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Report Highlights:

In 2020, Chile regained its position as the top market for U.S. consumer-oriented products in South America, followed by Colombia and Peru. The United States maintained its position as the second-largest supplier of consumer-oriented products to the Chilean market with a market share of 17 percent after Brazil, shipping \$712.5 million. Retail food sales reached \$27.9 billion in 2020, a 2.9 percent decrease over 2019 while supermarket sales totaled \$15.1 billion and represented 54.2 percent in total retail sales. During the COVID-19 pandemic, the Chilean government designated the retail food sector as essential and continued to operate without interruptions. Local suppliers/distributors to supermarkets and mom-and-pop stores shifted toward e-commerce to reach consumers directly. As a result, online food and drink sales totaled 1.2 billion and grew by 133 percent in value.

Executive Summary

Chile is a South American country that borders the South Pacific Ocean, Argentina, Bolivia, and Peru. Chile is divided into 16 administrative regions with a population of 19.1 million. The Metropolitana region houses Chile's Capital, Santiago, and has 7.5 million inhabitants.

In 2020, Chile's Gross Domestic Product (GDP) reached \$254 billion and decreased by 5.8 percent due to the COVID-19 pandemic. GDP per capita in current prices reached \$13,298 in 2020 (based in Chilean Central Bank data). This is the highest GDP per capita in the Latin American region and the main driver for consumer spending. Chile's Central Bank estimated a 9.0 percent increase in GDP for 2021 due to the successful national COVID-19 vaccination campaign, and real growth of six percent for total consumption in 2021.

U.S. food and agricultural exports to Chile totaled \$1.1 billion in 2020, which represent a 0.3 percent annual growth over 2019. Chile is the third largest market in South America for U.S. agricultural products, after Colombia and Brazil.

Imports of Consumer-Oriented Products

In Calendar Year (CY) 2020, the top suppliers of consumer-oriented agricultural products to Chile's retail food sector were Brazil, the United States, Argentina, and Paraguay.



Food Processing Industry

Chile has a developed food processing industry that generates 23.3 billion annually and is forecast to grow to more than 35 percent by 2030. Chile is among the top fifteen agricultural exporters in the world, and its main agricultural exports are wine, blueberries, cherries, grapes, prunes, dehydrated apples, salmon, and mussels.

Food Retail Industry

Retail food sales totaled \$27.9 billion in 2020, a 2.9 percent decrease over 2019. Supermarket food sales totaled \$15.1 billion and represented 54.2 percent of total retail food sales in 2020.

Quick Facts CY 2020

Imports of Consumer-Oriented Products (US \$3.93 billion)

List of Top 10 Growth Products in Host Country

- | | |
|---|--------------------------|
| 1) Beef, Pork Poultry | 2) Beer |
| 3) Dairy Products | 4) Prepared Foods |
| 5) Tree Nuts | 6) Fresh Fruits |
| 7) Dog and Cat Food | 8) Snack Foods |
| 9) Sauces, mixed condiments, and seasonings | 10) Egg and Egg products |

Food Industry by Channels (U.S. billion) 2020

Retail (food sales)	\$27.9
Ag & related Exports	\$19.7
Ag & related Imports	\$7.9
Supermarket Sales	\$15.1
Retail (total retail sales)	\$52
Food Service	\$3.26

Top Retailers in Chile

1. Walmart Chile (Líder, Express de Líder, Super Bodega, aCuenta and Central Mayorista)
2. Cencosud (Jumbo and Santa Isabel)
3. SMU (Unimarc, Mayorista 10, Alvi, OK Market and Telemercado)
4. Falabella (Tottus)

GDP/Population

Population (millions): 19.1
 GDP (billions USD): \$254
 GDP per capita (USD): \$13,298

Sources: Trade Data Monitor / Chilean Central Bank / INE / Euromonitor

Strengths/Weaknesses/Opportunities/Challenges

Strengths	Weaknesses
Chile has one of the highest credit ratings and highest income per capita in Latin America.	Relatively small-size market compared to neighboring countries.
Opportunities	Threats
The U.S.-Chile Free Trade Agreement resulted in zero percent duties for all U.S. agricultural products as of January 1, 2015.	Chileans are price sensitive, especially during economic slowdown.

