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Report Highlights:

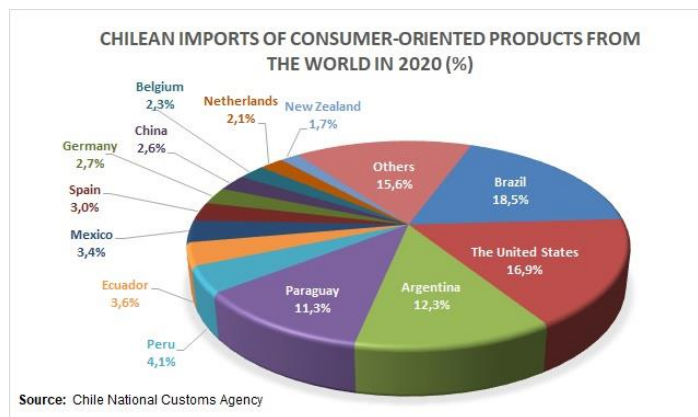
The Chilean HRI sector is currently recovering from the impacts of the COVID-19 lockdown. In 2020, Chilean HRI sector sales were down nearly 40 percent from 2019. As vaccination numbers surged and restrictions relaxed in the second half of 2021, the Chilean economy began to show signs of a prompt recovery. The Chilean Central Bank reported that private consumption increased 20 percent during the second quarter of 2021. Chilean GDP growth year-over-year is expected to reach 11 percent in 2021 and to normalize around 2.0 percent in 2022. Best prospects for U.S. HRI exporters include dairy products, beef and pork, craft beer, and distilled spirits.

MARKET FACT SHEET: CHILE

Chile is in western South America bordering the Pacific Ocean, Argentina, Bolivia, and Peru. It is a small country of 19.1 million people, with nearly half (8.2 million) of the population concentrated in the capital region of Santiago. In 2020, Chile's Gross Domestic Product (GDP) in nominal terms fell to \$253 billion, a decrease of 5.8 percent (constant price), due to the COVID-19 pandemic. GDP per capita reached \$25,068 PPP in 2020 (World Bank). Chile's Central Bank expects 11 percent GDP growth in 2021 due to reduced restrictions on movement and a successful vaccination campaign.

Imports of Consumer-Oriented Agricultural Products

The United States is the second-largest supplier of agricultural and related products to Chile with a 13.0 percent market share, after Argentina, which has a 23.4 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 in South America for consumer-oriented agricultural products. Consumer-oriented product sales reached \$663 million in 2020. The top U.S. consumer-oriented products exports to Chile are pork, beer, dairy products, condiments and sauces, poultry, beef, food preparations, tree nuts, pet food, bakery goods, cereals, and pasta.



Food Processing Industry

Chile has a developed food processing industry that represents 8.2 percent of Chile's exports, generating \$5.52 billion in 2020. Chilean food processors sell their products nationally or internationally and import half of food ingredients. Some large international companies use their production plants in Chile to service other markets in Latin America. Chile is among the top twenty agricultural exporters in the world (18th in export value of ag and related products), and its main agricultural exports are wine, blueberries, cherries, grapes, prunes, dehydrated apples, salmon, and mussels.

Food Retail Industry

Chile was one of Latin America's fastest-growing economies during the last decade, enabling the country to have a modern and dynamic food retail industry. Chile's retail food sales reached \$27.9 billion in 2020, a 2.9 percent decrease over 2019. Supermarket sales totaled \$15.1 billion and represented 54.2 percent of total retail sales. 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. The main food and beverage distribution channels are supermarkets with a market share of about 62 percent. According to Chile's National Institute of Statistics (INE), there are 1,335 food markets, including hypermarkets, supermarkets, and other small food retail stores with a minimum of three checkouts, comprising the Chilean food retail sector. Around 34 percent of them are in the Metropolitan region.

Quick Facts

Imports of U.S. Consumer-Oriented Products 2020:
\$663 million

Leading Consumer Foodservice Chains in Chile:

1. McDonalds
2. Papa John's
3. Doggis
4. Niu Sushi
5. Starbucks
6. Burger King

Leading Hotel Chains:

1. Starwood Hotels & Resorts
2. Four Seasons Holdings, Inc.
3. InterContinental Hotels Group S.A.
4. NH Hotel Group S.A.
5. Hilton Worldwide, Inc.

