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Global Agricultural Information Network

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Caribbean Basin

Retail Foods

Eastern Caribbean Regional Report

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Report Highlights:

Collectively the Eastern Caribbean (EC) islands, home to 650,000 people on land area slightly larger than Rhode Island, import over a quarter of a billion dollars in consumer-oriented and seafood products annually. With limited agricultural production to service demand of its population along with nearly a million and a half stop-over visitors per year, foods must be imported and regularly. The region's retail sector offers many opportunities for U.S. suppliers, particularly now that the small island economies of the EC are beginning to slowly bounce back as the crippling effect the 2008-2009 global recession wanes on the region's primary industry – tourism.

Post:

Miami ATO

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SECTION I. MARKET SUMMARY

For purposes of this report, the Eastern Caribbean (EC) refers to the nine members of the Organization of Eastern Caribbean States: Anguilla, Antigua and Barbuda, British Virgin Islands (BVI), Dominica, Grenada, Montserrat, St. Kitts and Nevis, St. Lucia, and St. Vincent and the Grenadines. These islands have a total land area of 3,117.6 sq. km. (1,116.4 sq. mi.), slightly larger than Rhode Island, and a population of 650,405 (2015 estimate).

The economic mainstays of this region are tourism, offshore banking, fishing, and a small amount of agriculture . GDP per capita (Purchasing Power Parity) in the EC ranges from \$8,500 in Montserrat to \$42,000 plus in the British Virgin Islands. Most of the EC islands, such as Dominica, Grenada, St. Kitts & Nevis, St. Lucia, and St. Vincent and the Grenadines, are small developing nations with limited income levels. On the other hand, the British Virgin Islands has one of the most stable and prosperous economies in the entire Caribbean region.

EC Islands At A Glance 2014, except where noted (U.S. Dollars)					
Island / Country	Pop. (July 2015 est.)	Stop-Over Tourist Arrivals	GDP (PPP ^{1/}), \$ mill.)	Real GDP Growth (%)	GDP per Capita (PPP ^{1/}) (\$)
Anguilla	16,418	70,927	175.4 ^{4/}	-8.5 ^{4/}	12,200 ^{3/}
Antigua & Barbuda	92,436	249,316	2,032	4.2	23,000
British Virgin Islands	33,454	383,148	500 ^{5/}	1.3 ^{5/}	42,300 ^{5/}
Dominica	73,607	81,472	790	3.9	11,200
Grenada	110,694	133,521	1,326	5.7	12,500
Montserrat	5,241	8,804	43.78 ^{2/}	3.5 ^{3/}	8,500 ^{2/}
St. Kitts & Nevis	51,936	93,130	1,281	6.1	21,500
St. Lucia	163,992	338,158	1,978	0.5	11,600
St. Vincent & the Grenadines	102,627	70,713	1,174	-0.2	10,700
Total	650,405	1,429, 189	n/a	n/a	n/a

1/ PPP – Purchasing Power Parity; 2/ 2006 data; 3/ 2008 data; 4/ 2009 data; 5/ 2010 data

Source: CIA World Factbook. Tourism numbers from Caribbean Tourism Organization.

Tourism, the main economic driver of the EC economies, has struggled to gain traction since the global recession of 2008-2009. However, tourism is on the rebound. In 2014, 1.4 million stop-over arrivals and 2.6 million cruise passengers visited the EC islands. These Caribbean Tourism Organization figures are up from 2013 by 4.9 percent and 8.6 percent, respectively. The outlook for 2015 is one of guarded optimism. As the world economy slowly improves, particularly in the United States, the region’s primary economic driver, tourism, is expected to rebound as well. This is significant, of course, because tourism is the backbone of the economies of most EC islands. In fact, in St. Lucia, tourism accounts for 65 percent of the national GDP.

In terms of local food processing, small-scale processors of pepper sauces, jams, jellies, fruit nectars, rum, and other alcoholic-beverages are prevalent throughout the entire region. There are also manufacturers of pasta products, bakery products, confectionary products, fruits and vegetables, some packaged and convenience foods, and wheat flour.

Local production notwithstanding, most food and beverages consumed in the EC islands are imported. In 2013, the EC islands imported over a quarter billion U.S. dollars in consumer-oriented agricultural products and seafood. Of the total amount of food products imported into the EC islands, roughly 60-70 percent is absorbed by the retail sector and the remainder is channeled to the hotel, restaurant, and institutional (HRI) sector.

