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Retail Foods

Aruba Retail Report: A Growing Market for Consumer Products

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Report Highlights:
U.S. exports of consumer-oriented products to Aruba reached an all-time high of $74 million in 2016 and are on pace to reach another record level in 2017. U.S. products and brands are well recognized by local consumers and trusted by tourists that visit the island. Aruba's modern retail sector, through which an estimated 60 percent of all imported foods are channeled, presents excellent opportunities for U.S. exporters.

Post:
Miami ATO

SECTION I. MARKET SUMMARY

Aruba, a constituent country of the Kingdom of the Netherlands, is one of the smallest islands in the Caribbean.[1] It is located in the Southern Caribbean, 15 miles off the coast of Venezuela. The capital Oranjestad is a busy cruise port city with large hotels and shopping malls. Aruba is considered one of the richest countries in the Caribbean although recent economic challenges and increasing budget deficits have hampered economic growth. Aruba also faces economic pressure from the political situation in Venezuela, particularly with regard to tourism (from Venezuela) which has dropped by nearly 70 percent.

As a result of these recent challenges, the government of Aruba has implemented new measures and focused on developing and diversifying the tourism sector as a way to grow the economy. New constructions of hotels, roads, restaurants, entertainment centers, and facilities helped Aruba achieve a modest 2.3 percent GDP growth in 2016. According to Euromonitor International, this trend is expected to continue in 2017 with an estimated GDP growth of 3.9 percent.

Aruba is one of the world's most tourism-dependent countries with over 1.7 million visitors annually, over half of which come from the United States, both as stop-over visitors and as cruise ship passengers. Over 85 percent of Aruba's economy and over 90 percent of local employment depend directly and indirectly on tourism. Stop-over tourist's account for a large share of the retail dollars spent in Aruba, and their purchasing power and preferences influence the range of products available in local market. Increased availability of timeshares and home sharing has also led to growth in the tourism industry. On average, stop-over tourists spend up to 5 days in Aruba and will frequently shop at local supermarkets to provision their temporary homes.

With practically no agriculture, Aruba is fully dependent on imports to satisfy its food needs. In 2016, Aruba imported $208 million in agricultural and related products, most of which (72 percent) were consumer-oriented agricultural products.[2] Aruba's retail food market was estimated at nearly $110 million in 2016, which represents approximately 60 percent of all food sales.[3] The retail sector is composed of 12 modern grocery outlets and over 420 mostly small, traditional retail operations. Locally-owned supermarkets rival stores in the United States in terms of infrastructure and product availability. Aruba's retail sector experienced a slight decline in overall sales in 2016 due in part to the situation in Venezuela and ongoing economic woes. However, the retail sector is expected to rebound in 2017 with 2 percent growth forecast for 2017 and 2018.

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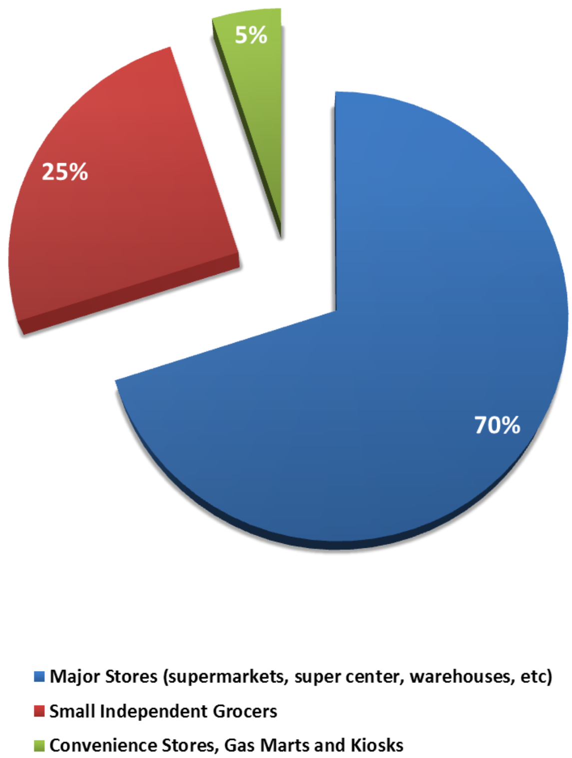
[1] The Netherland Antilles were dissolved as a political entity in 2010 after St. Maarten and Curacao obtained full autonomy. Aruba obtained full autonomy in 1986
[2] Global Trade Atlas; GTIS Monthly Data.
[3] Source: Euromonitor International.

