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Report Highlights:

The dynamic Costa Rican retail sector reflects the country's growing economy and increasing demand for new products. Consumers are influenced by tourism, culinary trends, and social media, with higher-end consumers paying premiums for healthy products and environmentally sustainable packaging. Outside the Greater Metropolitan Area, retail stores tend to be smaller, but a growing number of retailers in high-tourism areas are expanding their imported product portfolios in response to the fast-growing vacation rental segment of the tourism sector. In 2023, U.S. exports of consumer-oriented products reached a record-high level of \$462 million.

Market Fact Sheet: COSTA RICA

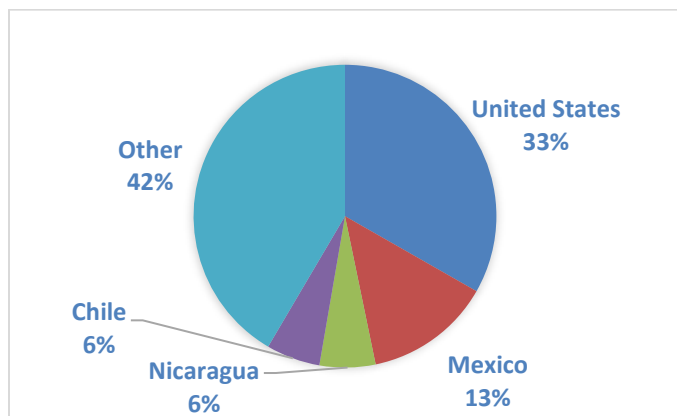
Executive Summary

Costa Rica is a middle-income country, with a \$78 billion GDP in 2023. The United States is Costa Rica's largest trading partner and largest foreign direct investor. Costa Rican consumers trust and enjoy U.S. food and beverage products, exports of and demand for which have increased since the 2009 entry into force of the Dominican Republic - Central America Free Trade Agreement (CAFTA-DR). Proximity to the United States is a major advantage for shipping times and for U.S. exporters' ability to develop and service customer relationships. Costa Rica ranked 23rd among U.S. agricultural export markets in 2023, with U.S. agricultural and related product exports to Costa Rica surpassing \$1 billion.

Consumer-Oriented Product Imports

In 2023, nearly all U.S. agricultural products entered Costa Rica tariff free under CAFTA-DR, while sensitive categories (including dairy and rice) were subject to tariff rate quotas (TRQs). Strong prospects for U.S. consumer-oriented products – dairy, beef, pork, poultry, bakery goods, condiments, sauces, cereals and pasta – helped push U.S. category exports up 11 percent to a record high of \$462 million in 2023. U.S. poultry exports reached \$64 million in 2023, rising 51 percent year-on-year and outstripping pre-pandemic levels by 115 percent.

2023 Consumer-Oriented Product Imports (by value)



Source: Trade Data Monitor, LLC

Food Processing Industry

Most Costa Rican food processors import ingredients directly from exporters. Processors' distribution channels supply wholesalers, distributors, and retailers, as well as hotels, restaurants, and institutional buyers. Distribution channels for local and imported products can differ and change frequently.

Retail Sector

Costa Rica's retail sector consists of supermarkets, hypermarkets, mini-marts, warehouse stores and approximately 22,000 mom-and-pop shops. Consumers are price sensitive, and the popularity of bulk formats continues to grow. Chinese grocery stores are increasing in number and in appeal to price-conscious consumers, especially outside the San Jose metropolitan area. E-commerce sales continue to grow as consumer trust in online channels deepens.