<p>EC Imports of Consumer-Oriented Agricultural Products and Fish & Seafood Products, 2013 (U.S. Dollars)</p>

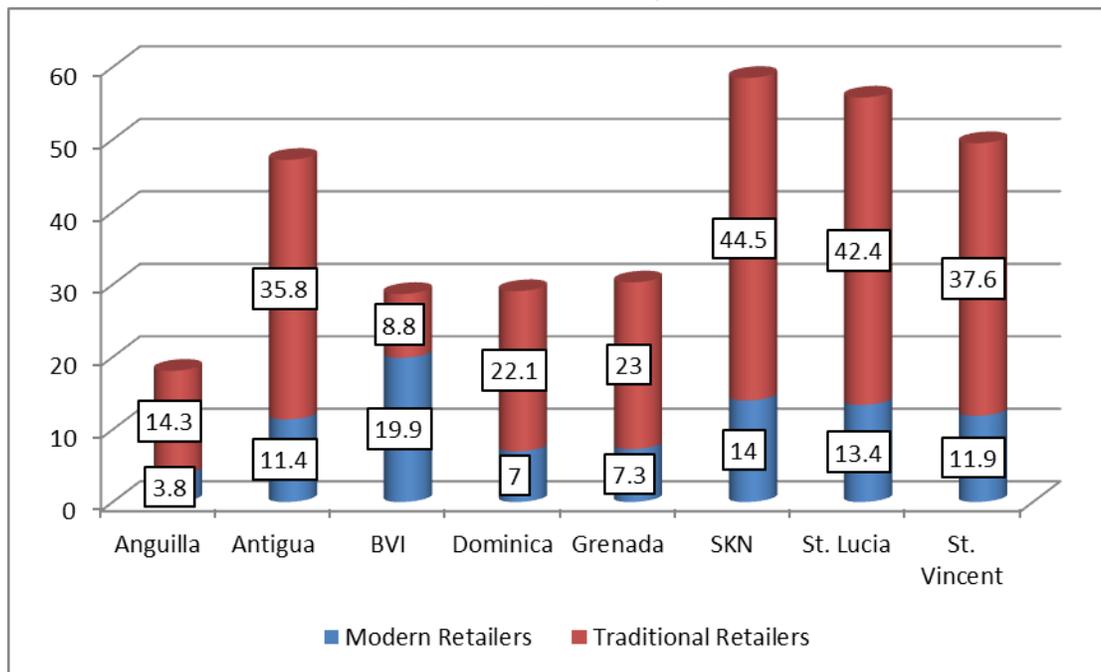
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Island / Country	Consumer-Oriented Products	Fish & Seafood Products	Total
Anguilla	6,684,208	547,492	7,231,700
Antigua & Barbuda	41,967,761	4,824,448	46,792,209
British Virgin Islands	35,364,482	2,790,555	38,155,037
Dominica	18,985,301	1,470,587	20,455,888
Grenada	28,038,681	2,143,114	30,181,795
Montserrat	1,951,712	103,453	2,055,165
St. Kitts & Nevis	18,009,014	1,807,398	19,816,412
St. Lucia	56,149,056	5,014,545	61,163,601
St. Vincent & the Grenadines	25,907,685	1,119,479	27,027,164
Total	233,057,900	19,821,071	252,878,971

Source: Global Trade Atlas (based on export statistics of reporting countries).

In 2015, total retail value of grocery sales (excluding sales tax) in the EC islands is estimated at \$317 million (as reported by the Euromonitor). This figure is down 10 percent from 2014. Difficult world economic conditions have taken their toll on these fragile island economies in recent years. However, with tourism on the upswing and as remittances from Caribbean citizens living abroad begin to pick up, disposable income of EC islanders should be bolstered in the foreseeable future. Hence, retail grocery sales should begin to show signs of improvement in 2016.

Size of EC Grocery Retail Market (Retail Value [excl. sales tax]) by Type of Grocer, 2015 (\$US Millions, current prices)



Source: Derived from Euromonitor data (modelled).

