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Report Highlights:

The Costa Rican retail sector continues to grow with an increasing number of modern supermarkets stocking a growing range of imported products. Many consumers are turning to private label products in response to economic and pricing pressures, while more affluent consumers have shown a steady interest in premium imported products. U.S. exports of consumer-oriented food and beverage products to Costa Rica reached a record high of \$420 million in calendar year 2022.

Market Fact Sheet: COSTA RICA

Executive Summary

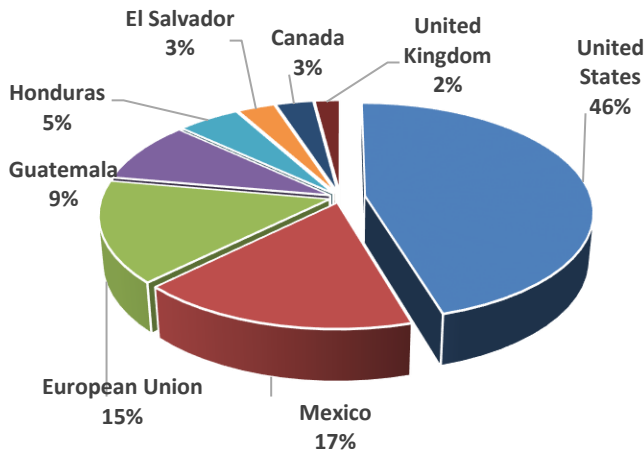
The United States is Costa Rica’s largest trading partner and largest foreign direct investor. Costa Rican consumers trust and enjoy U.S. food and beverage products, exports of and demand for which have increased since the 2009 entry into force of the Dominican Republic - Central America Free Trade Agreement (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. In 2022, U.S. agricultural and related product exports to Costa Rica reached a record high of \$1 billion.

Consumer-Oriented Product Imports

In 2022, nearly all U.S. agricultural products entered Costa Rica tariff free under CAFTA-DR, while sensitive categories (incl. dairy and rice) were subject to tariff rate quotas (TRQs).

Strong prospects for U.S. consumer-oriented products – dairy, beef, pork, poultry, and pet food – helped push U.S. category exports up 7 percent to a record high of \$420 million in 2022. U.S. poultry exports in 2022 were 43 percent higher than pre-pandemic levels, following elimination of a poultry TRQ.

2022 Consumer-Oriented Product Imports



Source: Trade Data Monitor, LLC

Food Processing Industry

Most Costa Rican food processors import ingredients directly from exporters. Processors have their own distribution channels to wholesalers, distributors, and retailers, as well as hotels, restaurants, and institutional buyers nationwide. 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 continued to grow as consumer trust in online channels deepened.

Costa Rica Quick Facts 2022

Imports of Consumer-Oriented Products \$420 million

List of Top 10 Growth Products

1) Beef and meat products	2) Dairy
3) Poultry	4) Processed Fruit
5) Fresh Vegetables	6) Confectionary
7) Food Preparations	8) Seafood
9) Pet Food	10) Bakery Goods, Cereals and Pasta

Top 10 Retailers

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

Population / GDP

Population	5.2 million
Unemployment rate	11.8%
GDP (billions USD)	\$64.3
GDP (per capita)	\$12,232
Exchange rate	548 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

2022 was another challenging year for the Costa Rican retail sector as significant delays at ports of entry increased costs and extended typical shipping timelines from weeks to months. A massive April 2022 cyberattack incapacitated Costa Rica's electronic customs and taxation platforms for months, exacerbating supply chain challenges and caused a variety of imported products to temporarily disappear from retail shelves (please see FAS/San José [GAIN Report CS2022-0012](#) for more information). Consumers continued to adapt product and platform preferences to the new post-COVID 'normal,' as the pandemic finally began to recede into the background.

Tight supplies and periodic shortages of domestically produced products like butter and potatoes have emerged in the first half of 2023, opening opportunities for imported products (once market access conditions allow) to stabilize supply chains and mitigate price variability.¹

Annualized rates of inflation were above 6 percent through much of 2022, but have cooled considerably in 2023, due in part to the relative strength of the Costa Rica colón, which appreciated by nearly 25 percent against the U.S. dollar since the second quarter of 2022. Along with relatively high levels of unemployment, inflationary price pressures drove 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 7 percent by value in 2022 to a record high of \$420 million. More than 50 percent of the products in major retail outlets are estimated to be imported, with 32 percent of those imports coming from the United States. Other leading exporters to Costa Rica include the Europe Union, Guatemala, El Salvador, Honduras, and Nicaragua.

