

**Voluntary Report** – Voluntary - Public Distribution

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**Report Highlights:**

Two years ago, Salvadoran consumers had few options for online purchases. Due to the pandemic, Salvadoran retailers had to quickly adapt and revamp their online platforms to reach consumers through apps or websites. These changes affected a wide swath of the consumer-oriented products and services sectors. This report highlights those new e-commerce players and how distribution channels have evolved.

## **EXECUTIVE SUMMARY**

E-commerce has had its best performance ever in El Salvador, as in many other countries, due to the government's stay at home mandates beginning March 21, 2020 as a measure to contain the rapid spread of COVID-19 across the country.

The Salvadoran Association of Freight Forwarders reports general growth in online sales of approximately 100% compared to 2019, although individual companies have reported increases between 400% and 1,500%.

It is estimated that the boom of e-commerce in El Salvador would have taken 3 years if the pandemic had not occurred. But after the declaration of a national emergency and the confinement measures, many businesses were obligated to quickly adapt and jump to the e-commerce model, although with many challenges. The first one is that currently there is not a special law to regulate e-commerce, despite the Legislative Assembly approving one in 2019. At that time, President Bukele reviewed and returned the law for legislators' update and re-submit for approval. A congressional special commission is still working on it. Other challenges are of a logistical nature, such as security certificates on online transactions, guarantees, faster delivery, national coverage and better-organized product catalogs.

Despite the challenges, there is no doubt that e-commerce is flourishing in El Salvador, as in the rest of the region. A recent study by Mastercard in Latin America revealed that e-commerce doubled during the confinements. Before COVID-19, people buying online accounted for about 45% in the region, but by mid-2020 that percentage had reached to 83%.

### **So, what are Salvadorans buying?**

Before the pandemic the top online purchases were auto and computer parts, cellphones, clothing and shoes. As quarantines started, clothing, shoes and vitamins topped the list. And, as many started teleworking and kids moved to online classes, laptop purchases increased, as reported by a representative of Starship, an online purchases services agency.

Grocery shopping as well as food delivery are the other winning categories, and this is report is focused on how established retailers and new players in the food distribution channels are shaping the way people buy their food.

### **Long-time Retailers Evolved**

Two years ago, the offerings of online grocery shopping were very limited. With the start of the pandemic, the retail-supermarket sector was probably the first to adapt new technologies and offer delivery service. Below is a summary of what major retailers did in order to meet the pandemic's challenges:





The largest and oldest supermarket chain in El Salvador, **Super Selectos**, took advantage of the pandemic to better position its e-commerce plan - the first one in the country since 2013 - and re-launched its cellphone app, which by mid-2020 had reached an exponential 1,500% increase in purchases, while the online platform [www.superselectos.com](http://www.superselectos.com) registered an outstanding 1,200% increase. To meet the increasing demand, they also had to hire more personnel, re-structure their inventory and logistics management, and outsource to smaller logistical companies to do home delivery out of 13 stores servicing the metropolitan/higher income areas only. Pick-up service is available at all of their stores. The retailer has also experienced a change in the demographics of their customers, as they report that before the pandemic the average age of their buyers was between 35-45 years old, and now their average customer is about 25-35 years of age. The best performing categories for Super Selectos have been perishable and canned foods, personal care, and home and baby products.

**Walmart**, on the other hand, was forced to re-invent themselves and begin work on their online purchasing platform. They launched their online platform [www.walmart.com.sv](http://www.walmart.com.sv) through which an online catalog of approximately 7,000 products can be accessed, and clients have the option to either pick up at the store or get home delivery for an extra charge.



### **New Retail Competitors emerge with the e-Commerce boom**

New entrepreneurial initiatives have emerged, and they not only offer foods/beverages, but also a wide array of personal care products, appliances and technological equipment. Names such as Superea, Click-Box, Gudi, Hugo Market and a few others are well-recognized now and have summed up to a trend that has boosted the use of food delivery apps, which are now diversifying their catalogs and reducing delivery times.