Costa Rica Quick Facts 2023

Imports of Consumer-Oriented Products \$462 million

List of Top 10 Growth Products

- | | |
|-------------------|------------------------|
| 1) Planting Seeds | 2) Pulses |
| 3) Soybean Meal | 4) Poultry Meat |
| 5) Beer | 6) Fresh Vegetables |
| 7) Pork Meat | 8) Condiments & Sauces |
| 9) Seafood | 10) Dairy Products |

Top 10 Retailers

- | | |
|------------------------|-----------------|
| 1) Walmart - Pali | 2) Automercado |
| 3) Pequeño Mundo | 4) Perimercados |
| 5) PriceSmart | 6) Mega Super |
| 7) Fresh Market | 8) Super Compró |
| 9) Mayca Retail Stores | 10) Saretto |

Population / GDP

Population	5.2 million
GDP (billions USD)	\$78
GDP (per capita)	\$14,733
Exchange rate	505 Colones : \$1 USD

Sources: Central Bank of Costa Rica and INEC

Strengths / Weaknesses / Opportunities / Challenges

Strengths	Weaknesses
U.S. products are well-known and perceived as high quality.	U.S. products are often undercut by regional competitors on price.
U.S. products largely enter duty free and quota free.	English language labeling and marketing materials.
Opportunities	Challenges
Costa Rican consumers are becoming more sophisticated in their food preferences.	Buyers have stronger cultural ties to European and Central or South American suppliers.
Chefs are looking to introduce new trendy foods and are open to new concepts.	Costa Rica has many levels of bureaucracy that can slow the importation of food products.

Source: FAS/San José – AgSanJose@usda.gov

SECTION I. MARKET SUMMARY

Overview of the Costa Rican Retail Landscape

FAS/San José maintains a positive outlook for the Costa Rican retail market in 2024, anticipating sustained economic growth, increasing consumer demand, and a competitive retail environment. The relative strength of the Costa Rican Colón against the U.S. Dollar has driven down the cost of U.S. food and beverage products for importers, fueling greater interest in new-to-market products among retailers, distributors, and local food and beverage companies. However, exchange rate savings on imported products have generally not been passed on to consumers, as retail prices have remained relatively high following a period of inflationary pressure in 2022 and 2023. Persistently high unemployment and recent price inflation have supported increased demand for lower-priced and private-label products.

Retailers continued to rely on imported foods to fill their shelves and to help introduce new trends to Costa Rican consumers. U.S. Census Bureau trade data show U.S. consumer-oriented product exports climbing 11 percent by value in 2023 to a record high of \$462 million. More than 50 percent of the products in major retail outlets are estimated to be imported, with 33 percent of total consumer-oriented food imports coming from the United States. Other leading exporters to Costa Rica include Mexico, Nicaragua, and Chile.

Costa Rican retail industry growth is stable, driven in part by promotional activities, consumers' access to credit, and increasing penetration by e-commerce platforms. Competition has increased among retail stores, driving traditional grocery retailers to expand into wider offerings of clothing and home goods. Likewise, general merchandizers such as Pequeño Mundo, Ekono, Almacenes el Rey, and Librería Universal have integrated a growing array of non-perishable and snack items into their retail offerings as players in the sector seek new growth opportunities. New supermarkets outside of the metropolitan area, such as BM Supermercados, are expanding their imported product portfolios to respond to growing demand from the vacation rental segment (e.g., Airbnb, Vrbo, etc.) of the tourism sector as well as digital nomads and other expatriates.

Key Marketing Drivers and Trends

Private Labels & Price-Conscious Consumers

Rising inflation, continuing ripple effects of global supply chain challenges, have all contributed to increased price consciousness among consumers and even that the colon has being. Already popular private label products are expected to post continued strong sales in 2024. Some of the most common private label products are canned tuna, rice, flour, condensed milk, condiments, canned vegetables, and fruits.

E-Commerce Growth

As major retailers have improved their e-commerce platforms, independent and small grocery stores have struggled to compete with the bigger retailers. While e-commerce is expected to decline as a share of total grocery sales amid a return to pre-pandemic patterns, consumer comfort with e-commerce has

matured rapidly. Across the Greater Metropolitan Area, home to the majority of Costa Rican economic activity and population, the adoption of e-commerce has benefitted from a culture of goods and services delivered to consumers' doorsteps, including things like dry cleaning, veterinary services, and propane tanks. Delivery platforms and apps continue to develop new ways to appeal to consumers, making them ever more indispensable to a wider range of consumers. Costa Ricans are expecting new investments in 5G infrastructure in 2024 and continued service digitalization in the years ahead.