Modern grocery retailers (hypermarkets, supermarkets, discounters, forecourt retailers, and convenience stores) represent only about a quarter of all grocery retail establishments. Traditional grocery retailers, mainly independent small grocers (also known as Mom & Pop stores), make up

approximately three quarters of all grocery retailers in the EC islands. Of course, these percentages vary by island. In the vast majority of EC islands, supermarkets are one or two store family-owned operations. However, in a few islands relatively large corporations operate multi-store chains. This is the case in St. Lucia and BVI. Many of the main supermarkets in each island have modern facilities with in-store delis and bakeries. These stores generally carry a wide assortment of imported products and they cater to tourists and to the middle and upper income groups of the local population. Smaller stores are less sophisticated, carry a smaller assortment of imported products, and cater mostly to the local population.

Overview of Market Advantages and Challenges Facing U.S. Exporters in the Eastern Caribbean	
Advantages	Challenges
In terms of consumer-oriented products and seafood, the United States holds a 52 percent share of the EC market.	Overall EC well-being is overly dependent on tourism. Hence, economies remain very susceptible to any factors that may disrupt tourism (i.e. the world economy, terrorism, more active hurricane seasons, etc.).
Proximity and ease of shipment work to the advantage of U.S. suppliers.	In some markets a key constraint is breaking the traditional liaisons with Europe.
For the most part, the regulatory environment is fairly open to all types of U.S. products.	In some cases there are less expensive ocean transportation rates from Europe than from the United States.
Exposure to US 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.	With the population of individual islands being relatively small, import orders tend to be small and favor mixed rather than full container loads.
The United States is the source of a third of all stop-over tourists visiting the EC islands, boosting demand for U.S. foods.	The playing field is becoming more competitive. The CARICOM, which the OECS is a member of, has a trade agreement with the EU, and is negotiating one with Canada and several Central American countries. Other competitors are also targeting the Caribbean, led by Brazil and Argentina in S. America to China in Asia. The Panama Canal expansion project, expected to be completed in 2016, will open the door to greater competition from Asia.
Tourism is on the rebound. The 4.9 percent increase in stop-over arrivals in 2014 helps fuel demand for food products.	Certain products, particularly pork and poultry, may be restricted in selected markets.

SECTION II. ROAD MAP FOR MARKET ENTRY

Entry Strategy

There are generally two avenues for entering the retail market in the EC. The first, and certainly the main avenue, is through wholesalers/distributors which dominate product sourcing of major brands in all the islands. Retailers, who often lack adequate warehouse space, rely heavily on

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wholesalers/distributors for a large share of their assortment. Local wholesalers/distributors have wide access to the food and beverage markets, possess relatively large warehouse facilities, and carry a large inventory of products. Therefore, approach these vendors to introduce your product will be key for a successful market entry.

The second, a somewhat smaller avenue, is through retailers themselves. Most large retailers venture into importing a percentage of products directly. In fact, it is quite common to find retailers, particularly the larger supermarkets, importing mixed grocery containers on a regular basis. However, due to reasons outlined above, retailers cannot bypass wholesalers/distributors completely and thus make the lion's share of their purchases through these local vendors.

Whichever avenue is chosen, establishing a relation with potential client is essential. This can be pursued either by visiting the islands to introduce yourself to the target client at their facility or by meeting key retail players from the region attending U.S. trade shows. The Americas Food and Beverage Show held in Miami in early fall, is recognized regionally as the primary show for the Caribbean market. From 600 to 700 food industry representatives from the region attend the show each year, making it the largest concentration of Caribbean buyers under one roof. The FMI Show and many specialty food shows hosted in the Southern and Eastern U.S. are typically well attended by buyers from the Caribbean region. For those islands that maintain strong cultural and political ties to their European protectorate, food shows in Europe, such as SIAL and Anuga, offer opportunity to meet Caribbean buyers who visit U.S. pavilions at those shows.

