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Report Highlights:

Consumer trends in Nicaragua are shifting towards modern retail channels as remittance flows increase. Supermarkets are expanding rapidly, with one grocery store chain opening eight new locations in 2024. Given the country's high price sensitivity, affordable protein sources like pork and chicken meat are in high demand. U.S. agricultural exports to Nicaragua, particularly consumer-oriented products, increased 27 percent in calendar year 2023, supporting the expansion of the retail sector.

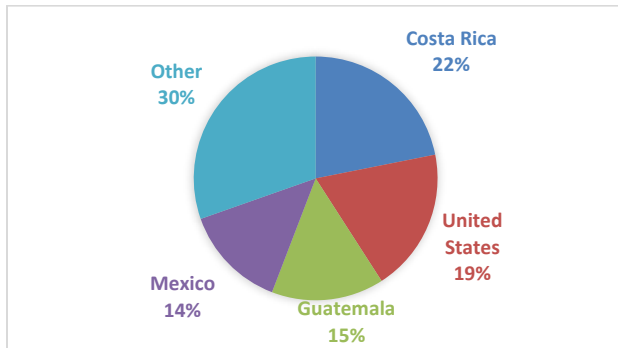
Executive Summary:

With a Gross Domestic Product (GDP) of \$17.8 billion, Nicaragua is the second smallest economy in the western hemisphere. The United States is Nicaragua’s largest trading partner and largest foreign direct investor. Increased migration has shrunk the labor force while expanding remittances and thus consumer spending. Although Nicaragua is a major food producer, it also relies on a wide variety of consumer-oriented food imports to supplement the underdeveloped food industry. U.S. agricultural and related product exports to Nicaragua reached over \$476 million in calendar year (CY) 2023.

Consumer-Oriented Product Imports

In CY 2023, Nicaragua’s consumer-oriented imports from the U.S. reached over \$176 million, the highest import value in the last five years. Strong prospects for U.S. consumer-oriented products are pork and poultry meat, dairy products, soups and preparations, and bakery goods, among others.

2023 Consumer-Oriented Product Imports (by value)



Source: Trade Data Monitor, LLC

Food Retail Industry:

Nicaragua has experienced an expansion of modern retail stores, including supermarkets and convenience stores, as per capita GDP steadily grew an average of four percent annually over the last decade. There are more than 150 supermarkets and over 3,500 convenience stores nationwide. According to industry contacts, Nicaraguan consumer trends are shifting towards modern retail channels as remittance flows increase. The Nicaraguan Central Bank (BCN) anticipates a four percent growth of consumer-oriented product sales in 2024.

Food Processing Industry:

Nicaragua is an exporter of primary food products such as coffee, beef, sugar, in-shell peanuts, and dairy products.

The BCN estimated value added food manufacturing at \$2 billion in CY 2023. The food industry is still limited and there are good opportunities for U.S food exporters.

Food Service Industry:

Nicaragua’s hotel and restaurant sales accounted for \$380 million in CY 2023. The BCN reported 14 percent growth for the food service sector in first half of 2024. According to independent analysts, this increase can be attributed to the rise in remittances which reached over \$4.6 billion in 2023 and were up 12 percent in the first half of 2024 compared to the same period in 2023.

<i>Quick Facts CY 20203</i>	
Imports of Consumer-Oriented Products	
\$149 million	
List of Top 10 Growth Products in Nicaragua	
1) Soup & other food preparations	
2) Bakery goods, cereals, and pasta	
3) Dairy Products	
4) Bakery goods	
5) Food preparations	
6) Dairy products	
7) Condiments & sauces	
8) Chocolate	
9) Processed vegetables	
10) Fresh vegetables	
Top 10 Host Country Retailers (by sales)	
1. Pali	6. Pricesmart
2. La Unión	7. Ahorra Mas
3. La Colonia	8. AMPM
4. Maxi Pali	9. Super Express
5. Walmart stores	10. Wawa
GDP/Population	
Population (millions):	6.8
GDP (billions USD):	17.8
GDP per capita (USD):	2,620
Exchange rate	36.6 cordobas: \$ 1USD
Source: Nicaraguan Central Bank.	