Ready-to-Eat and Cafeterias

Costa Rican consumers are taking increasing advantage of ready-to-eat meals and pre-cut fresh products rather than going out to eat. This trend is an indication of changing consumer preferences for convenience, for fresh products, and away from time-consuming meal preparation. Salads, sandwiches, and roasted chickens are increasingly popular options for Costa Rican consumers, including for dining within retail spaces. Walmart and Automercado have followed PriceSmart (a warehouse club store akin to Costco in the United States) in offering on-site cafeteria services to claim greater shares of consumer spending.

Outlook for 2024

Costa Rica is a globally recognized leader in environmental conservation and sustainability. The 2021 Comprehensive Waste Management Law established a broader framework for managing waste and reducing environmental impact across the economy. Costa Rica is moving towards legislation that would restrict single-use plastics, including plastic bags at retail checkout, reflecting the strong interest in reducing waste. Higher-end consumers, who also happen to spend more money on imported products, tend to gravitate toward environmentally conscious packaging and product formats. Product manufacturers can command price premiums for innovative and sustainable packaging options.

Retail competition in and around San José, which is home to nearly 60 percent of all Costa Ricans, is active, with a growing number of giveaways, discounts, in-store events, social media challenges, and other loyalty promotions following the pandemic. Large supermarket chains in the Greater Metropolitan Area, including Automercado, PriceSmart, Saretto, and Mas x Menos, have sought to use their economies of scale to implement competitive pricing strategies and offer wider ranges of discounts. Recent marketing campaigns to support imports and to introduce new products have included virtual cooking classes, Instagram 'stories,' virtual tastings, live interviews on social media, and giveaways.

Local retailers encourage U.S. food manufacturers and suppliers to:

- Consider producing for retailers' private label brands;
- Promote novelty food and beverage items (marketed to tourists and expat retirees);

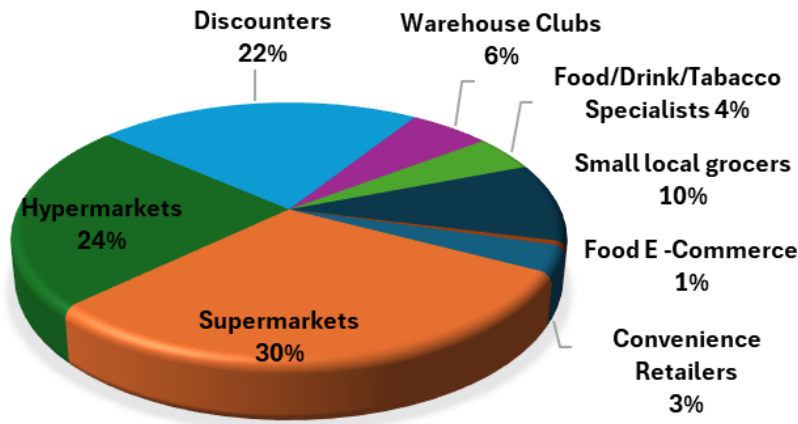
- Support e-retail and digital marketing promotions;
- Consider ‘tropicalizing’¹ products for the Costa Rican market; and
- Consider more environmentally friendly packaging.