Market Structure

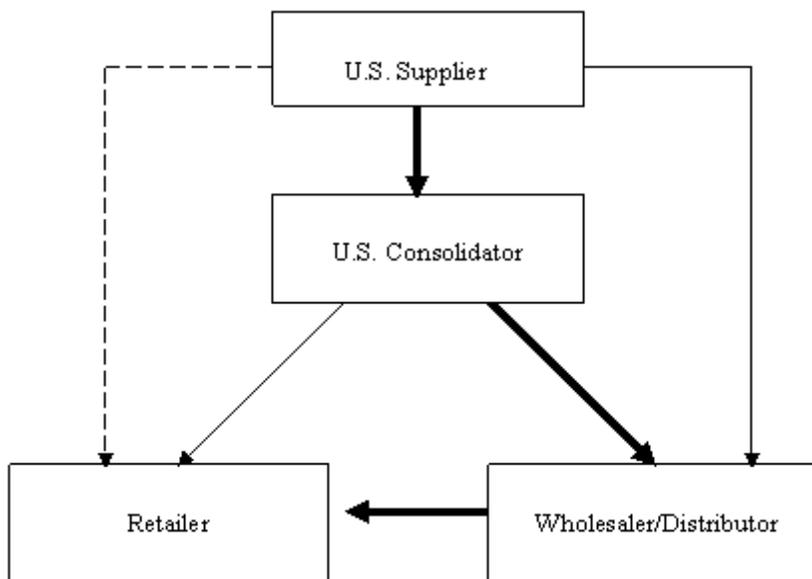
Local wholesalers/distributors typically import, wholesale, and distribute products, as well as sell them in own retail outlets. In many of the smaller islands, local wholesalers/distributors have a circulating fleet of 'cash vans' that sell to small stores and food service establishments. Many wholesalers/distributors in the EC islands focus on dry goods, while importing only a small quantity of fresh and frozen products. Specialized importers within the majority of the EC islands focus specifically on fresh and frozen products.

The following chart illustrates the flow of imported U.S. products to the retail sector of the EC islands. Because of the small size of most islands, the vast majority of orders are for less than container loads. Therefore, U.S. consolidators (mainly located in South Florida), play a crucial role in exporting mixed containers of goods to the EC islands. Products flow from manufacturers and suppliers throughout the United States to consolidators and then on to wholesalers/distributors in the islands who supply the

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different retailers. Some of the larger retail chains such as Super J’s in St. Lucia and Rite Way Food Markets in the BVI, have sister companies in the wholesale/ distribution business which act as their main supplier. As noted previously, many supermarkets also import products through their own consolidators. Generally speaking, only large island operations (retail or wholesale) will import full container loads directly from U.S. manufacturers. The vast majority of U.S. food products are consolidated in South Florida and then shipped to the islands. In Anguilla and the BVI, some U.S. products may be sourced from St. Maarten or Puerto Rico due to proximity.

Flow of Imported U.S. Foods



A. Superstores, Supermarkets, Hypermarkets or Super Centers, Club and Warehouse Outlets

Company Profiles

Following is a listing of some of the major retail outlets in the EC islands. This listing is partial and is not to be construed as a complete source of all retail outlets in the region. For the most part, all significant retail establishments source products from local importers/distributors as well as from consolidators in the United States.

Anguilla:

Name & Type	Ownership	No. of Outlets	Locations	Purchasing Agent Type
Ashley & Son’s Supermarket	Local	2	The Valley & Blowing Point	Direct and local
IGA Fairplay Food	Local	1	The Valley	Direct and local

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Centre				
Albert’s Market Place (Smkt)	Local	1	Stoney Ground, The Valley	Direct and local
Proctor’s Market (Smkt)	Local	1	The Quarter	Direct and local
Best Buy Supermarket	Local	1	Long Road	Direct and local

Antigua & Barbuda:

Name & Type	Ownership	No. of Outlets	Locations	Purchasing Agent Type
Epicurean Fine Foods (Spmkt)	U.S.	2	St. John’s, Jolly Harbor	Direct and local
First Choice City Supermarket	Local	2	St. John’s	Direct and local
Gourmet Basket Supermarket	Local	1	Sir George Walter Highway	Direct and local

British Virgin Islands:

Name & Type	Ownership	No. of Outlets	Locations	Purchasing Agent Type
Rite Way Food Markets (Smkt)	Local	6	Tortola & Virgin Gorda	Direct and local
Supa Valu (Smkt)	Local	2	Tortola & Virgin Gorda	Direct and local
K-Mark’s Food Ltd. (Smkt)	Local	1	Tortola	Direct and local
Bobby’s Market Place (Smkt)	Local	1	Tortola	Direct and local
Buck’s Food Market (Smkt)	Local	1	Tortola	Direct and local
Rosy’s Supermarket	Local	1	Virgin Gorda	Direct and local

Dominica:

Name & Type	Ownership	No. of Outlets	Locations	Purchasing Agent Type
Whitchurch IGA Supercentre (Smkt)	Local	1	Roseau	Direct and local
J. Astaphan & Co. Ltd. (Smkt)	Local	1	Roseau	Direct and local
A.C. Shillingford & Co. Ltd. (Smkt)	Local	1	Roseau	Direct and local

