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Caribbean Basin

Retail Food Sector

Antigua & Barbuda

2003

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Report Highlights:

Antigua's limited agricultural production forces it to import nearly all of its food needs from North America, Europe and the Caribbean. The United States provides Antigua with over \$21 million in food and agricultural commodity imports or roughly 55 to 65 percent of total food purchases. This report analyzes the export opportunities available for U.S. suppliers in the Antigua retail sector.

Includes PSD changes: No
Includes Trade Matrix: No
Unscheduled Report
Miami [C11], C1

Antigua and Barbuda

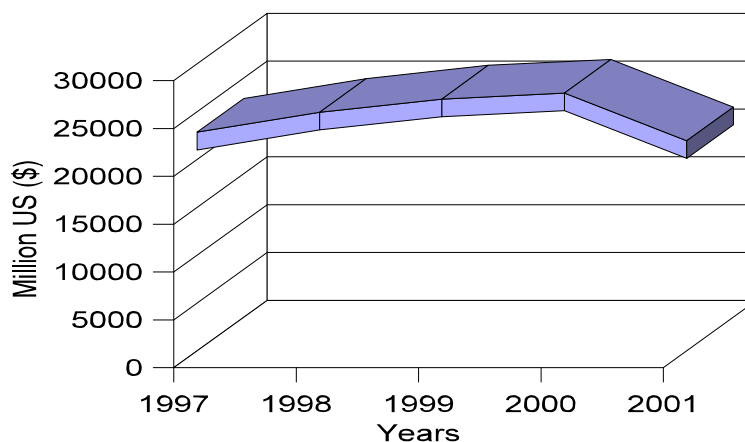
Retail Food Sector Report - 2002

I. Market Summary

Antigua and Barbuda is actually a tri-island state composed of Antigua, Barbuda and Redonda (unpopulated). Antigua is the largest of the British Leeward islands, about 281 square miles surrounded by white sand beaches. Barbuda is about 161 sq km and Redonda's size is negligible. Formerly a British colony, Antigua and Barbuda retains strong links to British tradition and is deeply devoted to the English sport of cricket. Antigua is best known for its beautiful beaches, as a major Caribbean yachting destination, for its extraordinary diving and interesting historical maritime sites.

Antigua food imports exceed an estimate of \$50 million annually. The food retail sector accounts approximately for 65 percent of total import of foods, the remaining 35 percent is used by the food service sector. An estimated 55 to 65 percent of these food products sold in the island come from the United States and are often acquired directly from the manufacturers or distributors. Staples such as frozen chicken, beef, juices, canned products, fruits, vegetables, and dairy products account for the largest percentage of sales.

Economic Downturn Leads to 2001 Decreases in US Food



The majority of the 69,970 inhabitants (2001 est.) work in the areas of commerce and

services, with tourism-gear employment encompassing most of the workforce. Today, less than 5 percent of the population is engaged in agriculture where production is limited to fruits, vegetables, sugarcane and some livestock. Agricultural production is mainly directed to the domestic market; the sector is constrained by a limited water supply and labor shortages that reflect the appeal of higher earnings in the tourism and construction industries.

In recent years tourism has undergone tremendous expansion, and the island is now popular with tourists of all types. This expansion represents more opportunities for the retail sector due to the increase in demands from the tourism industry; if tourism does well locals have more money and tend to spend more at the supermarkets. Antigua attracts approximately 500,000 tourists per year including both air and sea arrivals (cruises and yachts); tourism encompasses 65% of Antigua's GDP. In 2001 Antigua welcomed 193,176 visitors by air of which 60,175 were U.S. tourists. Unfortunately, declines in tourist travel during the 2000-2001 tourist season together with the effects of the U.S. economic downturn, have constrained the expansion of this sector. In turn, the Antiguan economy has been greatly affected; employment, GDP growth rate and investments have stagnated. The limited economic sectors like construction and manufacturing depend on the successes of the tourism industry without a promising recovery the Antiguan economy will continue on a downtrend.

UK	67,785.00
USA	60,175.00
Caricom and OECS States	16,501.00
Canada	12,839.00
Jamaica	4,445.00
Trinidad and Tobago	4,410.00
Guyana	4,095.00
Barbados	4,065.00
Italy	3,027.00
Germany	2,763.00
Other	13,071.00
Total	193,176.00

The number of European tourists did not decline significantly in part due to marketing efforts by the Antiguan government and in part because Europeans are able to take advantage of direct flights available daily from London. However, European preferences for all inclusive travel packages did not aid the declining retail market. The future growth of this sector will become apparent at the end of the 2002 - 2003 winter tourist season. January through May comparison of air arrivals indicate a 10 percent decrease in tourist travel for 2002.