Table 1. Advantages and Challenges for U.S. Products in Costa Rica

Advantages	Challenges
Geographic proximity contributes to logistics advantages in shipping prices and times.	Low-volume shipments of high-value U.S. exports typically consolidated, adding to freight costs.
U.S. exporters sustain reliable supply volumes of many products throughout the year.	U.S. exports are not well-suited to smaller-scale retail outlets selling smaller formats to keep prices down.
Growing interest in health and body care generates greater demand for healthy ingredients.	South / Central American products have high penetration and culturally familiar marketing.
Rising consumption of frozen and prepared foods supports imported ingredient demand.	Less purchasing power and imported product supply chain development outside of the San José area.
CAFTA-DR provides duty-free access for dairy products on January 1, 2025.	U.S export of dairy products and facility registration processes deter exporters from entering the market. More information available in CS2022-0005 .
CAFTA-DR provides duty-free access for all products other than dairy and rice. U.S. chicken meat exports became duty-free on January 1, 2022.	Time consuming product and facility registration processes deter exporters from entering the market. More information available in CS2022-0005 .
Costa Rica supports science-based international standards and participates in international standards setting bodies.	Costa Rica’s slow and cumbersome bureaucracy, including apostille requirements, increases business costs and slows transaction times.
Costa Rica is not self-sufficient in basic commodities and depends on imported ingredients, grains, and legumes.	Costly alcohol tax regime adds to imported wine, beer, & spirit costs.
High rates of travel to/from United States increases recognition of U.S. brands & products	Limited penetration of craft beers results in limited distribution networks and higher listing fees.
Strong tourism sector (local and international) creates demand for high value imported products	Increasing demand for ‘local products’ as tourism operators seek to create authentic experiences.
Well-developed cold-chain infrastructure serving the economic/population core of San José as well as tourist destinations in Guanacaste.	Underdeveloped overland and port infrastructure increases shipping costs / times.

¹ ‘Tropicalizing’ refers to adjustments tailored to Central American markets, including appropriate packaging (i.e., smaller package sizes to minimize spoilage) and incorporating popular local flavors (i.e., tropical fruits).

Figure 1: Retail Market Sales by Channel 2023



Source: Euromonitor International

SECTION II. ROAD MAP FOR MARKET ENTRY

Market Entry Strategy

When evaluating the Costa Rican market, it is essential to remember Costa Rica is a small, mature market that can be expensive due to local taxes and high internal transportation costs. Most of the tourism is located away from San José, but most of the consumers are located in San José, which is equally far from both major ports. To facilitate initial export success, FAS/San José recommends the following steps:

- Do your homework – investigate import requirements and comparable product availability / pricing;
- Identify a reliable importer/distributor, knowledgeable in your product category and of Costa Rican regulations and import procedures; and
- Consider whether participating in a trade show or participating in USDA-funded promotional activities could assist in finding a dependable import partner.

Market Structure

Navigating Costa Rica's import procedures can be tricky, and it is best to work with experienced representatives, agents, and importers. General commercial law governs contracts and relations between vendors or suppliers and the local company, person, or distributor. Costa Rican law provides two main forms of representation: a representative and a distributor. The representative can also be considered an agent. It is possible for one person to be both a representative and agent or a distributor at the same time. Once a U.S. company has selected a potential representative, the U.S. firm should obtain business and/or

credit reports on the Costa Rican company as part of their due diligence. When negotiating an agreement with a local representative, FAS/San José advises U.S. firms to engage a qualified, local lawyer. Distribution services are typically governed by private agreements. Local laws also allow companies and individuals to import directly with no intervention from agents or distributors. Costa Rican importers are fully bilingual, and business practices in Costa Rica resemble those in the United States. A personalized approach to business with consistent attention to service and delivery, frequent visits, and follow-ups, is important in Costa Rica. Local importers provide cash payment for small purchases as a standard practice. For well-established customers, 30 - 60-day credit terms may be negotiated.

FAS/San José provides trade services at no cost to U.S. companies interested in exporting agricultural, fishery, and forest products. FAS works with U.S. food safety agencies to facilitate and expand access to the Costa Rican market for U.S. products. A wide range of FAS/San José reports providing insight into different aspects of the Costa Rican market are available on the [GAIN website](#).