Grenada:

Name &	Ownership	No. of Outlets	Locations	Purchasing Agent Type
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Type				
Food Land	Local	2	Market Square & Lagoon Road	Direct and local
Food Fair	Local	2	St. George's	Direct and local
Real Value	Local	1	Grand Anse	Direct and local

Montserrat:

Name & Type	Ownership	No. of Outlets	Locations	Purchasing Agent Type
Angelo's International Ltd. (Smkt)	Local	1	Brades	Direct and local
Ashok's (Smkt)	Local	1	Brades	Direct and local
Ram's (Smkt)	Local	1	Salem	Direct and local

St. Kitts & Nevis:

Name & Type	Ownership	No. of Outlets	Locations	Purchasing Agent Type
Ram's Supermarket	Local	3	St. Kitts (2), Nevis (1)	Direct and local
Valu Mart IGA	Local	1	Basseterre	Direct and local

St. Lucia:

Name & Type	Ownership	No. of Outlets	Locations	Purchasing Agent Type
Massy Stores (Smkt)	Regional	8	Throughout the island	Direct and local
Mega J's (warehouse outlet)	Local	1	Castries	Direct and local
Glace Supermarkets	Local	3	North side of island	Direct and local
Dilly's Supermarket	Local	1	Castries	Direct and local
Uptown Supermarket	Local	1	Castries	Direct and local

St. Vincent:

Name & Type	Ownership	No. of Outlets	Locations	Purchasing Agent Type
C.K. Greaves (Smkt)	Local	2	Kingstown, Airport	Direct and local
Massy Stores	Regional	3	Kingstown, Stoney Ground, Arnos Vale	Direct and local

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In 2015, Super J's, St. Lucia's largest retail chain, assumed the name Massy Stores after being bought by the Massy Group based in Trinidad. The Massy Stores in St. Lucia are now part of a 45 store chain with a presence in four countries (Trinidad, Barbados, St. Lucia and St. Vincent).

A noticeable trend taking place in the retail sector is an increase in demand for health and organic products, particularly among higher income groups. The influence of tourists which demand healthy products is catching on, albeit at a modest pace. Diabetes is a common ailment in the Caribbean, and is also spurring healthier eating habits, albeit slowly, among less-well-off islanders.

An interesting characteristic of the retail sector in the EC is the particular focus on yacht provisioning in certain islands. In the BVI and Antigua some of the major supermarkets have positioned stores near marinas or harbors to cater specifically to 'yachtees' as they are called in some places. In some islands, such as Antigua, St. Lucia and St. Vincent, the government operates stores to help local farmers market their products. These retail stores operate as quasi-government businesses that compete with other retail businesses in these islands.

B. Convenience Stores, Gas Marts, Kiosks

Convenience stores, usually larger than a 'mom and pop' store but smaller than a supermarket, tend to stock mainly dry goods but also do offer a small selection of fresh and frozen products. These outlets are generally found alongside heavily commuted roads and congested urban areas. They cater primarily to the middle class with a special focus on the business sector. Gas marts also cater to people on the go. In the EC islands, Shell, Texaco, Esso and other petroleum companies operate their own brands of gas marts.

Due to limited storage space and the lack of buying power, convenience stores and gas marts rely exclusively on local wholesalers/distributors for their imported products. Therefore, U.S. companies trying to penetrate this sector of the retail market are best advised to introduce their products through a local wholesaler/distributor. Gas marts generally focus on beverages, snacks and some canned products. Neighborhood convenience stores will carry a slightly larger assortment. Kiosks, while plentiful in several islands, are not necessarily a good vehicle for most U.S. products. In general, this segment does not represent a large share of the retail business for imported U.S. retail products.