SECTION I. MARKET SUMMARY

Chile has been one of Latin America's fastest-growing economies in the last decade enabling the country to have a modern and dynamic food retail industry. The Chilean retail sector is composed of a mix of large supermarkets, mid-sized grocery stores, convenience stores, gas station markets, and thousands of smaller independent neighborhood mom-and-pop shops. Chile is becoming increasingly urbanized, not only in the Metropolitan region (Santiago), but also in other major cities like Valparaiso or Concepcion. The retail food industry has adapted to this trend through the increase of convenience store chains, gas station markets, and smaller supermarkets.

Recent developments in Chilean consumer trends:

- The COVID-19 pandemic and intermittent quarantines accelerated the trend towards online shopping, especially for groceries and consumer food services. According to data from Euromonitor, online foodservice sales increased from 5.2 percent of all foodservice sales in 2019 to 34.5 percent of all foodservice sales in 2020.
- Important factors for Chilean consumers' purchasing decisions are store location, price, and promotional activities. Chilean consumers are well-informed, they compare prices, seek out promotions and variety before making a purchase even if this means not purchasing all their groceries from one store.
- A determining aspect that is driving consumers' behavior is the adoption of new technologies. Chile has widespread internet access and vast access to technology, thus consumers have turned to online shopping as a convenient and cost-efficient solution.
- The number of inhabitants per home has gradually decreased in Chilean cities. The traditional large family structure is less frequent, and single-person households are more common. These trends are shaping the way Chileans buy groceries and access food services. Smaller households with less storage space induce frequent purchases from grocery stores located near their homes or jobs.

Recent developments in the Chilean retail sector:

- Retail food sales totaled \$27.9 billion in 2020, a 2.9 percent decrease over 2019. Total retail sales totaled \$52 billion in 2020, a 4.1 percent decrease over 2019. Supermarket food sales totaled \$15.1 billion and represented 54.2 percent of total retail food sales in 2020. In 2021, retail sales are projected to rebound and increase by 9.8 percent (Euromonitor).
- Due to the COVID-19 pandemic, local suppliers/distributors to supermarkets and mom-and-pop stores have also increased or developed e-commerce or online platforms to reach consumers directly. In 2020, food and drink online sales totaled \$1.2 billion and grew by 133 percent and are expected to grow by 10 percent annually for the next five years (Euromonitor).

- The main supermarket chains implemented several initiatives to face the COVID-19 pandemic, such as increasing storage and logistics capacity, night shifts, development of dark stores (supermarkets that only provide delivery services), and the reduction of outlets to install e-commerce warehouses, due to growth of sales up to eight times on their digital platforms.

Table 1. Chile: Advantages and Challenges

Advantages	Challenges
Clear rules and transparent regulations offered by the government allow for fair competition.	There are stricter regulations surrounding fresh products to avoid the spread of diseases that may affect local production.
Food retailers are eager to introduce new products to meet the growing consumer demand of the middle to upper income consumers in particular.	Chile is a competitive market, which has 30 free trade agreements that cover 65 markets including the European Union (EU), China, Central America and South American countries.
The U.S.-Chile Free Trade Agreement resulted in zero percent duties for all U.S. agricultural products as of January 1, 2015.	Chilean brands have increased their market share at the expense of global brands.
Chile’s largest retailers have operations in other Latin American countries making it a gateway to other Latin American markets.	Strong competition from other producing countries such as Brazil, Argentina, and Paraguay.
American brands are well regarded as high quality, with many brands already present in the market.	Adopting new technologies such as web-based grocery sales.
Equal playing field for imported and local products.	Chilean consumers are price sensitive, especially during economic slowdown.

