob.do>

### **Ministry of Health**

General Directorate of Medicines, Food and Health Products – DIGEGA- (Sanitary Registration)  
Av. Dr. Héctor Homero Hernández esq. Av. Tiradentes, Ensanche La Fe.  
Santo Domingo, Dominican Republic  
Tel: 809-541-3121; Email: [infoministeriodesalud@gob.do](mailto:infoministeriodesalud@gob.do); <http://www.sespas.gov.do/ventanilla>

### **Commercial Enterprises National Organization (ONEC)**

Torre Biltmore, Suite 401, Ave. Abraham Lincoln No. 1003, D.N.  
Santo Domingo, Dominican Republic  
Contact: Ms. Ana Ysabel Acosta de Tejada (Executive Director)  
Telephone: 809-683-7229 | E-mail: [anaysabel@onec.org.do](mailto:anaysabel@onec.org.do); <http://www.onec.org.do/>

### **Importers and Warehouses Association (ASODAI)**

C/ Luis Amiama Tió No. 80, Spring Center, Local 211  
Arroyo Hondo, Santo Domingo, Dominican Republic  
Contact: Mr. José Antonio Alvarez Alonso Jr.  
Telephone: 809-472-3030 | E-mail: [jose@alvarezysanchez.com.do](mailto:jose@alvarezysanchez.com.do)

### **National Union of Economic Supermarkets (UNASE)**

Carretera Mella Km. 9, Santo Domingo Este, Dominican Republic  
Contact: Mr. Dionisio Quiñones  
Telephone: 809-594-4097 | E-mail: [cooperativaunase@gmail.com](mailto:cooperativaunase@gmail.com)

### **National Federation of Retailers and Food Merchants (FENACODEP)**

Prolongación Independencia No. 390, Urbanización Miramar, Ap. Postal 6D. Santo Domingo, DR  
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**Dominican Institute for Quality Standards (INDOCAL)**

C/ Oloff Palmer esq. Nuñez de Cáceres, San Gerónimo, Santo Domingo, Dominican Republic

Contact: Ing. Modesto Pérez (CODEX DR) / Modesta Acosta (QS Coordinator)

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**National Institute for the Consumer Rights Protection (ProConsumidor)**

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Contact: Ms. Anina Del Castillo (Director)

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Web page: <http://proconsumidor.gob.do>

**Attachments:**

No Attachments