Strengths/Weaknesses/Opportunities/Threats

<i>Strengths</i>	<i>Weaknesses</i>
U.S. products are well known and perceived as high quality.	Limited purchasing power and uncertain economic outlook.
Preferential access and reduced tariff rates under the CAFTA-DR trade agreement.	High transportation costs due to the lack of a commercial port in the Nicaraguan Caribbean Coast.
<i>Opportunities</i>	<i>Challenges</i>
Increased remittances support higher consumer spending levels.	Weak rule of law and arbitrary rulings by customs agents may result in delays, fees, and/or rejections.
Market chains well developed.	Increased competition from Central American countries.

Section I: Market Summary

With a Gross Domestic Product (GDP) of \$ 17.8 billion, Nicaragua is the second smallest economy in the western hemisphere. Outward migration has continually increased in recent years, reducing the size of the labor force while expanding remittances and thus consumer spending. Although Nicaragua is a major food producer, it relies on consumer-oriented food imports as the food industry is underdeveloped and production lags consumer demand for a variety of products such as rice, pork and chicken meat and a wide-variety of processed foods. The main suppliers of consumer-oriented products are Costa Rica, the United States, Guatemala, and Mexico.

Supermarket chains have expanded and modernized in the last decade, supporting increased distribution of imported high-value perishable products (like pork and chicken meat) as well as consumer-packaged goods. There are over 150 supermarket stores in Nicaragua and over 3,500 small retailers. In 2024, the Nicaraguan supermarket chain, La Colonia, opened the first eight “Ahorra Mas” supermarket stores, a new concept which intends to satisfy the needs of the low-medium cost market segment.

Expansion of supermarket infrastructure has also driven growing demand for, and the popularity of, retailers’ own private label branded products, which are typically more affordable for the average consumer. One of the top market trends in Nicaragua is the consumer’s prioritization of store brands due to inflationary food prices in recent years caused by the COVID-19 pandemic, logistical challenges, and high interest rates.

According to Euromonitor International’s trade report, total retail sales for Nicaragua in 2023 accounted for \$4.9 billion excluding taxes. Out of this, 35 percent are generated by large local grocers, including supermarkets, 31 percent by small local grocers, 6 percent by retail e-commerce, 4 percent by convenience retailers, 2 percent by hypermarkets, and 22 percent for other sources. Industry contacts have reported a shift in consumer habits, from traditional local markets to modern grocery stores, as remittances continue to grow. Nonetheless, local open-air markets continue to play a key role in the domestic economy.

Although independent analysts expect economic growth to slow further over the medium term, FAS Managua does not foresee grocery sales slowing down in the short term as remittances continue to grow.

Key Marketing Drivers and Trends

Nicaraguan supermarkets are adapting to meet the evolving needs and preferences of their customers by offering a wider range of products, improving convenience, and focusing on quality and sustainability.

Online Sales, Pick-Up and Delivery

Nicaragua's food retail sector is witnessing a significant shift towards online sales, pick-up, and delivery services. With rising internet access, more Nicaraguans are becoming comfortable shopping online. Supermarkets are partnering with delivery services or investing in their own delivery fleets to ensure timely and reliable delivery of online orders. In Managua, most of the supermarkets offer online sales, with pick-up and delivery options.

Store Brands

Supermarkets are increasingly investing in their own private label brands as a strategic means to enhance competitiveness and differentiate themselves from rivals. Examples of successful supermarket private label brands include Great Value (Walmart) and Economax (La Colonia), which offer a wide range of consumer goods at competitive prices. These brands have gained popularity among consumers who seek affordable alternatives to national brands while maintaining quality standards.

Health and Wellness

Nicaragua, like many other countries, is experiencing a growing demand for healthier food options. Consumers are becoming more educated about the benefits of healthy eating and in turn, are actively seeking these products. As a result, supermarkets and specialty stores are increasing their selection of organic and natural products, including fruits, vegetables, grains, and packaged goods.