FIGURE 1. GROCERY RETAIL DISTRIBUTION IN ARUBA



Note: Based on Retail Value (Retail Sales Price), excluding sales Tax.
Source: Derived from data from Euromonitor International.

Following are some of the key trends in Aruba's grocery retail sector:

- Large retail stores are refurbishing outlets and expanding services.
- Most of the larger supermarkets have modern facilities with uniform lighting, wide aisles, attractive produce and meat sections, and modern check-out counters.
- Larger supermarkets are adding in-house bakeries, delis, and food service counters and other services similar to those available in the United States.
- Many supermarkets offer membership cards and bonus coupons to attract customers.
- Sampling and targeted promotions are used to introduce and promote new products.
- Online shopping and local delivery options are increasingly offered by supermarkets.
- Consumers and tourists are demanding health foods, organic products, and specialty items such as gluten-free items.
- Although price is an important factor, consumers are increasingly demanding quality products and a modern shopping atmosphere.

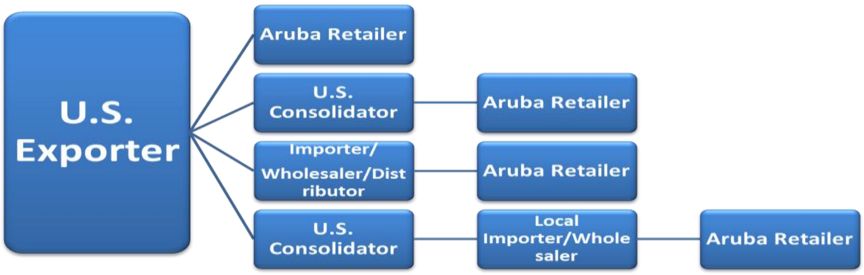
TABLE 1. ADVANTAGES AND CHALLENGES OF THE ARUBAN MARKET

ADVANTAGES	CHALLENGES
With virtually no agriculture, Aruba must import all of its food needs.	Individual orders tend to be small.
Aruba attracts over one million stop-over visitors annually, fueling further demand for food products.	The island is highly dependent on tourism and remains very susceptible to world events that may disrupt tourist activity (i.e. downturns in the world economy, war, terrorism, etc.).
Proximity and ease of shipment work to the advantage of U.S. suppliers.	In some cases, transportation rates from Europe than less that from the United States.
Exposure to U.S. media as well as language, cultural, and commercial ties with the United States all contribute to consumers having a positive attitude toward U.S. products.	The island has strong cultural, economic, and political ties with the Netherlands, the main competitor in this market.
Aruba sits just below the hurricane belt and is largely spared from severe tropical weather that annually affects the Caribbean.	Hurricanes and severe tropical weather affecting other Caribbean islands occasionally cause tourists to cancel visits to unaffected areas such as Aruba.
The regulatory environment is fairly open to all types of U.S. products.	Local wholesalers already carry many major U.S. and international brands. It can be challenging for new products to compete with these brands and it may be hard to find local importers who do not carry competing brands.

SECTION II. ROAD MAP FOR MARKET ENTRY

Aruba offers good opportunities for U.S. exporters interested in entering the market due to its proximity to the United States and knowledge and positive image of U.S. brands and products. Success, however, depends on knowledge of the market and personal contacts with the local importers and distributors, which have well established distribution channels. The following chart illustrates the different ways by which imported U.S. products reach retail food outlets in Aruba. U.S. exporters intending to sell to retail outlets can utilize one or several of the channels listed below.

FIGURE 2. PRODUCT FLOW FOR IMPORTED PRODUCTS IN THE RETAIL SECTOR



1. **Importer/Distributor:** The most common way to enter the market in Aruba is through an importer/distributor. This is by far the preferred method, particularly for smaller retailers who do not possess sufficient warehouse space to handle large volumes. Importers offer similar services to the U.S. exporter, from product placement in stores, to marketing and promotion support. U.S. exporters are encouraged to offer tastings and marketing and promotion for a new product being introduced in the island, especially for a product that is not a U.S. nationally recognized brand. The level of services provided depends on the types of products and the size of the importer. Importers/distributors often require exclusive agreements to represent a product locally.

