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Country: Peru

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Report Highlights:

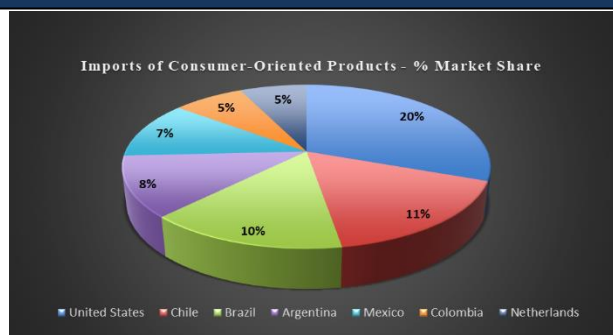
Peru's food retail sector is projected to grow 5.3 percent in 2022, reaching \$26.3 billion. Growth is expected to be driven by better performance of the modern channel, especially in the development of new store formats and an aggressive discounting campaign to encourage sales.

Market Fact Sheet: PERU

Executive Summary

Peru's economy successfully recovered in 2021, displaying similar strength as it had prior to the pandemic. Agriculture accounts for approximately five percent of Peru's GDP, but employs around 28 percent of the population. The U.S.-Peru Trade Promotion Agreement, which entered into force in February 2009, has increased bilateral trade of agricultural products from \$1.46 billion in 2009 to \$3.5 billion in 2021, an increase of 139 percent. The United States was the second largest agricultural product supplier to Peru in 2021, accounting for 16% of market share.

Imports of Consumer-Oriented Products



Peru's consumer-oriented imports from the world reached \$1.8 billion in 2021. Peru offers good opportunities for U.S. exporters of consumer-oriented agricultural products, but there are some challenges. The successful introduction of new to market food products depends on the knowledge of the market. Exporters should review Peru's food laws, packaging and labeling requirements, business practices, and rely on experienced distribution partners. Getting to know the potential importer and the local distribution system is critical.

Food Processing Industry

Peru's food processing industry is a dynamic sector of the national economy. The food industry in Peru accounts for almost 28 percent of the industrial GDP and the gross value added reached \$9.1 billion by the end of 2021. Its growth is directly linked to the development of the food retail and food service sectors. Food product manufacturers source both domestic and imported product ingredients. Local processed food products cover 70 percent of the market demand.

Food Retail Industry

There are three main supermarket chains in Peru: Cencosud (Wong and Metro), Saga Falabella (Tottus) and Supermercados Peruanos (Vivanda and Plaza Vea). The market includes 282 conventional supermarkets and superstores, with 178 in Lima, and 790 modern convenience stores. The sector is comprised of both conventional supermarkets and traditional channels, comprised of wet markets and independent stores. Different types of food appear to perform better in the two formats. Top products include snack foods, dairy, edible oils, confectionaries, bread, and cookies.

Quick Facts CY 2021

Imports Consumer-Oriented Products: \$1.8Bn

Top 10 food processing ingredients growth Peru

1. Wheat	6. Almonds fresh or dried, shelled
2. Skim Powder Milk	7. Peptones
3. Flour preparations of meat	8. Lentils dried
4. Edible Mixtures	9. Peanuts prepared or preserved.
5. Natural milk constituents	10. Enzymes

Food Industry Gross Value Added: \$9.1 billion

Food Industry by Channels

1. Food Exports: \$7.3 billion
2. Food Imports: \$4.7 billion
3. Retail: \$23 billion
4. Food Service: \$8.5 billion
5. Wet market: \$18 billion

GDP/Population

Population (Millions): 32

GDP (Billions USD): 225

GDP Per-capita (USD): \$6,500

Top 10 Host Country Retailers

1. Supermercados Peruanos S.A.
2. Cencosud Retail Peru
3. Hipermercados Tottus S.A.

Strengths/Weakness – Opportunities/Challenge

Strengths	Weakness
Strong demand for consumer food products	Low penetration of modern food retail throughout the country.
Opportunities	Challenges
Growing middle class	Stiff competition from other countries.