SECTION II. ROAD MAP FOR MARKET ENTRY

Entry Strategy

The United States Department of Agriculture, Foreign Agricultural Service (FAS) in Santiago, Chile, advises U.S. exporters to check that their products meet the most up to date Chilean regulations to ensure a straightforward entry strategy into this market. FAS Santiago maintains listings of potential importers and develops sector-specific information to help you introduce your product in Chile.

For details on how to export to Chile, please refer to Chile’s Global Agricultural Information Network (GAIN) reports: [Chile: Exporter Guide](#), [Chile: FAIRS Export Certificate Report](#) and [Chile: FAIRS Country Report](#).

FAS Santiago staff recommends U.S. exporters to exhibit or attend Chilean trade shows, particularly the U.S. Pavilion at the [Espacio Food & Service](#) show. The show is recognized as the most important annual gathering in the Chilean food industry and provides the opportunity to connect with over 28,000 Chilean and international buyers.

Critical considerations of market entry include the following:

- There is a wide variety of food products in Chile's retail sector due to the market openness. Thus, the U.S. exporter must be clear as to what role the product will have in the market and how it will be positioned in relation to other competitors.
- Supermarkets have limited shelf space and usually different brands are available.
- Supermarkets will assess if their new product margin is attractive in comparison to other brands, which is mainly a cost-benefit decision.
- The main entry for imports to Chile is via seaports. The most important ones are San Antonio and Valparaiso. Once goods have entered Chile, they are transported via trucks/highways.
- Enter the market by partnering with big supermarket chains or find a distributor.
- Supermarkets chains will allow a new product to have a countrywide presence, and these chains carry a more diverse variety of products.
- Trying to enter the Chilean retail market through smaller stores can be a bit more challenging, due to the limited variety of products that small stores could handle and this sector is more focused on price than variety.
- Another possibility is to enter through a business partner or distributor that would sell the product to different types of stores. The advantage is that the distributor has a variety of clients and could sell a larger volume of the product.

Market Structure

Chilean main supermarket chains use two systems for delivering imported and local products to retail food stores: distribution through suppliers where suppliers deliver products directly to each store, and centralized distribution where suppliers deliver products to a distribution center.

Imported food and beverage products for the food retail sector enter Chile throughout the following players:

- Wholesalers and producers import large quantities to distribute to smaller independent stores.
- Large supermarket chains import directly from foreign producers/exporters and own most of the wholesale supermarkets, which then redistribute to smaller stores as well. They operate large distribution centers that supply the entire country.
- Distributors that supply gas stations for their countrywide operations.

Most of the independent stores get their products at a discounted price from wholesalers. They act as an intermediary as the smaller stores are not able to import entire containers or do not have the logistic capacity to do so.

Supermarkets

Chile's main supermarket groups are:

- [Walmart Chile](#) operating around 363 stores under [Líder](#) and [Express de Líder](#) brands. *Walmart Chile* is the largest supermarket chain in Chile in terms of revenue with a market share of approximately 12.9 percent of total retail value in 2020. *Walmart Chile* continues to dominate the market with its hypermarket format *Hiper de Líder* brand.
- [Cencosud](#) is the second largest player in Chile operating around 247 hypermarkets and supermarkets under [Jumbo](#) and [Santa Isabel](#) brands. Cencosud had 7.5 percent of total retail value in 2020. *Cencosud S.A* operates different retail formats, from department stores to supermarkets, where it stands as the second biggest player in value terms with the *Santa Isabel* brand. *Jumbo* stands out for having the largest variety of imported products in their supermarket chain. The development of private labels as well as imported brands gives *Jumbo* a great differentiation in the supermarket industry.
- [SMU](#) is the third largest supermarket chain operating 290 stores under [Unimarc](#) brand. SMU had a market share of six percent of the retail value in 2020.
- [Tottus](#) (owned by [Falabella](#)) is the fourth largest supermarket chain, operating 69 hypermarkets and supermarkets. *Tottus* had 2.1 percent of the retail value in 2020.