2. **Consolidators:** Aruban importers often source products from U.S. consolidators, many of which are based in Miami, Florida. Consolidators prepare "mixed" loads for importers consisting of various dry or perishable products in a single container. Since Aruba is a small market, it is important to note that it is uncommon to ship full containers of a single product.

3. **Direct Purchasing:** Larger retailers source the majority of their products directly from suppliers and may utilize local importers for specific products or brands. Large retailers also act as wholesalers on the island. Many of the larger supermarkets import directly from South Florida distributors. Small retailers also travel regularly to South Florida to seek out bargains from local wholesalers and ship the products directly to Aruba in mixed containers. Importers and retail buyers from Aruba frequently travel to U.S. food and beverage trade shows to find new products or new suppliers. The most popular trade shows include: the National Restaurant Association Show, the Summer Fancy Food Show and the Americas Food and Beverage Show, which takes place in Miami.[4]

A. MARKET STRUCTURE

[4] The CBATO organizes Caribbean buyer missions to attend U.S. food shows. Please contact the CBATO to connect with local importers attending these shows

The structure of Aruba's retail market includes: (1) Super stores, Supermarkets, Hyper Markets or Super Centers, and Club and Warehouse Outlets; (2) Convenience Stores, Gas Marts, Kiosks, and; (3) traditional "Mom & Pop" stores and Small Independent Grocery Stores and Wet Markets.

1. **Super stores, Supermarkets, Hyper Markets or Super Centers, Club and Warehouse Outlets**

Retailer Name and Outlet Type	Ownership	Number of Outlets	Location	Purchasing Agent Type	Website
Certified Mega Mall	Local	1	L.G. Smith Blvd 150	Direct, Wholesaler	www.megamallaruba.com
Kong Hing Supercenter	Local	2	Smith Boulevard #152	Direct, Wholesaler	konghingaruba.com
Ling & Sons Supercenter	Local	1	Schotlandstraat #41	Direct, Wholesaler	www.lingandsons.com
Price Smart	U.S.	1	Avenida Milio J. Croes #103	Direct, Wholesaler	shop.pricesmart.com/ar
Super Food	Local	1	Bubali 141-A in Noord	Direct, Wholesaler	www.superfoodaruba.com
Save A Lot	U.S.	2	San Nicolas Boegoeroei 45	Direct, Wholesaler	www.save-a-lot-aruba.com

2. **Convenience Stores, Gas Marts, Kiosks**

Gas marts and convenience stores purchase most of their goods from local importers/distributors, and this market segment is relatively small and only accounts for about 5 percent of total retail sales. For U.S. exporters targeting this sector, the best method of entry is thru local importers and distributors.

Retailer Name & Market Type	Ownership*	No. of Outlets	Locations	Purchasing Agent Type
Valero (gas mart)	Local	5	Aruba	Wholesaler
Texaco (gas mart)	Local	5	Aruba	Wholesaler
Cirkle K (convenience st.)	Local	2	Aruba	Wholesaler
U Convenience Store (conv. st.)	Local	1	Aruba	Wholesaler

* Most of the international oil company gas marts are franchised out to local companies.

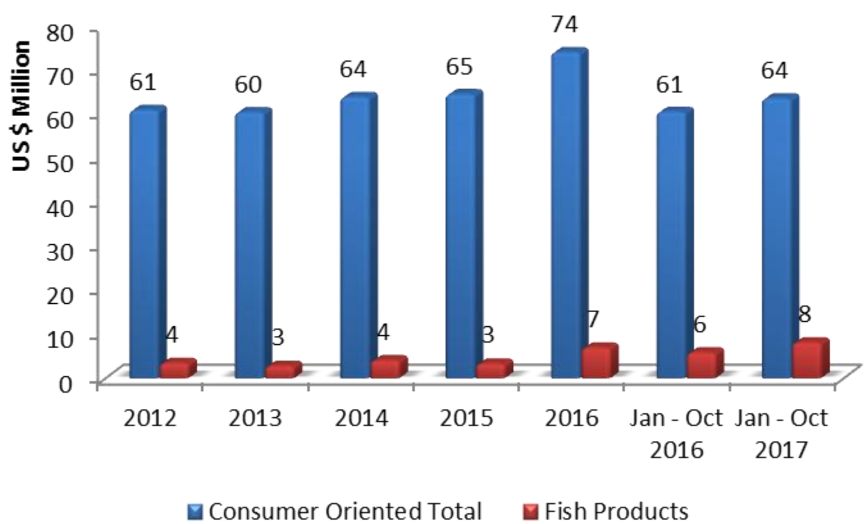
3. **Traditional Markets – "Mom & Pop" Small Independent Grocery Stores and Wet Markets**

The traditional independent grocery store generally consists of one outlet located on the outskirts of an urban area or in a rural area to support local neighborhood needs. On average these stores are usually 500 – 1,000 square feet in size, and most of these outlets source imported products from importers that wholesale and distribute. Wet markets tend to be very small.