Data and information sources: FAS Lima
Contact: FAS Lima

Section I. Market Overview

Peru's GDP grew 13.3 percent in 2021 based on a rapid recovery of the country's productivity, especially during the first half of 2021. Domestic demand also steadily increased due to relaxed COVID lockdown measures and the national vaccination campaign, which contributed to increasing formal employment rates. Nevertheless, several sources consider this rebound a natural recovery of the economic losses incurred during 2020. The growth outlook for 2022 seems less positive. Peru's Central Bank (BCR) recently adjusted its forecasted GDP growth for 2022 to 3.1 from 3.4 percent. Sources point to political instability and international externalities leading to a reduction of economic confidence for this year.

Peru's food retail sector has shown a growth trend in the last 10 years based on the opening of new stores spurred by a growing middle-class and positive economic indicators. Last year, food retail sales continued to see growth but at a slower pace than 2020, based on staple foods and non-food categories. The retail food sector in Peru is comprised of two segments: modern (supermarkets, convenience stores, discount stores, cash & carry) and traditional (open markets, mom and pop stores, usually called "bodegas"). The traditional channel continues to be the most relevant for grocery sales. Despite large increases in food and beverage sales during the pandemic, many bodegas did not see the same revenue growth since consumers had more confidence in the health protocols established by modern channel stores. The pandemic also forced the traditional channel to make inroads into digital transactions and advertisements, which were already being utilized by the modern channel. There are over 500,000 bodegas in the country and almost half of them have implemented technological and financial tools to increase sales and reach a wider audience

The expansion of modern retailers is based on the opening of multiformat outlets, with hard discount and cash & carry formats the better performers during the pandemic. In December 2020, InRetail Peru Corp, which owns the largest food retailer Supermercados Peruanos, announced the acquisition of the entire operation of Makro Supermayorista, a major cash & carry format. The acquisition immediately brought 16 additional stores to InRetail's portfolio and strengthened its market share in this competitive sector. Supermercados Peruanos holds supermarkets, hypermarkets, hard discounts, and cash & carry formats, covering a wide spectrum of socioeconomic segments. Aligned with these actions, Grupo Falabella opened three more Hiperbodega Precio Uno stores in Lima, Junin, and San Martin.

Peru's food retail sector is projected to grow 5.3 percent in 2022, reaching \$26.3 billion. Consumers are expected to revert back to some pre-pandemic purchasing habits, which explains the lower growth projections for this year. Retail sector growth is expected to be driven by better performance of the modern channel due to continued store renovations and an aggressive discounting campaign to encourage sales. In addition, retailers are developing a multichannel concept by enhancing e-commerce services and new store formats.

International externalities are a primary industry concern. Raw material prices and transportation costs continue to rise and will likely impact the retail prices of high-value food products. As such, FAS Lima is conservative about the expected growth of U.S. consumer-oriented exports to Peru in 2022. Last year, this category reached \$343 million, a 17 percent increase with respect 2020. Some categories benefited from the recovery of the hotel, restaurant, and institutional (HRI) sector and regained market share lost during the pandemic. Despite the rebound of the food retail sector, growth in 2022 will likely stem from

basic food categories, with a special emphasis on private labels. FAS Lima expects to see a slight decline in the demand of high-value imported products.

Advantages	Challenges
<ul style="list-style-type: none"> • Recognition of U.S. food quality and an appreciation for U.S. culture • Consumer-oriented food products benefit from the PTPA with low or no tariffs • Active supermarket industry that promotes increased demand for high-value food products • Boom in e-commerce and increasing retailer coverage • Growth of new supermarket outlets in Lima’s suburbs and second tier cities • Appreciation for U.S. food quality and culture • Perception of modern retail outlets as cleaner, convenient, and time saving • Increased health consciousness among the Peruvian population • Middle-class expansion 	<ul style="list-style-type: none"> • Consumers prefer to buy fresh produce in traditional markets • Supermarkets, the main channel for imported food products, account for only 30 percent of the retail food market share in Lima and 20 percent in the provinces • New local food brands are appearing in the market at very low prices • Provincial supermarkets are supplied by Lima-based companies, impacting freshness for some products • Cumbersome regulatory processes to obtain sanitary permits • Traditional markets dominate retail sales in secondary cities • Domestic producers manufacture more affordable products that cater to local taste preferences • Stiff competition from neighboring countries