Sustainability

Nicaragua's supermarkets are increasingly adopting sustainability strategies to address growing consumer concerns about environmental impacts. Supermarkets are exploring alternatives to plastic packaging, such as biodegradable materials or reusable containers. For example, Walmart only sells recyclable bags and encourages consumers to bring their own reusable bags for shopping.

Special Day Discounts

Special day discounts have become a popular marketing strategy among Nicaraguan supermarkets, offering consumers significant savings on specific products or categories. La Colonia supermarket has pioneered the concept of "fresh Wednesdays," where fresh produce is sold at discounted prices. This strategy has been successful in attracting customers and driving sales on Wednesdays. Other supermarkets have followed suit, adopting similar strategies with discounts on various product categories. For example, Walmart offers a 10 percent discount on Saturdays when paying with a credit card developed for grocery purchases.

Promotional Campaigns

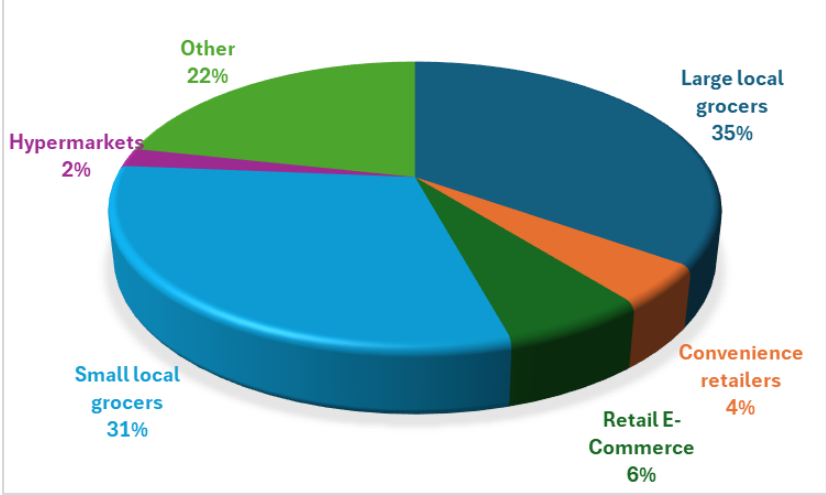
The Nicaraguan market is highly price sensitive. It is common to find promotional products that offer more quantity (15-25 percent more or "2 for 3") for the same price, or promotional combinations that include free samples. Additionally, supermarkets implement loyalty programs that reward repeat customers with points, discounts, or exclusive offers. For example, La Colonia offers a special credit card and a reward program to offer discounts to buyers.

Table 1. Advantages and Challenges

ADVANTAGES	CHALLENGES
Nicaraguan importers trust the quality and value of U.S. products.	Limited purchasing power and uncertain economic outlook.
Preferential access and reduced tariff rates under the CAFTA-DR trade agreement.	Weak rule of law and arbitrary rulings by customs agents may result in delays, fees, and/or rejections.
Proximity to Nicaragua provides lower shipping costs and shorter shipping times.	Without an Atlantic port, shipments must cross Honduras overland or transit the Panama Canal.

Increased remittances support higher consumer spending levels.	Increased migration shrinks market size.
Interest among importers and retailers in attending U.S. food trade shows to facilitate new business relations.	Nicaraguan importers tend to buy small quantities in consolidated containers.

Figure 1. Retail Market Sales by Channel 2023 (\$4,962, excluding sales tax).



Source: Euromonitor International Inc.

Section II: Road Map for Market Entry

Market Entry Strategy

The use of distributors is the most common way to import U.S. products. Local distributors and agents generally handle distribution and sales of imported products through wholesale, self-service (supermarkets and convenience stores), and retail ("pulperia" stores and informal vendors) channels. The Nicaraguan retail market is relatively small, but exporters may benefit from identifying representatives with coverage in the main regions, which are divided into the Pacific, Central, Northern, and the Atlantic Coast. Distributors have two main channels: retail and convenience stores, known as the "modern channel", and direct sales to HRI. Distributors have the capacity to provide the logistics necessary to supply smaller convenience stores that are an important component of the retail sector.