GDP/Population 2020:

Population: 19.1 million
GDP: \$253 billion
GDP Per Capita: \$25,068

Sources: Trade Data Monitor (TDM), Euromonitor, World Bank, Chilean Central Bank and trade interviews

Strengths/Weaknesses/Opportunities/Threats:

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

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SECTION I. MARKET SUMMARY

In March 2020, the Government of Chile (GOC) announced a national lockdown to mitigate the spread of COVID-19. The lockdown forced hotels, restaurants, and many institutions to close to the public; some closed for the 18 months that followed. In 2020, Chilean HRI sector sales were down nearly 40 percent from 2019.

As vaccination numbers surged and restrictions relaxed in the second half of 2021, the Chilean economy began to show signs of a prompt recovery. The Chilean Central Bank reported that private consumption increased 20 percent during the second quarter of 2021. Chilean GDP growth year-over-year is expected to reach 11 percent in 2021 and to normalize around 2.0 percent in 2022. Investment is projected to grow 16 percent in 2021.

The hotel sector in Chile consists of domestic and international chains, boutique hotels, hostels, and short-term rentals like AirBnB. Before the pandemic, in March 2020, Chile had a total of 264,717 rooms available in the country. By August 2020, that number had dropped to 84,459 rooms. According to the Chilean Ministry of Economy, in 2020, international visitors to Chile dropped 75.6 percent, from 4.5 million to 1.1 million. At the peak of the pandemic, the Chilean government contracted around 4,000 rooms to use as quarantine facilities, which provided some support to the hotel sector. The outlook for the hotel sector remains uncertain. While domestic travel is recovering, international visitors will continue to be limited if borders remain closed.

Euromonitor reports that Chilean restaurant sales saw a 33 percent decrease in sales in 2020, falling to \$887 million. The total number of restaurants fell to 12,372, down from 12,985 in 2019. When restaurants were forced to close their doors in early 2020, most converted operations to focus on delivery or take out. While the move decimated the traditional restaurant workforce, down to 10 percent of its normal size, e-commerce platforms flourished, growing 173 percent over 2019. In mid-2021, pandemic restrictions began to relax, and restaurants reopened to the public. Initial seating limitations have been gradually expanding and the sector is returning to normal, though delivery and take out remain higher than pre-pandemic.

The Chilean institutional sector includes health care providers, educational facilities, large companies, airlines, and the military. Mining and education are the two largest institutions in the Chilean paradigm. COVID-19 restrictions hurt institutional food sales but less than restaurants or hotels. Many schools have already reopened and some institutions, like mining or prisons, were never shuttered. Chilean institutional food service is dominated by a few large service providers, described in more detail below.

The immediate future of Chile's HRI sector is clearly linked to the COVID-19 pandemic and the associated vaccination campaign. The Chilean Ministry of Health (MINSAL) reported that by June 2021, more than 80.26 percent of the population had completed a full vaccination series, creating hope that there will be no return to quarantines. With the Chilean economy likely to rebound in 2022, there exist opportunities for U.S. exporters targeting the HRI sector.

Table 1: Advantages and Challenges to Enter the HRI Foodservice Market

Advantages	Challenges
Strong demand for food ingredients in the HRI sector.	Due to Chile's geography, long distances must be covered for distribution.
Growing demand in the HRI sector outside of Chile's capital city, Santiago.	U.S. products and U.S. brands face strong competition from European competitors.
Chile is a developed economy and could be a gateway to South American markets.	Competition from Chilean manufacturing is growing.
As Chilean consumers' tastes become more diverse, there are opportunities for a greater variety of restaurants.	U.S. exporters should identify an importer that specializes in the HRI sector and is willing to work with smaller volumes or mixed containers.
U.S. suppliers and products can meet the growing demand for gourmet and premium products, or healthy foods.	

