

# Organic retailer development in Latin America (general trends)

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# General information (1)



- Consumer demand of organic products is concentrated in Europe and North America (97% of the global revenues)
- Its organic food production is increasing at low rates

## General Information (2)

- Most organic production from Latin America is for the export (> 90%).
- Its organic production is rising much faster than in the developed world.
- What would it happen with all the organic products of Latin America if main markets get saturated?



Map 4: Organic farming in Latin America 2006

# Organic retailer in Latin-American (1)

- Main distribution channels:
  - Local markets (social)
  - Basquet market (social)
  - Farmers market (social)
  - Specialized stores (rich)
  - Supermarkets (rich)



## Organic retailer in Latin-American (2)

- Sales of organic products are also increasing in LA, especially in the major cities like Mexico city, San Jose CR, La Paz BO, Buenos Aires AR, São Paulo BR and Santiago CH



## Organic retailer in Mexico (supermarkets)

- Almost all conventional Supermarkets offer organic milk, some dairy products as yoghurt, cheese.
- National products in the supermarkets are coffee, tee, vegetables, fresh fruits, dried herbs and honey, agave syrup, meat, chocolates, jams and chili sauces.
- The main constrain to obtain organic products is the low offer of organic products.



## Organic retailer in Mexico (supermarkets)

- Imported products in the supermarkets are olive oil, pasta, salad dressings and soy milk.
- The main consumer are of the upper-middle and upper-class (health, organic benefits).
- The demand is high and the over prices of some products is up 40%.
- Exist an small organic supermarket chain in Mexico city (green corners) more than the half of products are imported.
- The main constraint to obtain organic products is the low offer of national certified products.



# Organic retailer in El Salvador & Honduras (Supermarket)

- Opportunities: increase the assortment and volume sale, has potential to growth, however it is necessary to improve the suppliers.
- Constraints: low offer of organic products (most coffee)
- Business strategies: to offer high quality value and protection to the environment



## Organic retailer in El Salvador & Honduras (Supermarket)

- Demand of organic products is low.
- Consumers are most of the upper class, with awareness of the beneficial of organic products (healthy without chemicals).
- Volumes of organic products of the total sales is less than 1% but is expected to reach up to 5% (vegetables)



# Organic retailer in El Salvador & Honduras (Supermarket)

- Number of products are between 6 to 12 (mostly vegetables of national origin).
- Imported products have certain potential depending the assort, quality, and price (also for processed products)
- Perspectives: increments of the market more than 50% in the next five years, but needs more varieties and volumes of vegetables and fruits.



## Organic retailer in Bolivia (Supermarkets)

- Chains of shops selling organic products in the main cities (La Paz, Cochabamba, Santa Cruz).
- Super ecologico Markets owned by AOPEB sell only certified products.
- The main constraint to obtain organic products is the low offer of national certified products.



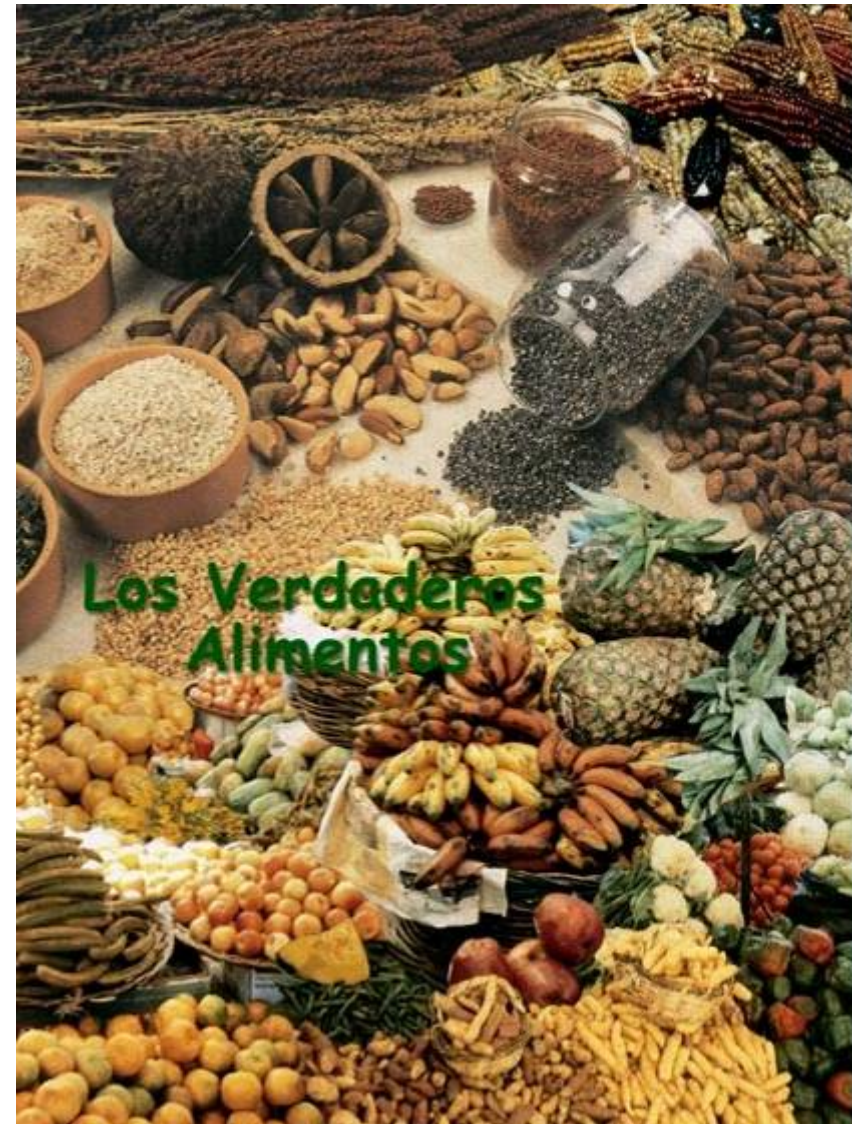
## Organic retailer in Bolivia (Supermarkets)

- Super ecologico business strategy is to offer high quality products and protection of the environment.
- Super ecologico estimated the demand of organic products as middle. The main consumer are from the upper class.
- Super ecologico offer more than 200 organic products, 33% are full organic the rest are in conversion.



## Organic retailer in Bolivia (Supermarkets)

- The most demanded products are chocolates, quinoa, stevia, mate, coffee, dry fruits and honey.
- Super ecologico estimates the demand of organic products will continue increasing in the next five years..



## Preliminary conclusions

- In almost all Latin Americas countries exists retail initiatives of sailing organic products (social/upper).
- The conventional supermarkets has initiated to introduced organic products in the main cities.
- Business strategies of the supermarkets is to offer high quality value products and sustainable protection of the environment.
- Constraints: low offer of national organic products.

## Preliminary conclusions

- Supermarkets focus the sale of organic products in the upper class
- Consumer arguments: Health as main reason.
- Supermarkets sales mostly national organic products but there are a trend to introduce imported organic products from abroad (Mexico, Costa Rica)
- Perspectives: increments of the market volumes will continue.