Market Structure

With a median age of twenty-nine years, Nicaragua is a country of young people, to whom consumer-oriented products are attractive. Consumption of processed foods – flavored soft drinks, processed sweets, and snacks – has grown in urban areas as growing numbers of supermarkets and more sophisticated supply chains have contributed to demand for convenient, processed products. In general, Nicaraguan consumers can be divided into two categories:

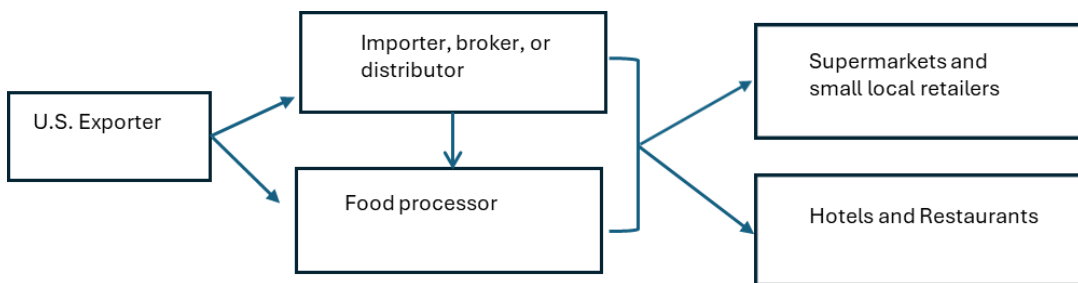
- a) **Low- to medium-income consumers** are price-driven and purchase smaller format products on a more frequent basis. With limited cash flow (associated with informal employment) and transportation options, they tend to shop at 'mom & pop' retail stores (known as *pulperías*) in

their neighborhoods, often using informal credit terms from the stores. These consumers prioritize accessibility, low prices, and ease of preparation.

b) **Medium- to high-income consumers** with higher purchasing power tend to seek higher quality, trendy, and healthier foods. These consumers shop less frequently, purchase larger format products, and often shop at several different stores to find what they want. They are influenced by culinary trends, including gluten-free and organic options, and purchase higher-value products.

Nicaraguan consumers are generally familiar with U.S. products and brands, viewing them as high quality. The Nicaraguan diet is traditionally high in carbohydrates and low in proteins, vegetables, and fruit. More than 65 percent of the local population derives most of their daily calories from carbohydrates. An average Nicaraguan family's typical grocery basket would include rice, beans, eggs, sugar, oil, coffee, and processed foods such as sauces, pasta, and sardines as well as corn meal and wheat flour. The main sources of animal protein are eggs, chicken, and pork meat, with eggs the lowest cost source. Despite its relatively higher price, pork meat is still widely popular in local markets. Even though Nicaragua produces large volumes of beef, consumption lags chicken and pork considerably due to the higher price. Hotels, restaurants, and wealthier consumers generate a small but growing demand for premium quality local and imported beef cuts.

Figure 2. Channels For Distribution Flow Chart



Source: FAS Managua.

Retail Profiles

The main supermarket retailers in Nicaragua are Walmart (United States), La Colonia (Nicaragua), and PriceSmart (United States). Walmart operates the Pali, Maxi-Pali, La Union, and two large Walmart stores which comprise more than half of all large-format outlets. Small format stores, including pulperias and mini supers, remain the most numerous types of retail shopping outlets throughout the country, offering individual servings and smaller format products that cater to lower-income households.

Supermercados La Colonia is the second largest supermarket chain with over 40 stores. La Colonia operates Hyper La Colonia, Supermercados La Colonia, and most recently Supermercados Ahorra Mas, a new format created to address the needs of low-income families. La Colonia inaugurated eight Ahorra Mas stores in 2024 and is expected to continue expanding this chain in the short term.