SECTION II: ROAD MAP FOR MARKET ENTRY

A. Entry Strategy

Exporters should be aware of the latest Chilean regulations to insure market entry. For more details on specific requirements, see the FAS [Exporter Guide](#), [FAIRS Export Certificate Report](#), and [FAIRS Country Report](#). FAS Santiago maintains listings of potential importers and develops sector-specific information for new to market U.S. exporters. Critical considerations of market entry include the following:

- Hotels, restaurants, and foodservice companies most often purchase through intermediaries such as distributors, importers, or wholesalers. Many of these firms are based in Santiago. Chain restaurants, that often manage larger volumes, may import directly.
- U.S. exporters seeking to access the Chilean HRI market should identify an importer that specializes in distributing to the sector and be prepared to offer small quantities of products or mixed containers. Individual HRI firms may not be able to manage full containers. HRI companies often deal with multiple importers to get the desired range of imported food products.
- U.S. products are presumed consistent and high quality.
- The business culture and customs in Chile are conservative and characterized by the importance of personal contact and face-to-face interaction. Thus, contact initiated via e-mail may not be effective. Business meetings and practices in general are like those of the United States.
- Overseas suppliers are encouraged to maintain a Chilean contact that understands the market, has access to a network of contacts and provides support.

FAS Santiago recommends participation in regional trade shows, like the [Espacio Food and Service Show](#) (Sept 27-29, 2022)

Further assistance for potential U.S. agricultural exporters is available from the [Office of Agricultural Affairs](#) at the U.S. embassy in Santiago, or from the [U.S.-Chilean Chamber of Commerce](#). Additional market-specific information is available through [FAS GAIN reports](#).

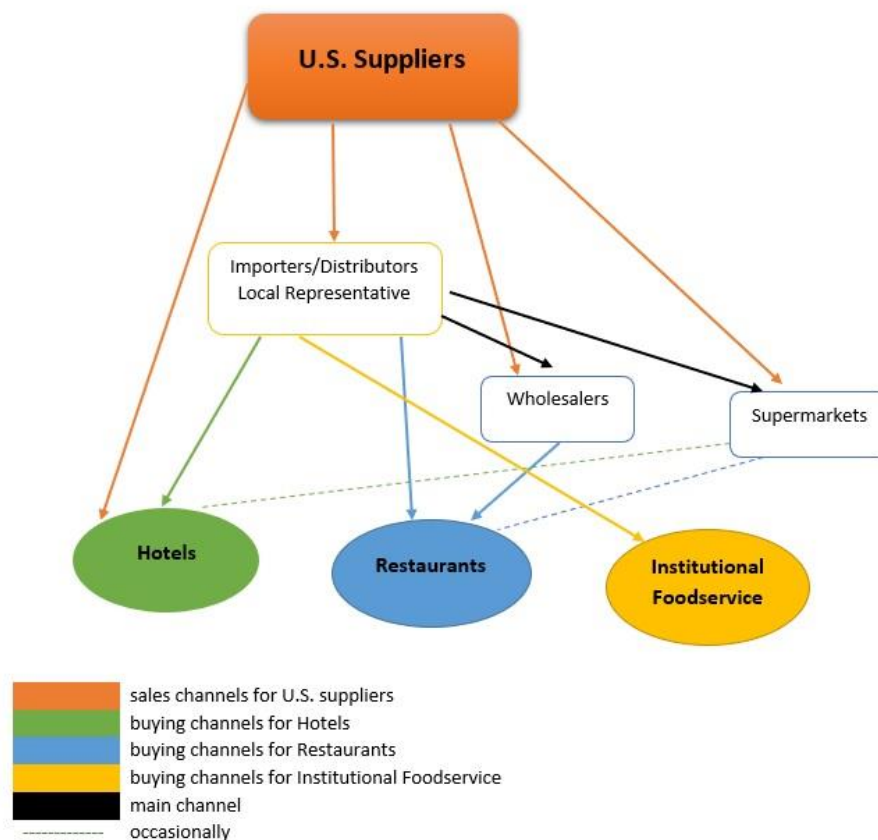
B. Market Structure and Distribution

The most common distribution channels for the HRI sector are local importers and distributors. These distributors may also distribute products to supermarkets, wholesalers, and institutional foodservice companies. In general, hotels operators and restaurants do not import directly, though there are a few exceptions. Hotels usually purchase from distributors to gain access to vast array of products without managing complex import procedures. Hotel operators may also prefer as few distributors as possible to reduce complexity.

Chain restaurants deal with higher volumes, which increase their purchasing and negotiation power with distributors. In contrast, independent restaurants are more dependent on the range and quality of products already managed by distributors. Both rely on food products from local wholesalers as well as imported products from importers/distributors.