Other important elements to consider when evaluating the Costa Rican retail sector include:

- Printed materials (e.g., spec sheets, marketing content, etc.) should be in Spanish, even though most Costa Rican importers/retailers are bilingual.
- Personal visits and meetings with prospective partners are highly recommended, and exporters should conduct a background check of a prospective partner before signing an agreement.
- The local partner should be able to provide updated information on consumer trends to identify niche markets, current market development (i.e., merchandizing), and local business practices.
- The layout of most newer Costa Rican supermarkets resembles U.S. grocery stores.

U.S. exporters can work directly with local importers/distributors. Major food importers/distributors supply major supermarket chains, provincial retailers, and local processors. Processors supply supermarkets directly as well as the local food service industry.

The bulk of imported foods are handled by a large importer, broker, distributor, or wholesaler. Perishable items and SKUs from multinational food companies are generally shipped directly to national retail chains' distribution centers, while a smaller portion of products are sold through terminal markets for independent retailers. Unlike in the United States, retail category buyers from larger chains may rely on food brokers, distributors, and importers to identify new products. Distributors and wholesalers regularly sponsor in-store promotional activities.

Figure 3. Channels for Distribution Flow Chart

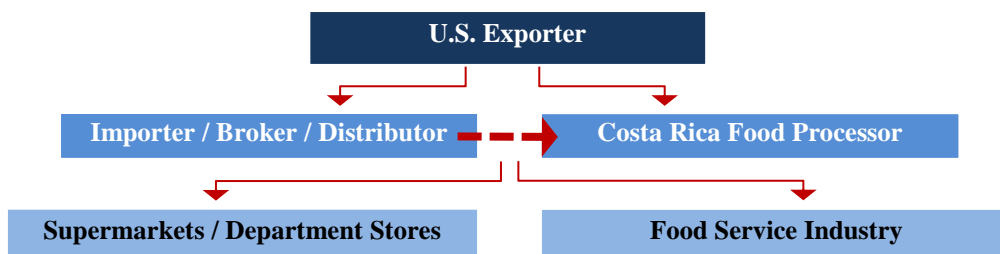
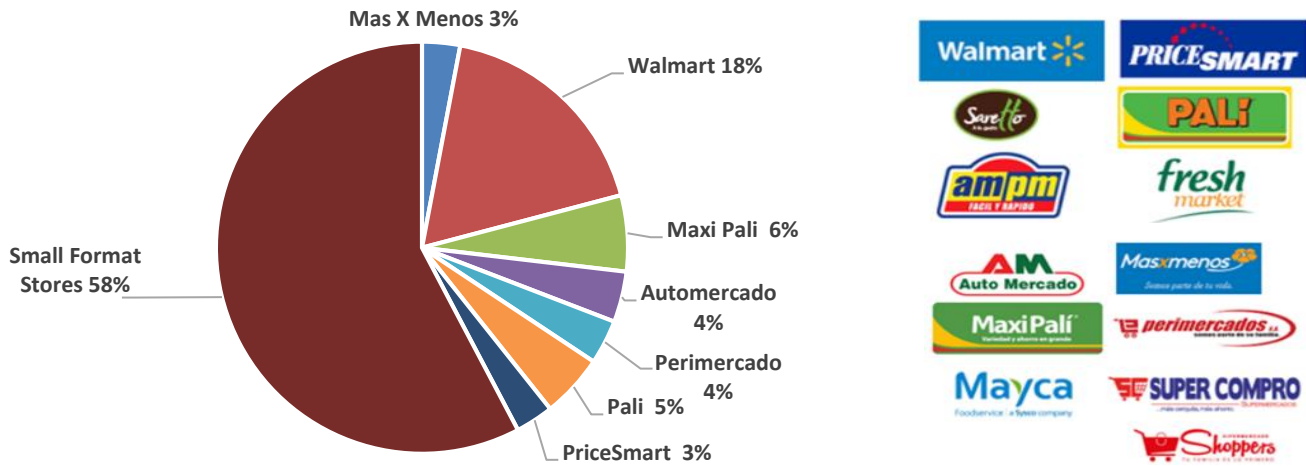