C. Traditional Markets, Mom & Pop Small Independent Grocery Stores and Wet Markets

Traditional markets and smaller independent outlets, found in both urban and rural settings, generally service areas where the larger, more sophisticated stores are not present. Many are family-owned and service their immediate surrounding area or neighborhood. This segment of the retail sector relies

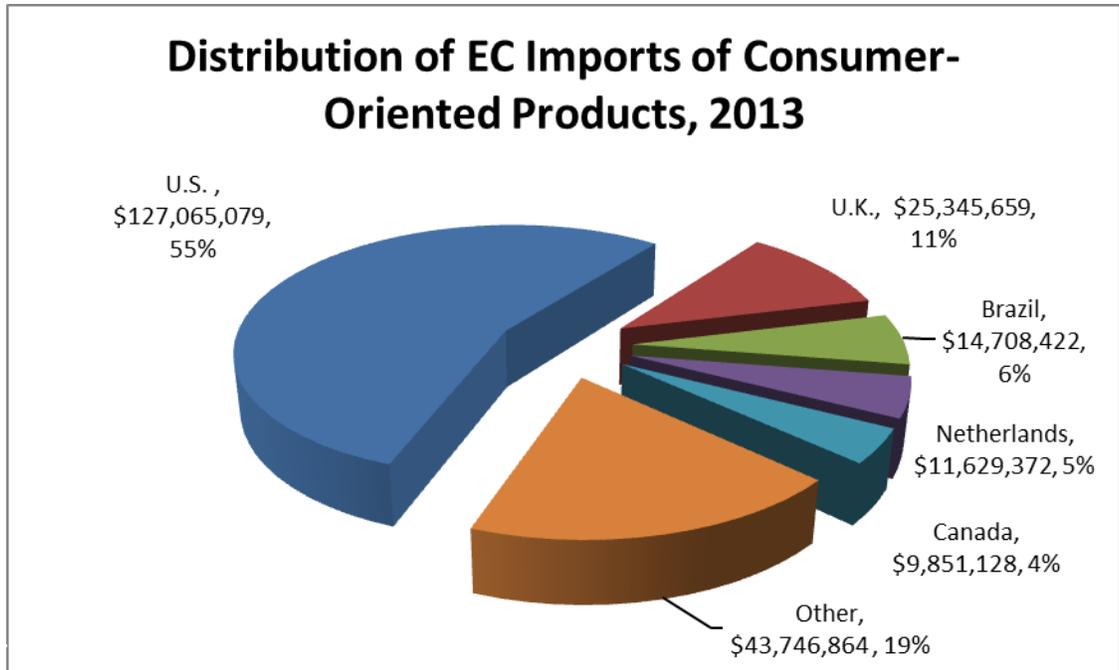
almost exclusively on local wholesalers/distributors for sourcing product. Thus, any U.S. suppliers seeking to penetrate this segment should seek to work with local wholesalers/distributors who service the market with as frequent and widespread delivery as possible. U.S. suppliers should be aware that local and regional brands are more prevalent in these types of stores given that imported products generally carry a higher price tag. Focus is generally on basic staples such as rice, beans, canned goods and other dry products. However, many stores also carry meats, fresh produce, dairy products and other perishables. Many ethnic foods, particularly East Indian and Chinese products, are channeled through smaller neighborhood stores as well. Competitive pricing is essential as consumers visiting these retail outlets tend to be very price conscious.

SECTION III. COMPETITION

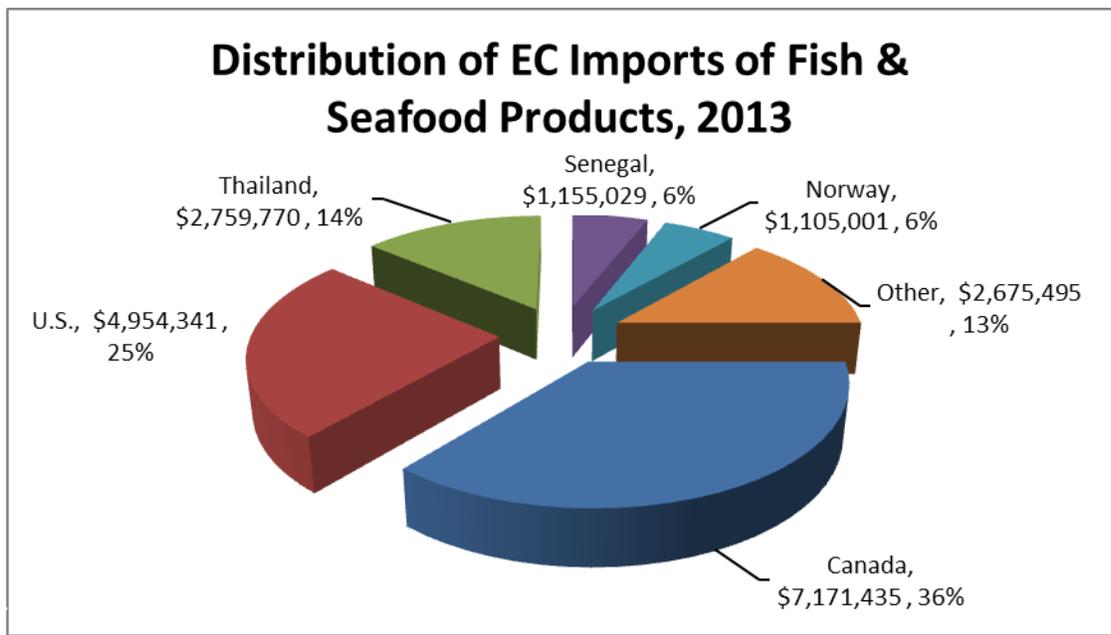
In 2013, the latest complete year data for the EC islands, the United States ranked as the region's main trading partner in terms of consumer-oriented products (55 percent market share) and second largest supplier of fish and seafood products (25 percent market share).