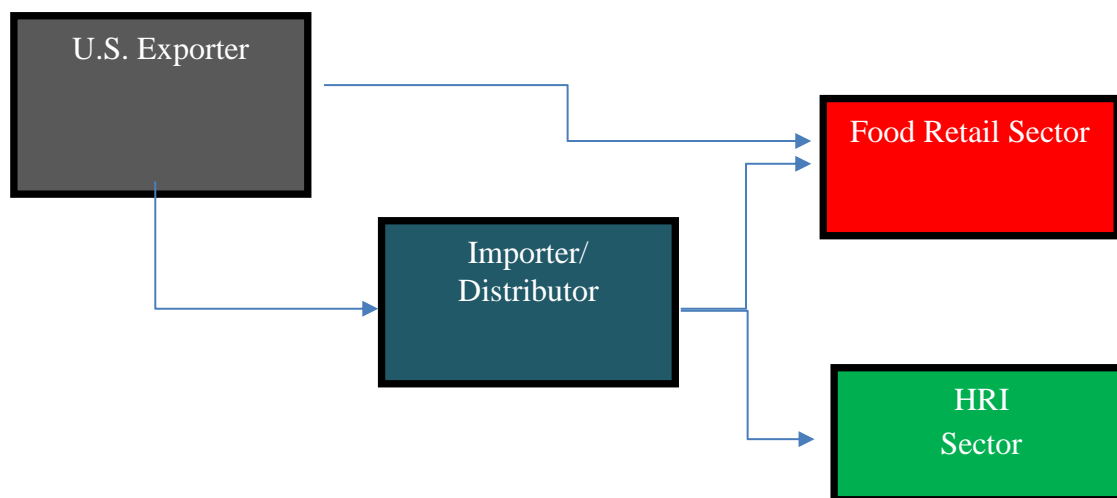
Section II: Road Map for Market Entry

1. Entry Strategy:

- Preliminary research to determine market potential for a specific product. Contact FAS Lima to obtain reports or briefings about market features.
- Retailers rely on importers and wholesalers/distributors to source imported food products.
- Importers aim to sell imported food products through different channels: retail, food service, and food processing. Major food importers/distributors supply all major supermarket chains and provincial retailers.
- Be diligent when selecting a partner (an agent or a representative). Conduct a background check of the prospective partner before signing contractual agreements. Visits to Peru and in-person meetings are highly recommended.
- The import partner should be able to provide updated information on consumer trends, current market developments, trade, and business practices.

- Exporters should consider providing marketing budget support to local importers or retailers to develop promotional activities and foster impulse sales.
- Food products must comply with country’s regulations and be approved by health authorities before being placed on the market. Peru adopts Codex as the primary international reference. For details on how to export to Peru please refer to FAS Lima’s [FAIRS Export Certificate Report](#), [FAIRS Country Report](#) and [Exporter Guide Report](#).

2. Market Structure:



The food retail industry’s estimated sales reached \$24.7 billion in 2021, up approximately 13 percent from 2020. The modern channel was able to maintain sales throughout the year since they never closed, despite the pandemic restrictions. The three major supermarket chains in Peru adapted to lower capacity conditions and strengthened their online channels to keep up with sales. The growth was based on basic staple categories and the opening of formats aimed at low-income target audiences. Supermercados Peranos (SPSA) has developed a discount market format named Mass that currently has 550 stores in the country. Despite the pandemic’s impacts, Tottus Hypermarket, from Fallabella Group, was able to open three more Hiperbodega Precio Uno (HPU) hard-discount format stores, which also cater to the lower-income segment. HPU provides a mix of products, similar to a hypermarket, but in a smaller format. Its price competitiveness is due to more private label products. There are 25 HPUs so far and the majority (21) are outside of Lima. The market includes 322 conventional supermarkets and superstores (196 of which are located in Lima).