Costa Rican retail industry growth is stable, driven in part by promotional activities, consumers' access to credit, and increasing penetration by e-commerce platforms. Throughout the COVID era, 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 times into their retail offerings as players in the sector seek new growth opportunities in a competitive market.

Key Marketing Drivers and Trends

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

¹ U.S. table-stock potatoes have been restricted from the Costa Rican market since 2013, and Costa Rica's potato producers wield significant political influence. Recent supply shortages and associated price spikes in Costa Rica's fresh potato market could make Costa Rican consumers more supportive of imported potatoes. Exports of U.S. dairy products will enter Costa Rica duty-free and quota-free under the CAFTA-DR from January 1, 2025, but U.S. facilities must currently navigate Costa Rica's restrictive facility registration system prior to exporting.

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.



Private Labels & Price-Conscious Consumers

Rising inflation, erosion of the colón's value against the U.S. dollar, continuing ripple effects of global supply chain challenges, and the impact of the 2022 cyberattack on Costa Rican government systems have all contributed to increased price consciousness among consumers. Already popular private label products are expected to post continued strong sales in 2023. Some of the most common private label products are canned tuna, rice, flour, condensed milk, condiments, canned vegetables, and fruits.

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 2023

Competition continues to drive retailers to look for new ways to add value to their brands and attract more consumers. Large supermarket chains, 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.

Costa Rican 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'* products for the Costa Rican market; and
- Consider more environmentally friendly packaging.

* '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).

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.

SECTION II. ROAD MAP FOR MARKET ENTRY

Market Entry Strategy

When evaluating the Costa Rican market, it is essential to keep in mind that 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 when entering the Costa Rican market:

- 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, and 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 the due diligence process. When negotiating an agreement with a local representative, FAS/San José strongly advises U.S. firms to engage a qualified, local lawyer.

Distribution services are typically governed by private agreements among parties. 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:

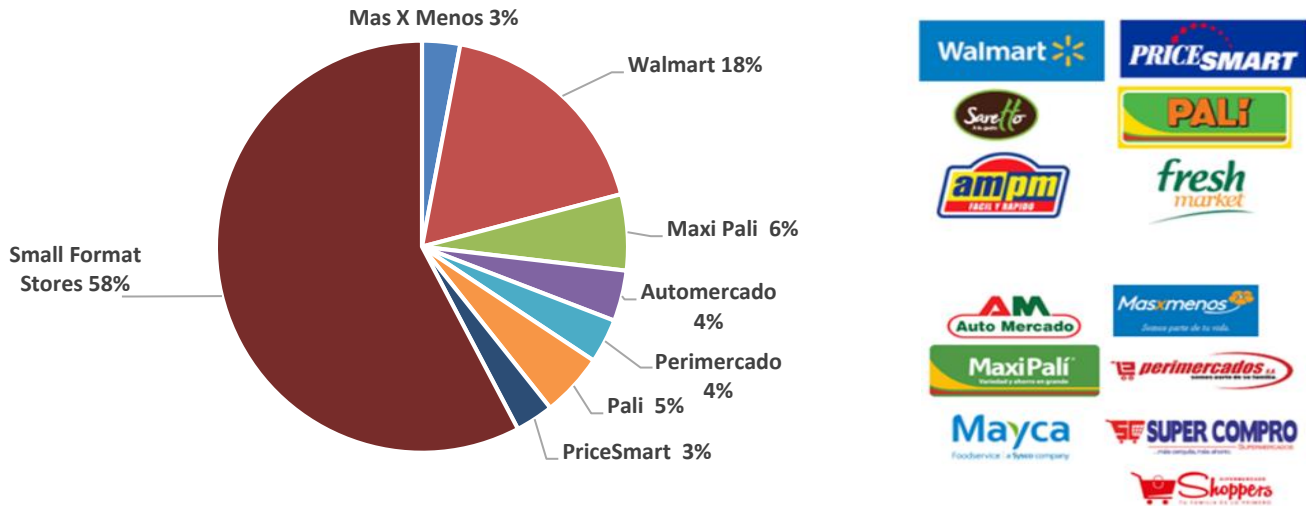
- Printed materials (e.g., spec sheets, marketing content, etc.) should be in Spanish, even though most Costa Rican importers/retailers are bilingual.
- Personal visits and meetings with prospective partners are highly recommended, and exporters should conduct a background check of a prospective partner 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, point-of-sale, and promotional activities), 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 the larger chains can rely on food brokers,

distributors, and importers to identify new products. Distributors and wholesalers regularly sponsor in-store promotional activities.