The institutional foodservice sector buys most products from local distributors. Companies purchasing large quantities may also import directly when price, quality or other selection criteria are more favorable than domestic suppliers.

Figure 1: Traditional HRI Supply Chains



Recently, big box stores and traditional wholesalers have gained appeal to the HRI sector. Big box stores, like [Central Mayorista](#), [Mayorista 10](#), [Alvi](#) and [Superbodega Acenta](#) (the Chilean equivalents to *Sam's Club* or *Costco*) have become important suppliers to small HRI firms. With sales shrinking because of the COVID-19 lockdown, wholesalers have similarly opened to the end consumers and to smaller HRI firms. Wholesale suppliers such as [Bidfood S.A.](#), [Agrosuper Food Service](#), [Alimentos Vida Estable](#), [Buena Carne](#), [Frio Food](#), [Socosur](#), [ICB Foodservice](#), [Carozzi Food Service](#), [Food & Beverage Supply](#), [Macro Foods](#), [Comercial Alisur](#), and [Anson Trading](#) are more actively targeting individuals and small businesses.

C. Sub-Sector Profiles

Hotels – The hotel sector in Chile consists of domestic and international chains, boutique hotels, hostels, and short-term rentals like AirBnB. Before the pandemic, in March 2020, Chile had a total of 264,717 rooms available in the country. By August 2020, that number had dropped to 84,459 rooms. In 2020, international visitors to Chile dropped 75.6 percent, from 4.5 million to 1.1 million. At the peak of the pandemic, the Chilean government contracted around 4,000 rooms to use as quarantine facilities, and to provide some support to the hotel sector. The outlook for the hotel sector remains uncertain. While domestic travel is recovering, international visitors will continue to be limited if borders remain closed.

The top international chain hotels in Chile are [Starwood Hotels & Resorts](#), [Four Seasons Holdings Inc.](#), [InterContinental Hotels Group S.A.](#), [NH Hotel Group S.A.](#), [Hilton Worldwide Inc.](#), [Mandarin Oriental International Limited](#), [Accor Hotels](#) and [Marriott International Inc.](#)

In spite of decreasing hotel offerings with the COVID-19 pandemic, some opportunities remain. Supply of hotel rooms in the market remains relatively tight. Industry reports that as many as 21 new luxury hotels will be developed in the next five years. Similarly, niche markets, like enotourism and eco-friendly hotels offer prospects.

Restaurants – Chile is home to many international and domestic restaurants. Both fast-food and full-service restaurants are commonplace. All suffered during the COVID-19 restrictions, with the number of full-service restaurants decreasing by five percent and fast-food restaurants decreasing in number by four percent. During the peak of the COVID-19 restrictions, most restaurants began to focus on take-out or delivery service. Use of e-commerce platforms like [Uber Eats](#), [Rappi](#) and [PedidosYa](#) for food service skyrocketed, growing 173 percent over 2019. Currently, seating limitations are being lifted and restaurants are returning to normal, though delivery and take out remain more popular than pre-pandemic. (See Tables 2-4).

Institutional Food Service – The Chilean institutional sector includes health care providers, educational facilities, large companies, airlines, and the military. Mining and education are the two largest institutions in the Chilean paradigm. These institutions are generally served by large catering firms. The five largest are: [Sodexo Chile, S.A.](#), [Central de Restaurantes Aramark](#), [Compass Catering S.A.](#), [Aliservice](#), and [Genova Ausolan](#). At the time of writing, *Aramark* was the largest holding close to 60 percent of the Chilean market.

Table 2: Chilean Full-service Chain Restaurants

Restaurants	Percent Market Share
<u>Niu Sushi</u> (<i>Distribuidora y Comercializadora de Alimentos Oji Ltda.</i>)	28.6
<u>Mamut Restaurants</u> (<i>Gastronomía y Negocios S.A.</i>)	14.3
<u>Domino Fuente de Soda</u> (<i>Comercial Central Alimentos Ltda.</i>)	10.7
<u>Sushi House</u> (<i>Soc. Comercial Zen Ltda.</i>)	8.1
<u>Johnny Rockets</u> (<i>Johnny Rockets Group, Inc.</i>)	7.2
<u>Sakura Express</u> (<i>Comercial Gastronómica Fisol Ltda.</i>)	5.6
<u>Emporio La Rosa</u> (<i>Emporio La Rosa S.A.</i>)	4.2
<u>Pizza Hut</u> (<i>Yum! Brands, Inc.</i>)	3.6
<u>Tip & Tap</u> (<i>Tip & Tap S.A.</i>)	3.1
<u>Chili's Grill & Bar</u> (<i>Brinker International, Inc.</i>)	3.0
Others	11.6