Consumer-oriented products from the United States are primarily imported by and sold in modern retail channels. This channel is expanding rapidly and accounts for 25 percent of the market. Its growth relies on the entrance of new players and the development of new retail formats to capture market share from the traditional channel.

The convenience store channel is the newest format, and it suffered significant setbacks during the height of the pandemic. These formats were gaining market share within the modern channel and posed strong competition for supermarket chains. However, government restrictions during the first months of the pandemic reversed the strong sales growth that had been achieved with new outlets throughout Lima. Towards the end of 2020 and into 2021, the relaxation of restrictions was instrumental to the recovery of sales. TAMBO is still the most prevalent convenience store, having more outlets than their competitors. Others include OXXO, Repshop, Listo, and other independent stores. Cencosud recently entered into this segment, opening its first convenience store SPID. This is part of an aggressive expansion plan by the Chilean company based on the establishment of express formats. There are around 800 convenience store locations among these brands in Peru. Beverages and ready to eat products are the main categories sold in this channel.

3. Company Profiles

Table 1: Profiles of Major Supermarkets Chains (2021)

Retailer	Ownership	Sales (\$MM)	Market Share (%)	# Outlets	Location
CENCOSUD	Chile	1,810	29	94	10 Provinces
Supermercados Peruanos	Peru	2,476	39	690	17 provinces
Hipermercados Tottus	Chile	1,440	23	100	11 Provinces

Source: FAS Lima

Table 2: Outlets by Major Supermarket Chains (2021)

Retailer	Type of Outlets	# Outlets
CENCOSUD	Supermarkets Wong Super	20
	Hyper Metro	74
Supermercados Peruanos	Vivanda	8
	Plaza Vea/ Plaza Vea Super	97
	Mass Stores	550
	Makro	23
Hipermercados Tottus	Hypermarkets	74
	Supermarket	1
	Hiper Bodega – Precio Uno	25

Source: FAS Lima

Table 3: Convenience Store – Most Important Brands

COMPANY	BRAND	#OUTLETS
Lindley Corporation	TAMBO+	400
PRIMAX	Listo	125
REPSOL	Repshop	129
Grupo Romero	VIVA	60
FEMSA	OXXO	50
INTERCORP	Mimarket	25

Source: FAS Lima

SECTION III. Competition

The Government of Peru (GOP) has encouraged integration into the global economy by signing a number of free trade agreements, including the United States - Peru Trade Promotion Agreement (PTPA), which entered into force in February 2009. The PTPA has been instrumental in boosting bilateral trade in food and agricultural products between the United States and Peru. From 2009 to 2021, U.S. exports of food and agricultural products to Peru almost doubles, from \$526 million to \$1.1 billion. U.S. consumer-oriented product exports, at \$343 million, accounted for 33 percent of U.S. food exports to Peru in 2021. The PTPA strengthens competitiveness of U.S.-origin food and agricultural products in the Peruvian market. High-end consumers are familiar with the quality of U.S. products. FAS Lima foresees exports of U.S.-origin consumer-oriented products to Peru becoming nearly equal to U.S. bulk commodity exports to Peru in the next few years.

Table 4: Peru's Top 30 Imports of Consumer Oriented Products

HS CODE	DESCRIPTION	2021 \$MM	US Rank	COMPETITORS
210690	food preparations nesoi	55	1 20%	Spain 12% Costa Rica 10%
040221	Milk/Cream Conc Nt Swt Pwd	41	1 37%	New Zealand 24% Argentina 21%
040210	Milk & Crm,Cntd,Swt,Pwd,Gran	40	1 56%	Ireland 14% Argentina 8%
020714	Chicken Cuts and Edible Offal	26	2 29%	Brazil 63% Chile 8%
220299	Other Non-Alcoholic Beverages	15	1 52%	Netherlands 17% Switzerland 14%
230910	Dog And Cat Food, Put Up for Retail Sale	12	2 26%	Argentina 36% Brazil 11%
020622	Livers Of Bovine Animals, Edible, Frozen	9	1 82%	Canada 18% Paraguay 0.2%