Wholesale Discount Stores (Discounters) and Warehouse Clubs

They provide most common store products with wholesale prices. The average of SKUs (stock-keeping unit) per store is 4,700 to 5,300. There are around 249 wholesale discount stores owned mainly by the big retailer chains like *Walmart Chile* and *SMU*. [Mayorista 10](#) and [Alvi](#) from *SMU*, and [SuperBodega aCuenta](#) and [Central Mayorista](#) from *Walmart Chile* offer attractive prices but with different approaches: *Mayorista 10* and *SuperBodega aCuenta* more oriented to final consumers, *Central Mayorista*, and *Alvi* to merchants. Another wholesale discount store is [Distribuidora Fruna](#).

Convenience Stores

Convenience stores cater to the middle-upper class segment of the population by offering good service, convenient locations, a variety of foods and snacks. The assortment of products is approximately 1,100 SKUs on average, and includes a wide variety of prepared dishes, chocolates, beverages, bakery products and tobacco. There are only two large convenience store chains in Chile: [OK Market](#) (Chile) and [Oxxo](#) (Mexico), former Big John.

Gas Marts

The top gas marts operating in Chile are: [Spacio 1](#), operated by Petrobras (Brazil); [Pronto](#) and [Punto](#) operated by [Copec](#) (Chile), and [Upa!](#) operated by [Shell](#). There are 650 gas marts throughout the entire country. They are very popular for travelers moving through the countryside and during the holiday season. In the city, gas marts serve as a quick stop for a beverage or snack.

Online Grocery Sales and On-Demand Delivery Formats (Apps)

Since 2015, [Cornershop](#), an on-demand grocery delivery service with personal shoppers, has gained increased popularity. *Walmart Chile* implemented *Walmart Stores'* omni-channel strategy through [Líder](#) and pick-up and delivery service. Furthermore, *Walmart Chile's* direct competitor *Jumbo* has developed its own on-demand grocery delivery platform, [Jumbo Ahora](#) offering similar delivery promises as *Cornershop*. *Cornershop* partnered with *Walmart Chile* and

Cencosud in 2017. In July 2020, Uber Technologies, Inc. acquired 51 percent of *Cornershop* and is set to acquire 100 percent ownership by July 2021. Other delivery apps operating in the Chilean market include [*Rappi*](#) (from Colombia) and [*PedidosYa*](#) (from Uruguay). They offer a similar on-demand grocery delivery service but focus on smaller volume orders/deliveries.

Traditional Grocery Retailers

Traditional grocery retailers are the most common store format in Chile totaling 220,151 stores. They cater to customers in neighborhoods where larger supermarkets are not present and do not normally carry imported packaged products. According to the *Asociación Chilena de Ferias Libres* (Chilean Association of Open Markets), these markets distribute 70 percent of the local production of fruits and vegetables in Chile.

Specialized Stores

Specialized stores are small stores that sell healthy products and special diets products like gluten-free products. These stores are for a niche group of the population who can afford products that are more expensive. They offer nearly 60 percent of local Chilean products and 40 percent of imported products.

Other specialized stores include:

Liquor stores – “*Botillerías*”

Vegetables and fruits stores- “*Verdulerías*”

Butcher shops – “*Carnicerías*”

Pet food stores – “*Tiendas de Alimentos para Mascotas*”

Bakery and Pastry shops – “*Panaderías y Pastelerías*”