Source: Euromonitor

Table 3: Largest Fast-Food Chains

Restaurants	Percent Market Share
<u>McDonald's</u> (<i>Inversiones Arcos Dorados Chile Spa.</i>)	20.7
<u>Papa John's</u> (<i>Papa John's Int'l., Inc.</i>)	13.0
<u>Doggis</u> (<i>Gastronomía y Negocios S.A.</i>)	9.6
<u>Burger King</u> (<i>Restaurant Brands International, Inc.</i>)	6.1
<u>TelePizza</u> (<i>Tasty Bidco SL</i>)	5.4
<u>KFC</u> (<i>Yum! Brands, Inc.</i>)	5.4
Others	39.8

Source: Euromonitor

Table 4: Largest Cafés and Bars

Cafés/Bars	Percent Market Share
<u>Starbucks</u> (<i>Starbucks Corp.</i>)	44.7
<u>Dunkin'</u> (<i>Dunkin' Brands Group, Inc.</i>)	24.9
<u>Tavelli</u> (<i>Tavelli S.A.</i>)	6.0
<u>Cory</u> (<i>Pastelería Austriaca Cory Ltda.</i>)	5.2
<u>Juan Valdez</u> (<i>Federación Nacional de Cafeteros de Colombia</i>)	4.4
<u>Coppelia</u> (<i>Coppelia S.A.</i>)	4.0
<u>Café Mokka</u> (<i>Comercial Café Mokka Ltda.</i>)	3.8
Others	7

Source: Euromonitor

SECTION III: COMPETITION

Local and European Union suppliers remain the primary competitors to U.S. exporters. The U.S. industry's main advantages are reliability, product quality, and the recognition of high food safety standards. U.S. food products have an excellent reputation, and many U.S. brands are already present in the Chilean market. Although Chilean imports of U.S. consumer-oriented products declined 4.5 percent in 2020 due to the COVID-19 pandemic, there was an increase in

imports of U.S. pork and pork products, egg and egg products, processed fruits, tree nuts, food preparations, condiments, sauces, and beer.

Table 5: Overall Competitive Situation for Consumer-Oriented Products

Product Category/Total Chilean Import	Largest Suppliers	Strengths of Key Supply Countries	Advantages and Disadvantages of Local Suppliers
Beef & Beef Products Total imports: \$1 billion From U.S.: \$44 million	1. Paraguay – 41.0% 2. Brazil – 36.0% 3. Argentina – 18.0% 4. U.S. – 4.0%	(1 and 2) Proximity and availability. Brazil and Paraguay sell lower quality and price competitive beef.	There is not enough Chilean beef production available. Brazil, Paraguay, Argentina, the United States and Uruguay all benefit from this deficit.
Dairy Products Total imports: \$441 million From U.S.: \$88 million	1. U.S. – 30.0% 2. Argentina – 28.0% 3. New Zealand – 21.0%	Argentina benefits from low costs and proximity. New Zealand is a low-cost producer.	Chile has a limited production of dairy products, especially cheeses.
Pork Meat & Products Total imports: \$286 million From U.S.: \$136 million	1. U.S. – 50.0% 2. Brazil – 38.5% 3. Spain – 4.3%	Brazilian and U.S. pork compete in Chile based on price.	Chile traditionally produces and consumes pork, but also exports to Asia when prices are high.
Processed Vegetables Total imports: \$201 million From U.S.: \$15 million	1. Belgium – 41.0% 2. China – 19.0% 3. Netherlands – 16.0% 5. U.S. – 11.0%	(1 and 3) Quality and price competitive.	Although Chile has a developed fruit and vegetable processing industry competitive globally.
Bakery Goods, Cereals & Pasta Total imports: \$201 million From U.S.: \$16 million	1. Peru – 28.0% 2. Argentina – 26.0% 3. Spain – 17.0% 4. U.S. – 15.0%	(1 and 2) Proximity and availability.	Chile has a developed baking sector, but there is a strong demand for innovative products and competitive prices.
Soups & Other Food Preparations Total imports: \$192 million From U.S.: \$62 million	1. U.S. – 54.0% 2. Spain – 15.0% 3. Singapore – 11.0%	(2 and 3) Good quality and competitive prices.	Although Chile has a developed food processing industry, but HRI demand is high.
Fresh Fruit Total imports: \$189 million From U.S.: \$11 million	1. Ecuador – 60.0% 2. Peru – 31.0% 3. U.S. – 6.0%	(1 and 2) Proximity and availability. Peru and Ecuador mostly import tropical fruit (i.e., bananas).	Chile is an exporter of fresh fruit but imports tropical or counter seasonal fruit.
Poultry & Products Total imports: \$171 million From U.S.: \$52 million	1. Brazil – 54.0% 2. U.S. – 31.0% 3. Argentina – 14.0%	(1 and 3) Proximity and availability. The U.S. ships leg quarters and turkey products.	Chile produces, consumes, and exports chicken, though opportunities exist depending on market conditions.
Beer Total imports: \$162 million From U.S.: \$64 million	1. U.S. – 45.0% 2. Mexico – 39.0% 3. Belgium – 6.2%	Consumer preference for U.S., Mexico, and Belgium beers.	Craft beer production is growing in Chile and quality is improving.
Chocolate & Cocoa Products Total imports: \$145 million From U.S.: \$10 million	1. Brazil – 50.0% 2. Spain – 16.0% 3. Germany – 13.0% 4. U.S. – 12.0%	(1, 2 and 3) Imports are mainly cocoa paste, beans, powdered for the local production, and chocolate bars.	Brand loyalty remains an important driver of domestic consumption.