020230	Meat Of Bovine Animals, Boneless, Frozen	9	2	33%	Brazil	34%	Uruguay	11%
040620	Cheese Of All Kinds, Grated or Powdered	8	1	98%	Italy	0.7%	New Zealand	0.6%
080810	Apples, Fresh	7	2	20%	Chile	77%	Argentina	1%
020727	Turkey Cuts and Edible Offal (Including Liver) Frozen	7	2	32%	Brazil	37%	Chile	28%
200520	Potatoes, Nesoi, Prepared or Preserved	7	1	90%	China	8%	Canada	2%
080212	Almonds, Fresh or Dried, Shelled	7	1	88%	Chile	13%	Spain	0.1%
060220	Edible Fruit or Nut Trees, Shrubs and Bushes	7	2	33%	Chile	52%	Spain	14%
210120	Tea or Mate Extracts, Essence and Concentrates	6	1	86%	Mexico	7%	Free Zones	5%
020130	Meat Of Bovine Animals, Boneless, Fresh or Chilled	5	1	36%	Bolivia	29%	Brazil	29%
180690	cocoa preparations, not in bulk form, nesoi	5	2	14%	Brazil	14%	Singapore	11%
040490	Products Consisting of Natural Milk Constituents	4	1	91%	Argentina	2%	Poland	1%
210390	Sauces And Preparations	4	2	20%	Mexico	29%	Chile	7%
040610	Cheese, (Unripened or Uncured) Fresh and Curd	4	1	53%	Argentina	20%	Chile	16%
080510	Oranges, fresh	4	1	87%	Chile	10%	Spain	1%
020629	Offal of bovine animals, edible, nesoi, frozen	4	3	17%	Brazil	33%	Argentina	29%
200819	Nuts (Other Than Peanuts (Groundnuts)), And Other Seeds	4	1	70%	Mexico	9%	Chile	8%
020329	Meat of swine, nesoi, frozen	4	3	24%	Chile	43%	Spain	24%
180631	Chocolate And Other Cocoa Preparations in Blocks	2	1	56%	Colombia	13%	Germany	11%
190190	Malt extract; food products of flour, meal, etc.	2	3	7%	Colombia	42%	Chile	11%
180500	Cocoa powder, not containing added sugar or other sweeteners	2	2	27%	Malaysia	29%	Singapore	15%
020220	Meat of bovine animals, cuts with bone in, frozen	2	1	100%				
190590	Bread, Pastry, Cakes, Biscuits and Similar Baked Products	2	3	9%	Ecuador	29%	Colombia	24%
020610	Offal of bovine animals, edible, fresh or chilled	2	1	91%	Argentina	5%	Uruguay	3%

SECTION IV. Best Product Prospects Categories

Cheese (HS 0406): U.S. cheeses are used in the three sectors: retail food, food-processing, and HRI. The United States is the main supplier with a market share of 29 percent. Argentina and Uruguay are the main competitors with 20 and 13 percent of the market share, respectively. Preferable types are edam, mozzarella, cheddar, and parmesan.

Confectionary (HS 1704; 1806): Imports from the United States totaled \$9.4 million in 2021, or 10 percent of total imports. Strong competition exists from the region. Colombia leads exports holding a 25

percent market share. The United States' strength is in chocolate for the retail sector. However, other confectionary products are suitable for convenience store segment.

Food Preparations (HS 2106): The United States is the largest supplier and holds 24 percent of the market share. This category includes hydrolyzed protein, food supplements, soy-based snacks, and confectionary products. Other competitors in the region are Spain and Costa Rica, with 11 and nine percent of the market share, respectively.