**CLICK·BOX**

A Public Relations and Marketing specialist began to develop the idea of ClickBox in 2018, launched it in 2019, and registered a remarkable growth of 400% during the confinement due to

the pandemic. The founder identified the need of many small entrepreneurs that were looking to create their own website to offer their products. Therefore, he thought of a marketplace website, a smaller version of Amazon or AliExpress, where all of these companies would be members and would sell their products by category. In June 2020, the [www.clickboxgo.com](http://www.clickboxgo.com) platform had 50 affiliated businesses that offered over 2,700 products. With the mobility restrictions imposed by the government, new services were demanded, and therefore in alliance with U.S. courier/cargo company UPS, they started offering a courier service for pick-up and delivery across El Salvador. They now are looking to expand to the rest of Central America and the United States.



**Superea** is one of the newest platforms that entered the market with an aggressive strategy. The project started in early 2020, but with the pandemic they accelerated it to take advantage of the growing demand. They noticed people needed a supply of fresh and dry foods that has the same quality found at supermarkets. Therefore, they launched their website [www.superea.sv](http://www.superea.sv) where they offer over 2,000 products. Their goal is to continue adding between 50 and 100 on a weekly basis, as their aim is to offer “a new standard of supermarket shopping”.



Gudi is another platform, [www.gudiapp.com](http://www.gudiapp.com), that delivers food and other consumer-oriented products under the motto of “every purchase, one experience”. They offer supermarket foods, medicine and food delivery from affiliated restaurants. They offer a 3-hour maximum delivery guarantee.



The Salvadoran app **hugo** ([www.hugoapp.com](http://www.hugoapp.com)), created in March 2017, launched their **hugoMarket** service with an offer of over 2,000 products in 18 categories ranging from fruits, meats, beverages, dry foods, pharmacy to appliances. Their innovations included vacuum packaging for meats and fruits as well as sealed boxes and nets for vegetables. At the end of 2020, the company developed two new concepts that will be key for greater growth: Freshly, a concept to deliver fresh produce from local wet markets, and Hugo Pay, which in alliance with

Visa, will allow them to enter the third-party bill online payments (i.e. electricity bills, cellphone, cable, etc.). With these new services they are looking to become a “super app” and continue their leadership not only in Central America but also the Dominican Republic, where they have been well accepted. Hugo took advantage of their positioning in the market, adapted quickly to meet changing consumer demands, and therefore the company closed 2020 with a 200% growth in revenues



Aeromall, <https://www.aeromall.com.sv/>, another emerging player in this new e-commerce era, has been in business for almost two years, but it expanded its

services to become a “digital mall” opening the door to a wide array of products that before the pandemic were only available at physical stores. As they are a subsidiary company of logistical-leader Aeroflash, they are benefiting of their logistical strength and therefore have not had to limit coverage areas. Their food offerings include innovative pre-arranged kits such as “the Movie Box” and vacuum-packed “pupusas” and “tamales” (typical Salvadoran dishes).



In 2020 Uber Eats, another relevant player, completed its second year in the Salvadoran market and had a total of 550 food establishments in their portfolio, while adding other products and services from convenience stores to pharmacies, all available through their app and online at <https://www.ubereats.com/sv-en/category/san-salvador/grocery>. However, what contributed the most to their growth was that more restaurants offered their products for delivery due to the mobility restrictions during the quarantine period. According to Uber's general manager, they had to innovate by creating consumer loyalty programs as well as allowing individual restaurants to use the app to create automatic campaigns to attract new customers. This proved to be a differentiating factor, since competitor apps do not offer such features.



Pida Facil is another app with marketshare in the Salvadoran e-commerce, although with less popularity. It offers a wide list of categories and popular businesses, such as Pricemart, where members can make their online purchases. The app is available for Android and iPhone through the respective app stores.



The Bob app was created in 2019 as a virtual assistant and as a restaurant reservation assistant app that gradually entered the delivery business. With the pandemic, Bob Market was created to include an offer of food and other category products. The app is available at both Android and iPhone app stores.

### **More confidence and change in consumption habits**

Experts conclude that Salvadorans are now more confident about online purchases, not only for convenience but also because delivery times have improved. Salvadorans are now rapidly shifting towards including services among their online purchases, since according to Central America Data between July and October of 2020, Salvadoran consumers that were looking to purchase life insurance online increased 45%.

Undoubtedly, the COVID-19 pandemic will continue affecting the way business is conducted, and even in small markets like El Salvador the opportunities for growth and distribution of new foods and beverages will continue to be enhanced by the increasing, and innovative, distribution channels like the ones highlighted in this report.

If you require further information, please contact us at [agsansalvador@usda.gov](mailto:agsansalvador@usda.gov)

### **Attachments:**

No Attachments.