Figure 1. 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 nearly a third of all large format retail 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.

Convenience stores AM/PM, Fresh Market, and Vindi are growing their presence. Costa Ricans are increasingly drawn to these stores, which are slowly displacing traditional pulperías that can still be found in lower-income neighborhoods and rural communities. There are more than 10,000 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.

Figure 2. Channels for Distribution Flow Chart

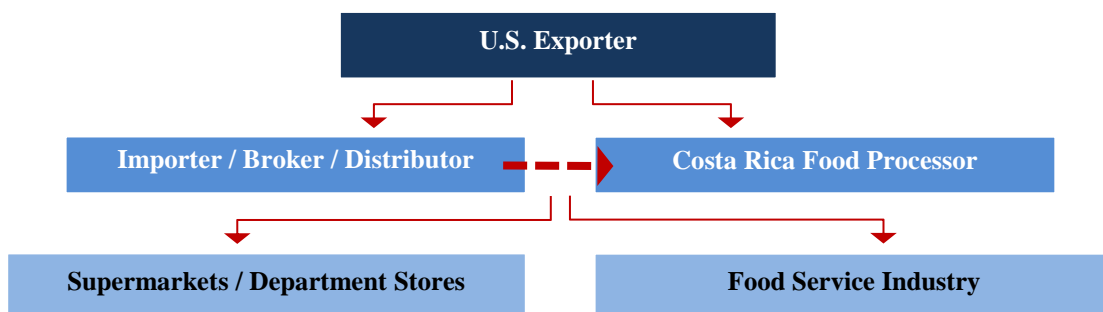


Table 2. Leading Food Retailers

Name of Retailer	Description	Number of Outlets
Maxi Pali/ Pali	Supermarket	234
Inversiones AM/PM	Convenience Store	83
Mega Super	Supermarket	70
Super Compro /Guesa	Supermarket	52
Automercado	Supermarket	42
Mas x Menos	Supermarket	39
Fresh Market	Convenience Store	34
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

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 \$420 million in 2022. Major suppliers include the United States, Mexico, and the European Union; please consult the market fact sheet on page 2 for a more detailed breakdown.

Table 3. Top Suppliers of Consumer-Oriented Product Imports in 2022

Market	2018	2019	2020	2021	2022
United States	292	320	294	393	418
Mexico	107	115	116	147	178
EU 27	94	99	103	136	158
Guatemala	79	78	73	74	91
Chile	80	74	62	71	83
Nicaragua	62	64	58	61	77
Honduras	23	32	34	48	48
Colombia	20	22	23	30	35
China	22	25	27	32	30
El Salvador	27	26	21	25	29
World Total	946	985	943	1,169	1,315

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

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 2022. While these categories present excellent opportunities for U.S. exporters, FAS/San José anticipates economic and pricing headwinds in 2023 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.

U.S. exports of frozen chicken leg quarter to Costa Rica jumped more than 70 percent in volume in 2022, as Costa Rica eliminated the CAFTA-DR tariff rate quota. U.S. frozen chicken leg quarter exports to Costa Rica through May 2023 are 50 percent higher year-on-year than over the same period in 2022. U.S. exports of processed, prepared, and preserved meats expanded significantly between 2016 and 2022, and consumption of prepared food continues to grow.

Pet owners continue to seek out the best food for their pets, as pets in Costa Rica are increasingly treated as equal members of the family. Growth in premium pet food sales will be influenced by pet owners’ perception not only of the ingredient list but also the manufacturing process.

Table 5. Top Ten Consumer-Oriented Agricultural Imports in 2022 (value in USD millions)

Product	2021	2022	% Chg.
Pet Food	45	48*	6
Poultry Products	33	42*	27
Dairy Products	31	40*	29
Beef and Beef Products	38	42*	10
Food Preparations	27	30*	13
Bakery goods, Cereals and Pasta	25	29*	14
Condiments and Sauces	18	19*	8
Beer	10	13*	30
Tree Nuts	12	13*	8
Wine	2	3*	50

* Denotes highest export level since at least 1970

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

SECTION V. KEY CONTACTS AND FURTHER INFORMATION

If you have questions regarding this report or need assistance exporting to Costa Rica, please contact the Foreign Agricultural Service in San José at:

Phone: +506 2519 - 2285 / 2333

Email: AgSanJose@usda.gov

website: <https://cr.usembassy.gov/embassy/sanjose/sections-offices/department-of-agriculture/>

For more detailed information on imported food regulations, please refer to [2023 FAIRS Report](#).

Attachments:

No Attachments