Red Meats (HS 0202; 0203): U.S. beef exports rebounded in 2021 reaching \$11 million, a 120 percent growth with respect 2020. The HRI sector began to recover towards the second half of 2021 leading to an increase of U.S meat sales in general. Brazil is the second largest beef supplier with 31 percent of market share and Uruguay holds the third position with 10 percent. On the contrary, U.S. pork meat exports in 2021 decreased by 47 percent with respect 2020. Other competitors, such as Chile and Canada, lead the pork meat category with 32 and 26 percent market share, respectively. U.S. pork exports are typically destined for the food retail and food service sectors of Peru's market.

Poultry Meat (HS 0207): The United States is the second largest poultry meat supplier, with a 25 percent market share, after Brazil, which holds 58 percent market share. U.S. poultry meat exports almost doubled in 2021, exceeding 2019 export levels. The HRI sector is the main channel for this category and its recovery made headway for U.S. poultry meat exports. Other sectors, including food retailers, also increased the demand of this product. The U.S. primarily exports chicken leg quarters to Peru. However, turkey cuts are also attractive for food retailers. The growth of hard discount formats has been instrumental to regain territory for chicken leg quarters since the product is suitable for the household segments these formats target.

Fruit & Vegetable Juices (HS 2009): The United States is the second largest supplier of fruit and vegetable juices to Peru, holding almost 13 percent of the market share. Argentina has become the largest supplier due to grape juice concentrate. In general, beverages are the largest product category sold in convenience stores. Other competitors are Malaysia and Chile, although they have lower market shares.

Bread, pastry, cookies (HS 1905): The United States holds a seven percent share of the import market. Ecuador and Colombia lead the category with 25 and 19 percent, respectively. Peru's largest food processing corporation sources from these countries. In the health food category, gluten free products are in high demand by food retailers.

Soups & Broths (HS 2104): The United States is the largest supplier in this category, holding a 21 percent share of the import market. Convenience stores will likely provide opportunities for growth in this category, particularly since "on the go" lifestyles are growing in Peru. Chile and South Korea are the second and third ranking competitors.

Sauces (HS 2103): Even though U.S. exports grew 6 percent in 2021 with respect to 2020, the United States receded and is now the second largest supplier of this category in 2021. Mexico became the largest supplier holding 25 percent of total exports. Seasonings and sauces are in high demand. China holds the third position with 15 percent.

Nuts and almonds (HS 0802): The United States is the largest supplier in this category, holding a 50 percent share of the import market. In 2021, U.S. exports considerably decreased as Chile regained market share following impacts from the pandemic. Importers repack tree nuts into food retail packaging. The strongest competitor is Chile with a 36 percent market share.

Category B: Products Not Present in Significant Quantities, but with Good Sales Potential

- Wine (HS 2204)
- Peaches, Cherries and Nectarines (HS 0809)
- Apples and Pear (HS 0808)
- Citrus (HS 0805)
- Processed meats (HS 1601, 1602)
- Beer (2203)
- Whiskey (2208)

SECTION VI. Key Contacts and Further Information

U.S. Embassy Lima, Foreign Agricultural Service (FAS) - OAA

Street Address: Av. La Encalada, Cuadra 17, Monterrico - Surco, Lima 33

Mailing Address: FAS OAA Lima, Unit 3785, DPO, AA 34031

Phone: (511) 434-3042 / E-mail: aglima@usda.gov / www.fas-usda.pe

U.S. Animal Plant and Health Inspection Service (APHIS)

Street Address: Av. La Encalada, Cuadra 17, Monterrico - Surco, Lima 33

Phone: (511) 618-2627 / (511) 618 – 2732 / (511) 434 - 3000

Internet Homepage: www.aphis.usda.gov / [APHIS Peru Contact](#)

Host Country Government

[Ministry of Agriculture of Peru](#)

[Ministry of Agriculture – National Service of Agricultural Health - SENASA](#)

[Ministry of Health – Directorate General of Environmental Health - DIGESA](#)

[Ministry of Foreign Trade and Tourism – MINCETUR](#)

Attachments:

No Attachments