SECTION III. COMPETITION

Aruba is one of the largest markets for U.S. agricultural products in the Caribbean region covered by the CBATO. In 2016, U.S. exports of agricultural products reached $84 million, a 16 percent increase from 2015. U.S. exports of consumer-oriented products reached a record $74 million in 2016, and are on pace to achieve another record level in 2017.

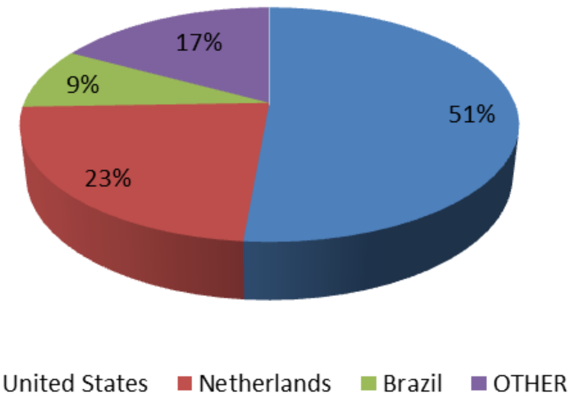
Figure 3. U.S. Exports of Consumer-Oriented Products and Fish Products to Aruba, $ Mill.



Source: FAS Global Agricultural Trade System.

Overall there is strong appeal among local residents for U.S. products. This is primarily due to the exposure to U.S. products through visits to the United States and through television channels that are broadcast to the islands by major U.S. networks. The trade industry is also very receptive toward U.S. products due to quality and price, although less expensive ocean freight rates from Europe can at times offset the price advantage of U.S. products.

Figure 4. Aruba: Main Suppliers of Imported Consumer-Oriented Products, 2016



Source: Global Trade Atlas

The United States is the largest supplier of consumer-oriented products to Aruba, with a 51 percent market share. Key competitors include The Netherlands, Brazil, Costa Rica and Colombia. The Netherlands supplies milk, cheese, snack foods, and beer while Brazil primarily supplies poultry, beef and pork products. Although the United States is the primary supplier of processed products, fruit and vegetables, and other consumer-ready products, competition from other suppliers such as Columbia and Costa Rica is increasing.

The following table illustrates the respective country market shares in different product categories:

TABLE 2. PRODUCT AND COUNTRY MARKET SHARES

Product Category and Total Imports (2016)	Major Supply Sources (2016)	Strengths of Key Supply Countries	Advantages and Disadvantages of Local Suppliers
Prepared Foods ($28.5 million)	1. United States: 65 % 2. Netherlands: 22 % 3. Costa Rica: 7 %	In most product categories the United States is either the leading supplier or one of the top three suppliers. Competitive pricing, quality products and proximity are some of the key advantages for U.S. suppliers. Exposure to U.S. media as well as strong language, cultural, and commercial ties with the United States all contribute to consumers having a positive attitude toward U.S. products. Historical ties to the Netherlands influence preferences for snack foods,	With minimal agricultural production, Aruba dependent on imports to satisfy its food needs.
Beef & Beef Products ($18 million)	1. United States: 56 % 2. Brazil: 18.6 % 3. Paraguay: 13 %		
Dairy	1.		