Consumer attitudes towards imported food products are generally positive; U.S. products are known throughout the island for their quality. Both brand names and price are important factors for Antiguan. U.S. media spillover and frequent travel from the upper and middle class citizens to the U.S. and the UK, pamper the Antiguan shopper on the latest food trends and influence everyday purchasing decisions. However, given the current economic downturn there has been a growing tendency to sacrifice quality in favor of lower prices. The GDP per capita of Antigua and Barbuda was \$9,980 in the year 2000.

Most of the population buy their food needs from the well established supermarket industry with outlets ranging from a handful of larger supermarkets, 20 to 30 smaller supermarkets, 2 gas marts, and hundreds of counter shops or 'mom and pop' stores scattered across the island.

The majority of the products being imported by the distributors are channeled through South Florida, primarily Miami. Products imported from Florida can be delivered in Antigua up to three times per week. Most Antiguan key players import directly from companies in Florida that act as manufacturers' representatives, distributors and consolidators. Customs generally works well with importers, allowing them to receive their goods the same day of arrival.

The retail food industry in Antigua is adequately structured to meet the demands of the population. The number of supermarkets are sufficient for the population, and no major expansions are planned for the future. Growth in this sector will be determined by tourism.

Unfortunately, although the government's tourism agency has predicted significant improvements for this year's upcoming tourist season, local opinion is that the success of the tourist season depends on American tourists willingness to travel to Antigua; otherwise there will not be much improvement for both the retail and HRI sectors.

According to U. S. trade data:

- In 2001 U.S. agricultural exports to Antigua amounted to \$21 million, of which \$13.5 million where consumer oriented food products.
- In 2002 (January - June) Antigua purchased \$5.5 million consumer oriented food purchases compared to \$6.8 million during the same quarter in the year 2001. This figure represents an 18 percent decrease in food sales between both periods.
- The sale of fruit and vegetable juices, pet foods, nursery products, fresh vegetables, red meats, cereals, egg products and tree nuts increased in the 2001-2002 January through June comparisons.

Source: U.S. Department of Commerce, U.S. Census Bureau, Foreign Trade Statistics

Trends in Services:

- T American trends such as movement towards "healthy" organic foods, home-meal replacement and prepared foods are slowly making an impact on the tastes and lifestyle preferences of the citizens of Antigua and Barbuda.
- T Tourists visiting the island by yacht can place orders ahead of time from one of the local wholesalers and/or supermarkets via Email, telephone or fax.
- T Women do most of the shopping, which tends to occur quite frequently due to (1) the proximity of the different supermarkets and mom and pop shops and (2) the limited disposable income which precludes large purchases.
- T Retail stores are beginning to carry ethnic and specialty foods to meet the demands of foreigners living on the island, particularly for the growing Hispanic and Indian population.

Advantages	Challenges
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<p>Consumer attitudes towards imported food products are generally positive; U.S. products are known throughout the island for their quality.</p>	<p>The current economic downturn has led consumers to sacrifice preferences for brand names and quality in favor of lower prices.</p>
<p>The United States supplies roughly 50 percent of food products imported in Antigua and Barbuda.</p>	<p>Competition continues from traditional European and South American suppliers of dairy, alcoholic beverages, seafood, high-end specialty foods and dry goods.</p>
<p>Limited agricultural production forces Antigua and Barbuda to import the majority of the food products consumed in the island.</p>	<p>Government bans fresh produce imports when it determines local production can meet domestic demands.</p>

II. Road Map for Market Entry

A. Supermarkets

Entry Strategy:

Antiguan importers use several avenues in their new product purchasing decisions. Most importers prefer receiving product catalogues with pricing and samples, while others prefer meeting with product representatives. The internet has increasingly become a tool for importers to research new food products.

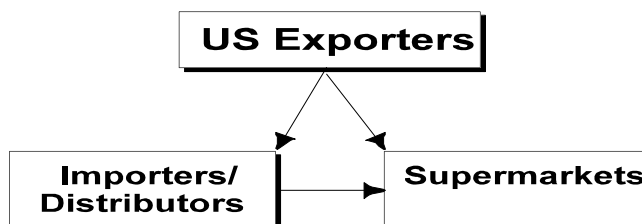
The trade shows of choice in order of preference are the Food and Marketing Institute (FMI) show in Chicago, the Americas Food and Beverage show in Miami, and the National Restaurant Association (NRA) show in Chicago. U.S. exporters interested in meeting with Caribbean importers at trade shows should be ready to answer questions on: smaller shipments, credit, sales and advertisement support.