Figure 2. Share of Retail Sector by Sales Value



Retail Profiles

The six major supermarket retailers in Costa Rica are: Walmart (United States), Gessa (Costa Rica), AutoMercado (Costa Rica), PriceSmart (United States), Pequeño Mundo (Costa Rica) and Megasuper (Colombia). The Costa Rican retail sector can appear more diverse than it is, as U.S. retailer Walmart operates the Mas x Menos, Pali, Maxi Pali, and Walmart banners, which comprise a third of all retail outlets in the country and more than three-quarters of all large-format outlets. Small format stores, including pulperías and mini supers, remain the most numerous types of retail shopping outlet throughout the country, offering individual servings and smaller format products that cater to lower-income households.

In 2024, Walmart Central America announced plans to invest \$600 million in Costa Rica over the next five years to open new stores, expand its logistics, and develop a sales strategy capable of reaching a broader geographic area outside of San José. Convenience stores like AM/PM, Fresh Market, and Vindi are increasingly common in larger towns, offering a wide variety of imported non-perishable products. Costa Ricans are increasingly drawn to these stores, which are slowly displacing traditional pulperías that can still be found in lower-income neighborhoods and in rural communities. There are more than 22,000 pulperías and mini-supers in Costa Rica, and these stores remain essential for lower-income households, as these outlets typically offer informal credit terms to local customers. These traditional retailers are favored for daily shopping, especially by older consumers. Due to size restrictions, these stores work with importers to buy smaller volumes and often break up standard format packages into smaller quantities / volumes.

Table 2. Leading Food Retailers

Name of Retailer	Description	Number of Outlets
Maxi Pali/ Pali	Supermarket	263
Inversiones AM/PM	Convenience Store	83
Mega Super	Supermarket	70
Super Compro /Gessa	Supermarket	52
Automercado / Vindi	Supermarket	42
Mas x Menos	Supermarket	39
Fresh Market	Convenience Store	32
Perimercados	Supermarket	17
Mayca Retail Stores	Convenience Store	16
Walmart	Department Stores	14
Pequeño Mundo	Department Stores	15
PriceSmart	Warehouse Club Store	8

Source: Websites of retailers updated in 2024

SECTION III. COMPETITION

Costa Rica imports a large variety of consumer-oriented products to support consumers' and processors' demands. U.S. exporters will face strong local competition in many areas, as well as increasing competition from other countries. Costa Rican producers are particularly competitive in meats (fresh and processed), dairy products, coffee, spices, condiments/sauces, vegetable oils, candies and chocolates, pasta, snacks, bakery and pastry products, soups, beverages (beer, bottled water, fruit juices), and, of course, tropical vegetables and fruits. Costa Rican imports of consumer-oriented food and agricultural products reached \$462 million in 2023. Major suppliers include the United States, Mexico, and Nicaragua; please consult the market fact sheet on page 2 for a more detailed breakdown.

SECTION IV: BEST PROSPECTS PRODUCT CATEGORIES

Each of top-ten best prospect categories for U.S. consumer-oriented agricultural exports to Costa Rica reached record high levels in 2023 and present excellent opportunities for U.S. exporters in 2024. FAS/San José anticipates economic and pricing headwinds in 2024 could bolster prospects for private label and 'value' products. Demand for healthy and/or gourmet snack items has been increasing in Costa Rica. Snacks with natural ingredients, dried fruits, whole wheat, and high-quality ingredients have gained in popularity with health-conscious consumers. There is also growing demand for niche food items, such as organic, gluten-free, and ketogenic products, which provides new opportunities for U.S. exporters.