Products ($17 million)	Netherlands: 46 % 2. United States: 39 % 3. New Zealand: 4 %	beer, and cheese and dairy products. For Brazil, competitive prices are a factor in determining market preferences.	
Wine and Beer ($16.4 million)	1. Netherlands: 39 % 2. United States: 31 % 3. Chile: 8 %		
Poultry Meat & Prods. (ex. eggs) ($12.6 million)	1. Brazil: 59 % 2. United States: 37 % 3. Netherlands: 1.7 %		
Fish Products ($10.56 million)	1. United States: 79 % 2. Netherlands: 9 % 3. Panama: 2.6 %		
Pork & Pork Products ($8.8 million)	1. United States: 44 % 2. Netherlands: 25 % 3. Brazil: 18 %		
Processed Vegetables ($5.8 million)	1. United States: 40 % 2. Netherlands: 35 % 3. Canada: 8.5 %		
Fresh Fruit ($4.2 million)	1. United States: 62 % 2. Venezuela: 13 % 3. Netherlands: 9 %		
Dog & Cat Food ($4.3 million)	1. United States: 80 % 2. Honduras: 12 %		

	3. Netherlands: 6 %		
Snack Foods ($2.8 million)	1. Netherlands: 44 % 2. United States: 30 % 3. Colombia: 14 %		
Eggs & Products ($1.25 million)	1. United States: 98 % 2. Netherlands: 1.5 % 3. Venezuela: .5 %		
Non Alcoholic Beverages ($3.6 million)	1. United States: 61 % 2. Colombia: 10 % 3. Peru: 9 %		

Source: Trade data is from the Global Trade Atlas database. Because complete import data for Aruba is not available, the above numbers represent global exports to Aruba based on reporting countries export statistics.

SECTION IV. BEST PRODUCT PROSPECTS

There is good potential to increase exports of U.S. consumer-oriented food and beverage products to Aruba's retail sector, specifically for products such as fresh vegetables, fresh fruit, spices, tree nuts, beef and beef products, pork and pork products, prepared foods, dog and cat food, processed vegetables and egg and egg products. Aruba imports most of its food needs to supply both local consumers and the 1.7 million tourists that annually visit the island. In addition, U.S. brands and products are popular and well recognized, and consumers have a positive perception of U.S. products.

Import tariffs on most food and agricultural products are relatively low, falling between 0 and 12 percent. However, some specialty items and "luxury" food items have higher tariffs, depending on the specific product. In addition, Aruba's regulatory environment is import-friendly, particularly for U.S. suppliers. Aruba's import officials have a high degree of confidence in U.S. regulatory agencies' ability to ensure that U.S. products are safe and wholesome. As a result, Aruba has few restrictions on imported food and agricultural products from the United States and generally accepts all USDA and U.S. certificates. Consequently, the import process is fairly easy and consistent.

TABLE 3. PRODUCTS PRESENT IN THE MARKET WHICH HAVE GOOD SALES

POTENTIAL BASED ON 5-YR. AVERAGE ANNUAL GROWTH (%)

Product Category	Market Size	Imports (2016, millions of US$)	5-Yr. Avg. Annual Import Growth (%)	Import Tariff Rate (%)	Key Constraints Over Market Development	Market Attractiveness for USA
Fresh Vegetables	N/A	$3.8	16%	Most imports have a 0% to 12% tariff. Higher end or luxury goods are subject to higher tariffs. For a complete list of tariffs see footnote.[5]	U.S. goods are welcomed in Aruba. No major constraints have been observed.	U.S. products and brands are accepted and demanded by local consumers. Demand from the tourism sector also influences product availability.
Fresh Fruit	N/A	$4.2	16%			
Spices	N/A	$1.1	14%			
Tree Nuts	N/A	$1.0	13%			
Beef & Beef Products	N/A	$17.7	12%			
Pork & Pork Products	N/A	$8.8	11%			
Prepared Foods	N/A	$28.5	11%			
Dog & Cat Food	N/A	$4.3	11%			
Processed Vegetables	N/A	$5.8	10%			
Eggs & Egg Products	N/A	$1.3	9%			

Source: Trade data is from the Global Trade Atlas database. Because complete import data for Aruba are not available, the above numbers represent global exports to Aruba based on reporting countries export statistics.

Other U.S. consumer-oriented products with good export prospects include: dairy products, poultry meat and products, wine and beer, processed fruits, chocolate and cocoa products, other meat products, and breakfast cereals.

TABLE 4. U.S. CONSUMER-ORIENTED EXPORTS TO ARUBA

Product	2014	2015	2016	Jan - Oct 2016	Jan - Oct 2017	Period/Period % Change (Value)
Consumer Oriented Total	63,867	64,536	74,064	60,513	63,565	5
Prepared Food	11,093	12,280	12,681	10,160	11,421	12
Beef & Beef Products	4,585	5,125	10,246	8,486	10,120	19
Dairy Products	5,720	5,221	6,669	5,520	5,892	7

[5] For detailed tariff information, see the Servicio di Aduana - SIAD website. Click on "Zakelijk" and then "Tarief van invoerrechten" at the top of the page. Then click on "Tarief van invoerrechten" in the middle or right-hand columns.