In the EC islands U.S. products face competition from within the Caribbean region itself. All EC islands are either members or associate members of the Caribbean Community (CARICOM). CARICOM's single market economy provides for free intra-regional movement of goods and a 40 percent common external tariff (CET) for extra-regional goods. CARICOM is also a signatory to trade agreements with Colombia, Cuba, Costa Rica, the Dominican Republic, and Venezuela. In terms of consumer-oriented food products, U.S. products face competition from regional food processors, particularly those in Trinidad and Tobago, Barbados and Jamaica. Caribbean sourced products include fresh fruit, ice cream, jams, jellies, sauces, condiments, juices, snack foods, beverages, and fish products.

U.S. products also face competition from other foreign suppliers in various product categories. Given historical ties, and strong cultural, political, and economic similarities with the United Kingdom, it is not surprising that products and brands from the United Kingdom are popular in the region. Additionally, due to Canada's geographic proximity, Canadian products also have a strong presence in many EC island markets. The Caribbean's 2008 Economic Partnership Agreement (EPA) with the European Union (EU) is progressively reducing Caribbean tariffs to zero for a large share of agricultural goods from the EU over the next 25 years. CARICOM is also negotiating a free trade agreement with Canada and is in discussion with several Central American countries to expand the CARICOM/Costa Rica Free Trade Agreement. All of these factors will likely make the playing field more competitive for U.S. suppliers in the coming years.



Source: Global Trade Atlas (based on export statistics of reporting countries).



Source: Global Trade Atlas (based on export statistics of reporting countries).

SECTION IV. BEST PRODUCT PROSPECTS

Because the region has limited agricultural output and food processing, the EC countries along with the Caribbean on whole are dependent on imports of food products. The full range of retail food and

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beverage products (including seafood) is imported on a regular basis, creating excellent potential for U.S. suppliers. In 2014, the largest and most attractive export categories for U.S. suppliers were:

Product Category	Market Size (Volume)	2014 Imports (\$, mill)	5-Yr. Annual Import Growth (%)	Import Tariff Rate (%)	Key Constraints	Market Attractiveness for USA
Poultry Meat & Prods. (ex. eggs)	n/a	45.4	6	0-40 in most islands	High duties in selected markets.	<p>Virtually all categories of U.S. consumer-oriented and fish products do well in the EC.</p> <p>An import-friendly regulatory environment exists on all islands for the vast majority of products.</p>
Dairy Products	n/a	11.3	12	0-20	High duties in selected markets for cheese, ice cream, etc.	
Beef & Beef Products	n/a	10.0	15	0-40	Limited disposable income of consumers in most islands	
Pork & Pork Products	n/a	7.8	21	0-40	n/a	
Snack Foods	n/a	7.3	3	0-20	n/a	
Wine & Beer	n/a	5.6	8	5-60	<p>For beer, local and regional brewers compete for the market.</p> <p>For wines, strong competition from Chile, Argentina & Europe</p>	
Processed Vegetables	n/a	3.5	8	0-20	n/a	
Fresh Vegetables	n/a	2.4	13	0-20	n/a	

Source: Trade numbers and growth based on Global Trade Atlas U.S. export data.

SECTION V. POST CONTACT AND FURTHER INFORMATION

For more information on the islands of the eastern Caribbean, please contact:

Caribbean Basin Agricultural Trade Office
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