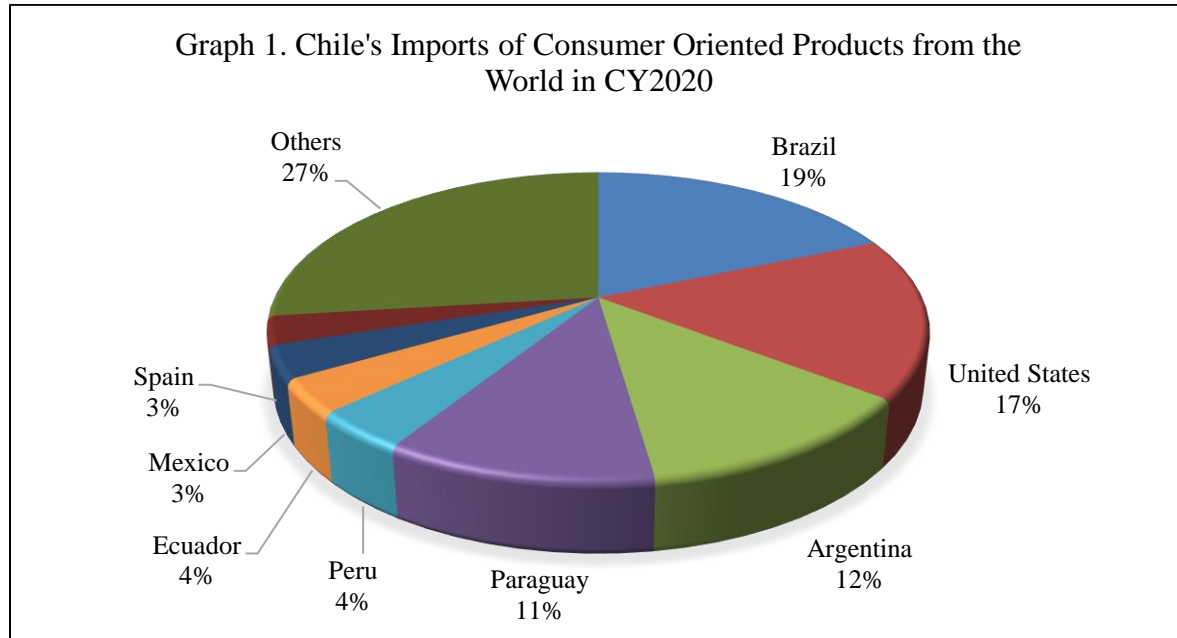
Fish and seafood stores- “*Pescaderías*”

SECTION III. COMPETITION

Chile dropped all tariffs on agricultural products to “zero” as of January 2015 due to the free trade agreement between the United States and Chile. The United States and Chile are strategic partners whose agricultural relationship has been guided by collaboration and trade capacity building allowing Chile to become a regional leader with a competitive trade market. U.S. food and agricultural exports to Chile totaled \$1.1 billion in 2020, which represent a 0.3 percent annual growth over 2019. The United States is the second largest supplier of agricultural and related products to Chile, after Argentina with a 13 percent market share.

Chile is the third largest market in South America for U.S. agricultural products, after Colombia and Brazil, and the largest market for consumer-oriented agricultural products with \$712.5 million worth of export sales in 2020.

Competition from MERCOSUR and Peruvian suppliers remains fierce for consumer-oriented products, grains, soybean products, and pet food. The Chilean food processing sector also competes with imported food products.



Source: Trade Data Monitor, LLC.

In Calendar Year (CY) 2020, the top suppliers of consumer-oriented agricultural products to Chile's retail food sector were Brazil, the United States, Argentina, and Paraguay. (See Graph 1).

- Brazil was the top supplier of consumer-oriented products with a market share of 19 percent. Top Brazilian products exported to Chile are beef, poultry, pork, chocolate (candy), and pet food.
- The United States was the second largest supplier of consumer-oriented products to Chile with a market share of 17 percent after Brazil. The main U.S. exports are beer, pork, dairy products (cream cheese and mozzarella), poultry, and beef. The United States also exports products such as prepared food, sauces, condiments & mixed seasonings, almonds, fresh fruits, and pet food.
- Argentina was the third largest supplier of consumer-oriented products to Chile with a market share of 12 percent. Argentina's main exports to Chile include beef, dairy products, pasta, pet food, and poultry.
- Paraguay is the fourth largest consumer-oriented products supplier to Chile, with 11 percent market share. Paraguay's main export to Chile is beef, which is very price-competitive within Mercosur suppliers.