There are two PriceSmart stores in Managua that serve individual members as well as a wide variety of businesses. PriceSmart is known for selling larger-sized packaged foods, which families usually buy for the month and businesses buy in large quantities for resale. It's common for small business owners and

shopkeepers to go to PriceSmart to purchase donuts, candies, and other snacks that are exclusive to the store.

Import Procedures

For imports of consumer-oriented products, every importer must be registered as a taxpayer at the General Directorate of Income and have a unique tax number known as a RUC. The first step is to request an import permit from the Ministry of Health (MINSA). Processed foods also require a sanitary registration number from MINSA. Good communication between the exporter and importer is essential for a successful commercial relationship and ensuring the correct permits and procedures are followed.

Once the container arrives at the border, importers must present the following information to the Institute of Agricultural Protection and Health (IPSA):

- import permit,
- sanitary or phytosanitary certificate,
- certificate of origin, and
- a copy of the commercial invoice.

The importer must also present the following information to the Nicaraguan Customs Authority (DGA):

- bill of lading,
- packing list,
- original invoice,
- declaration of invoice authenticity,
- import permit, and
- certificate of origin.

It takes from three to five days for a container to be delivered to the importer's warehouse once it reaches the Nicaraguan border. If the imported product falls under the "A" category according to COMIECO Resolution [No. 338-2014](#), the imported product must be inspected at the border because it is of high risk. If the imported product falls into the "B" (medium risk) or "C" (low risk) category, the imported products will be inspected randomly at the border. Please refer to flow chart below.

Processed Food Registration

Processed food products are regulated by MINSA through the Food Control Directorate, which requires the following steps to register food products:

- Request the sanitary registry number at MINSA and pay for the certification and laboratory analysis. (Registration fees are approximately \$100).
- Pay for the laboratory analysis and certification at MINSA.
- Provide technical specifications of the product.
- Provide a certificate of free sale issued by a competent government authority in the country of origin.
- Provide three samples of 500 grams each from the same lot. For liquids, the importer must provide three samples of one liter.
- Provide two product labels. If the label is not in Spanish, the importer must provide a Spanish translation.
- Provide the cashier receipt for the certifications.

Registration is valid for five years and can be renewed 30 calendar days prior to the expiration date by presenting all the requirements listed above. All documents presented in English must be translated into Spanish. Once MINSA registers a product, it will issue a certificate of free sale for mass distribution in Nicaragua. The registration process takes on average 21 calendar days when all the required documents are presented.

Section III: Competition

The United States faces growing competition from Central American countries, particularly in the processed food sector. Nicaragua, despite being a significant food producer, imports a substantial number of processed foods due to an underdeveloped domestic industry. This is primarily attributed to factors such as low yields of some crops and lack of investment, infrastructure, and know-how. Nicaraguan producers are highly competitive in primary foods like beans, rice, eggs, poultry, beef, dairy products, coffee, vegetable oils, beverages, and fresh produce. However, for processed goods like spices, condiments, soups, snacks, candies, biscuits, pasta, chocolates, and others, the country relies heavily on imports from neighboring countries and the U.S.

Nicaragua's imports of consumer-oriented food and agricultural products reached \$951 million in 2023. The primary suppliers include Costa Rica, the United States, Guatemala, Mexico, Honduras, and El Salvador. The key product categories were condiments, snacks, pasta, biscuits, and pork and poultry meat.

In the past two years, there has been a notable rise in the number of Chinese retail stores operating in Nicaragua. These stores offer a wide range of products, including household's goods, electronics, and a limited number of food items, often at competitive prices. Independent food sector analysts do not expect strong competition from China on processed foods due to the culinary differences between China and Nicaragua.

Section IV: Best Product Prospects

Table 2. Top Consumer-Oriented Imports in 2023 (Value in USD millions).