Source: Chile National Customs Office - Trade Data Monitor

SECTION IV: BEST PRODUCT PROSPECTS CATEGORIES

The three largest consumer oriented agricultural product exports to Chile are: pork, beer, and dairy. The U.S. has a clear comparative advantage in these three categories, and all three are consumed by the HRI sector. Craft beer is popular in Chile and its consumption is increasing. Imported cheeses and quality pork cuts are also heavily used by the HRI sector and readily available wholesale or in retail shops. The Chilean market is well positioned to import more of these three products from the United States.

In addition to the products already being imported in large volumes from the U.S., the HRI sector could import higher volumes of U.S. beef. Beef imports from the United States are more expensive than regional suppliers, but the quality tends to be much higher. Certain cuts of Argentine or Uruguayan beef compete more directly with U.S. product. Hotels and restaurants have an outlet for high quality U.S. beef.

Similar to beef, U.S. distilled spirits exist in the Chilean market, but in small quantities. Chilean consumers know of U.S. spirits and consider them to be high quality. With minimal work, sales of these products could be expanded in the Chilean hotel and restaurant sectors.

Best prospects include:

Products Present in the Market Which Have Good Sales Potential

1. Craft beer and distilled spirits (primarily bourbon)
2. Beef - high quality cuts
3. Poultry and poultry products
4. Pork (chilled/fresh)
5. Premium cheeses
6. Sauces, mixed condiments, and seasonings
7. Elaborated and pre-processed baked goods and confectionery
8. Prepared vegetables - like other prepared foods, imports have good potential, especially regarding value-added products

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. Premium ice cream
2. Bacon, including smoked and flavored bacons
3. Seafood products – Shrimp, lobster, king crab
4. Pastries, specialty desserts, baked goods, ideally ready-to-eat

Product Not Present Because They Face Significant Barriers

U.S. products do not face significant trade barriers to enter the Chilean market. The U.S.-Chile Free Trade Agreement eliminated all tariffs on food and agricultural products as of 2015. Minor technical barriers occasionally appear but tend to be easy to resolve.

SECTION V. KEY CONTACTS AND FURTHER INFORMATION

Chilean Restaurant Association Nueva Tajamar 481 Of. 704, Torre Norte – Las Condes Tel: +56 (2) 2203-6363 www.achiga.cl	Chilean Hotels Association Nueva Tajamar 481 Of. 806, Torre Norte – Las Condes Tel: +56 (2) 2203-6344 secretaria@hoteleros.cl Error! Hyperlink reference not valid. www.hoteleros.cl
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Attachments:

No Attachments