Poultry Meat & Prods. (ex. eggs)	4,627	4,639	5,469	4,519	4,806	6
Wine & Beer	6,334	6,057	5,086	4,059	5,007	23
Snack Foods NESOI	4,499	3,815	4,342	3,497	3,515	1
Pork & Pork Products	3,084	2,691	4,006	3,017	3,156	5
Dog & Cat Food	2,956	3,302	3,458	2,756	1,684	-39
Condiments & Sauces	3,008	3,424	3,070	2,564	2,479	-3
Non-Alcoholic Bev. (ex. juices)	2,187	2,635	2,927	2,362	2,020	-14
Fruit & Vegetable Juices	3,157	2,721	2,603	2,213	1,926	-13
Fresh Fruit	1,196	1,324	2,340	1,967	2,008	2
Fresh Vegetables	1,669	1,393	1,857	1,618	1,163	-28
Processed Vegetables	2,812	2,445	1,743	1,442	1,853	29
Chocolate & Cocoa Products	2,274	2,202	1,521	1,344	1,557	16
Eggs & Products	1,209	1,588	1,225	1,014	1,193	18
Meat Products NESOI	648	676	1,104	982	1,089	11
Breakfast Cereals	743	758	1,007	833	760	-9
Processed Fruit	542	705	942	717	638	-11
Other Consumer-Oriented	546	603	919	725	504	-30
Tree Nuts	978	934	851	718	774	8

Notes: 1. Data Source: U.S. Census Bureau Trade Data; 2. Product Group : BICO-HS10

A. Products Not Present in Significant Quantities but that Have Good Sales Potential

Aruba has a wide variety of products available. However, importers and consumers are always interested in new food and beverage alternatives. Examples of products that are not present in significant quantities but have good sales potentials are:

- Healthy, Natural and Organic Products: Aruba retail stores have been increasing the availability of healthy, natural, and organic products due to a growing trend towards health and wellness.

B. Products Not Present Because They Face Significant Barriers

There are no products that face significant barriers

SECTION V. POST CONTACT AND FURTHER INFORMATION

A. For additional information, please contact:

Caribbean Basin Agricultural Trade Office
Foreign Agricultural Service
U.S. Department of Agriculture
909 SE 1st. Ave Suite 720
Miami, Florida 33131
Telephone : (305) 536-5300
Email : atocaribbeanbasin@fas.usda.gov
Website: www.cbato.fas.usda.gov

U.S. Consulate General in Curacao
J.B. Gorsiraweg 1, P.O. Box 158
Willemstad, Curaçao
Tel: 011 (599-9) 461-3066
Fax: 011 (599-9) 461-6489
Email: acscuracao@state.gov

- The U.S. Consulate General in Curacao is responsible for the day-to-day management of relations with the Dutch Caribbean, which includes Aruba, Bonaire, Curacao, Saba, Sint Eustatius, and Sint Maarten.

B. Other Sources of Information

It should be noted that the websites of the organizations listed below are provided for the readers' convenience; USDA does NOT in any way endorse and/or guarantee the accuracy of the information contained in these websites.

ARUBA CHAMBER OF COMMERCE & INDUSTRY
J.E. Irausquin Boulevard 10
PO Box 140
Oranjestad, Aruba
Tel: 011 (297) 582-1120 ext. 34 or 41
Fax: 011 (297) 588-3200
E-mail: management@arubachamber.com
Website: www.arubachamber.com

ARUBA PORTS AUTHORITY N.V.
Port Administration Building
L.G. Smith Blvd. 23
Oranjestad, Aruba
Tel: (297) 523-4300
Fax: (297) 523-4343
E-mail: info@arubaports.com
Website: http://www.arubaports.com/main/

CENTRAL BUREAU OF STATISTICS (CBS)
L.G. Smith Boulevard 160
Oranjestad, Aruba
Tel: 297 583 7433
Fax: 297 583 8057
Website: www.cbs.aw

DEPARTAMENTO DI ADUANA (CUSTOMS DEPARTMENT)
L.G. Smith Boulevard 134
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Tel: 523-8888
Fax: 583-7164
E-mail: info@douane.aw
Website: https://www.douane.aw/