SECTION IV. BEST PRODUCT PROSPECTS CATEGORIES

The best product prospects are divided into three categories listed below:

1. Products Present in the Market, which have Good Sales Potential

1. **Meat products (pork, poultry and beef):** Retail stores offer a variety of beef cuts suitable for the BBQ/grill or “*asado*”, which is a tradition amongst Chilean consumers.
2. **Beer/craft beer and distilled spirits:** Total beer consumption reached 967 million liters in 2020 and is expected to grow by 3 percent annually until 2025.
3. **Dairy products:** The United States is the largest supplier of dairy products to Chile, and the main supplier of cheeses to Chile, with a market share of 22.3 percent of all cheeses imported. U.S. cheese exports to Chile reached \$45 million in 2020 and is mostly made up of cream cheese, mozzarella, and cheddar. According to FAS Santiago sources, U.S. dairy products exports are attractive due to their quality and price competitiveness in relation to other suppliers.
4. **Prepared food and frozen meals:** Supermarkets have increased shelf space for frozen food products and meals. Consumers prefer small-packaged foods for online shopping. For example: pasta, pizza, and frozen dough.
5. **Tree nuts:** Almonds and pistachios.
6. **Fruits juices:** There is increasing opportunity for all natural, no-sugar added orange juice, grapefruit juice, and table grape juice in particular.
7. **Fresh fruits:** apples, lemons, and oranges.
8. **Pet food:** Dog and cat food.
9. **Snack foods.**
10. **Sauces, mixes, condiments and seasonings:** especially those in retail big format.

2. Products Not Present in Significant Quantities, but which have Good Sales Potential

(Products consumed in Chile in small quantities that have none or few U.S. suppliers)

1. **Specialty desserts**
2. **Energy drinks**
3. **Premium ice creams**
4. **Value-added supplement milk**
5. **Premium cheeses:** Cheddar and mozzarella cheese in sliced format, blue cheese, Parmigiano, Asiago, Monterey Jack, Mascarpone, Swiss, Munster, Grana, Artigiano and fontal cheeses.
6. **Egg and egg products**
7. **Ready to serve soups and broths:** with natural ingredients

3. Product Not Present Because They Face Significant Barriers

Products do not face significant trade barriers to enter the Chilean market. On the contrary, the high number of free trade agreements (30) covering 65 markets, make Chile one of the most open economies in the world where food products from all over the world are offered to consumers. Import tariffs are not considered an import barrier.

SECTION VI. KEY CONTACTS AND FURTHER INFORMATION

Chilean Supermarket Association (ASACH) Address: Av. Vitacura 2771, Las Condes, Santiago Tel.: (56 2) 2236-5150 Web Page: www.supermercadosdechile.cl/	SEREMI de Salud (Chile's Food Sanitation Regulations) Address: Pedro Miguel de Olivares 129, Santiago Tel.: (56 2) 2576-4989 Web Page: www.asrm.cl
National Chamber of Commerce (CNC) Address: Merced 230, Santiago Tel.: (56 2) 2365-4000 Email: cnc@cnc.cl Webpage: www.cnc.cl	Instituto Nacional de Estadísticas (National Institute of Statistics) Address: Av. Presidente Bulnes 418, Santiago Tel.: (56 2) 2892-4000 Email: ine@ine.cl Webpage: www.ine.cl

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U.S. Department of Agriculture in Santiago, Chile: www.usdachile.cl
Foreign Agricultural Service homepage: www.fas.usda.gov

Attachments:

[Top Consumer Oriented Imports and US Exports.docx](#)

[Top Retail Company profiles.docx](#)