In 2023, U.S. chicken meat exports increased by more than 50 percent after Costa Rica eliminated the CAFTA-DR tariff rate quota, reaching a total of \$64 million. U.S.-origin meats are well-regarded by Costa Rican consumers, especially those who value consistency and quality.

Table 3. Top Consumer-Oriented Imports in 2023 (value in USD millions)

Consumer-Oriented Imports from the World	Value
Soup & Other Food Preparations	\$188
Bakery Goods, Cereals, & Pasta	\$161
Processed Vegetables	\$160
Fresh Fruit	\$114
Dairy Products	\$115
Dog & Cat Food	\$80
Beef & Beef Products	\$89
Non-Alcoholic Bev. (ex. juices, coffee, tea)	\$85
Condiments & Sauces	\$60
Distilled Spirits	\$57
Pork & Pork Products	\$71

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

Table 4. Top Consumer-Oriented Imports from the United States in 2023 (value in USD millions)

Consumer-Oriented Imports from the United States	Value
All	\$462
Soup & Other Food Preparations	\$65
Processed Vegetables	\$54
Dairy Products	\$41
Poultry Meat & Prods. (ex. eggs)	\$53
Beef & Beef Products	\$27
Bakery Goods, Cereals, & Pasta	\$40
Pork & Pork Products	\$41
Dog & Cat Food	\$33
Condiments & Sauces	\$31
Non-Alcoholic Bev. (ex. juices, coffee, tea)	\$22

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

Table 5. Top Suppliers of Consumer-Oriented Imports (value in USD millions)

Market	2019	2020	2021	2022	2023
United States	386	368	448	462	535
Mexico	115	116	147	178	217
Nicaragua	64	58	61	77	96
Chile	74	62	71	83	93
Guatemala	78	73	75	91	92
Honduras	32	34	48	48	66
Honduras	23	32	34	48	48
Spain	28	30	42	40	49
Netherlands	26	25	37	41	43
Colombia	22	23	30	35	41
World Total	1,074	1,035	1,246	1,381	1,608

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

Table 6. Best Prospect Categories for 2024 (value in USD millions)

Product	2023	1-YR % Chg.	3-YR Avg % Chg.
Planting Seeds	6*	274%	85%
Pulses	24*	61%	22%
Soybean Meal	94*	56%	43%
Poultry Meat	64*	51%	30%
Beer	16*	49%	39%
Fresh Vegetables	5*	39%	20%
Pork Meat	44*	32%	32%
Condiments & Sauces	24*	25%	17%
Seafood	14*	21%	44%
Dairy Products	43*	6%	19%

* Denotes highest export level since at least 1970

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)	+506 2519-2333	AgSanJose@usda.gov
U.S. Embassy	(506) 2519-2000	ACSSanJose@state.gov
Animal and Plant Health Inspection Service (USDA/APHIS)	(506) 2519-2237	http://www.meic.go.cr

Costa Rican Contacts	Role	Telephone	Webpage
Ministry of Industry and Economy	Guidelines for the Labeling of Food Products	(506) 2549-1400	https://www.meic.go.cr
Ministry of Agriculture	Registration of Agrochemicals	(506) 2549-3502	https://www.sfe.go.cr
Ministry of Health	Registration of Food Products	(506) 2257-7821	https://www.ministeriodosalud.go.cr
Procomer	Imports of Processed Food and Products	(506) 2299-4815	https://www.procomer.com
SENASA	Product Requirements	(506) 2549-3400	https://www.sfe.go.cr
CINDE	Costa Rican Investment Promotion Agency	(506) 2201-2800	https://www.cinde.org
Customs Association of Costa Rica	Customs	(506) 2221-1502	https://www.agentesdeaduana-costarica.com
International Registrations Company	Registrations	(506) 2257-9914	https://reinsa.com/contacto.html
Food and Beverage Consultants – Registration	Registrations	(506) 2291-7741	https://conutra.com/en_index.html#

Attachments:

No Attachments