Consumer-Oriented Imports from World	Value
Soup & other food preparations	\$150
Bakery goods, cereals & pasta	\$140
Dairy products	\$111
Non-Alcoholic Beverages	\$ 90
Condiments and sauces	\$66
Pork and Pork Products	\$45
Food preparations for infant use	\$41
Dog and cat food	\$40
Sauces and preparations, mixed condiments and seasonings	\$37
Sugar confectionary (including white chocolates), not containing cocoa	\$33

Source: U.S. Census Bureau Trade Data Monitor LLC.

Table 3. Top Consumer-Oriented Imports from the United States in 2023 (value in USD millions)

Consumer-Oriented Imports from World	Value
BICO-pork and pork products	\$43
Soup and other food preparations	\$28
Dairy products	\$24
Poultry meat and prods. (Ex. Eggs)	\$23
Bakery goods, cereals & pasta	\$14
Condiments and sauces	\$9
Processed vegetables	\$9
Fresh fruit	\$6
Chocolate and cocoa products	\$4
Non-Alcoholic beverages	\$4

Source: U.S. Census Bureau Trade Data Monitor LLC.

Table 4. Top Suppliers of Consumer-Oriented Imports (value in USD millions)

Market	2019	2020	2021	2022	2023
Costa Rica	\$ 142	\$ 135	\$ 160	\$ 179	\$ 208
United States	\$ 109	\$ 112	\$ 139	\$ 148	\$ 181
Guatemala	\$ 80	\$ 81	\$ 98	\$ 117	\$ 142
Mexico	\$ 66	\$ 67	\$ 78	\$ 101	\$ 131
Honduras	\$ 47	\$ 47	\$ 60	\$ 83	\$ 88
El Salvador	\$ 54	\$ 47	\$ 56	\$ 62	\$ 71
Other	\$ 82	\$ 83	\$ 100	\$ 121	\$ 130
World Total	\$ 580	\$ 572	\$ 691	\$ 811	\$ 951

Source: U.S. Census Bureau Trade Data Monitor LLC

Table 5. Best Prospect Categories for 2024 (Value in USD millions)

Product	2023	1-YR % Chg.	3-YR Avg % Chg.
Pork & Pork Products	43	41%	80%
Poultry Meat	23	59%	130%
Dairy products	24	23%	118%
Soups and food preparations	17	90%	54%
Fresh fruit	6	49%	26%
Non-Alcoholic Beverages	4	13%	44%
Condiments & Sauces	9	29%	80%
Chocolate and Cocoa product	4	-1.48%	33%
Processed vegetables	9	10%	50%
Bakery goods and pasta	14	-17%	-2%

Source: U.S. Census Bureau Trade Data Monitor LLC

Section V: Key Contacts and Further Information

U.S. Government	Telephone	Webpage
Foreign Agricultural Service (USDA /FAS)	+505 2252-7100	Agmanagua@usda.gov
U.S. Embassy	(502) 2252-7100	ACSmanagua@state.gov
Animal and Plant Health Inspection Service (USDA/APHIS)	(506) 2519-2237	http://www.meic.go.cr

Nicaraguan Contacts	Role	Telephone	Webpage
Nicaraguan Ministry of Commerce (MIFIC)	CAFTA-DR Implementation, including issuance of import quotas.	(505) 2248-9300	https://www.mific.gob.ni/
Nicaraguan Institute of Agricultural Protection and Health (IPSA)	Enforcement of sanitary and food safety regulations and issuance of import permits for agricultural products.	(505) 2298-1330	https://www.ipsa.gob.ni/
Ministry of Health (MINSA)	Food Product registration. Import permits for processed foods.	(505)2284-4700	www.minsa.gob.ni
Customs Authority	Container clearance.	(505) 2248-1945	www.dga.gob.ni Website under construction.

<p>Agricultural Affairs Office Physical Address: Km 5.5 Pan-American Highway. http://www.fas.usda.gov</p>	<p>Phone: 505-2252-7100 Ext. 7621 Email: agmanagua@usda.gov</p>
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Attachments:

No Attachments