To improve the odds of success in entering the market, U.S. suppliers should be flexible enough to handle small orders and be prepared to provide:

- < Samples
- < Catalogues
- < Competitive Pricing
- < Credit
- < Sales and advertising support for new brands

Market Structure

Flow Chart:



Because the Antiguan market is fragmented, new product entry strategies differ.

Importers/distributors import both retail and food service products and they function as manufacturer's agents and distributors and together represent most of the branded products sold on the island. Island Provisions owns the Gourmet Basket supermarket, a medium sized cash and carry outlet. Other smaller retailers are trying to establish direct imports.

The larger supermarkets, such as Epicurean and Food City, import directly and may serve as local wholesalers to smaller supermarkets, hotels and restaurants, and other shops. They import directly from consolidators and manufacturers abroad, and they also buy locally from distributors and manufacturers.

The upper and middle classes prefer these supermarkets because of the variety and competitive prices; as well they carry the high end quality products. The lower classes tend to purchase their goods from the nearby smaller supermarkets or 'mom and pop' stores.

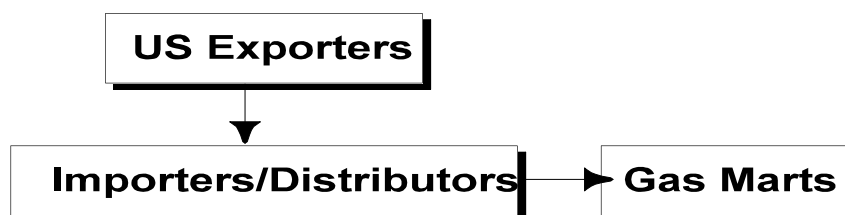
Table 2. Supermarket Profiles

Name of Retailer	Ownership	Number of Outlets	Locations	Type of Purchasing Agent (s)
Epicurean	Local	2	Friars Hill Jolly Harbour	Direct, Importer/ Distributor, Local
Food Brokerage Services	Local	3	South Street, Upper Newgate, Upper Gambles	Direct, Importer/ Distributor, Local
Gourmet Basket	Foreign (A Cayman Islands Company)	1	Airport Road	Direct
Food City	Local	1	Harbour Road	Direct, Importer/ Distributor, Local
O'Beez Food Store	Local	2	Factory Road, Friars Hill	Direct, Importer/ Distributor, Local
Food Emporium	Local	1	Long & Church Street	Direct, Importer/ Distributor, Local

B. Gas Marts

Entry Strategy: Gas Marts purchase 95 to 98 percent of their goods from local wholesalers. If a product is not available from the local wholesaler they will try and purchase it directly from the manufacturer.

Flow Chart:



Market Structure:

More Gas Mart

stores are starting to spring up in the Antiguan market. Both gas marts in Antigua offer a variety of dry goods including snacks, canned products, and bottled beverages.

Company Profiles

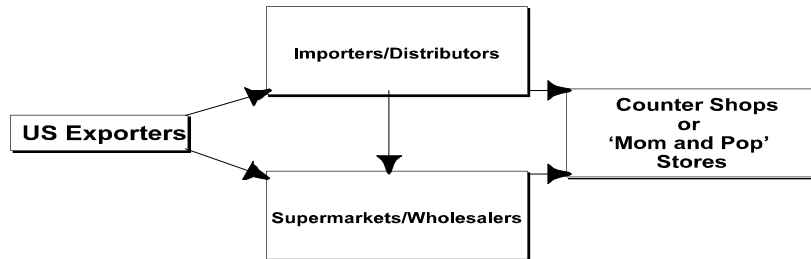
Name of Retailer	Ownership	Number of Outlets	Locations	Type of Purchasing Agent (s)
Texaco	Local/ U.S. Franchise	2	Fort Road	Wholesaler

C. 'Mom and Pop' Stores

Entry Strategy

There are numerous small and independent grocery stores throughout Antigua. These stores import very little or nothing directly and rely on local supermarket/wholesalers and importer/distributors for 90 to 100 percent of their purchases. The most effective way to introduce new products into these independent stores is through a local wholesaler. Store owners have good relationships with the wholesalers and trust their knowledge of new products in relation to other brands, pricing and packaging. Although these stores are often influenced by new market trends, they usually concentrate on basic staples, canned foods and bottled beverages.

Flow Chart:



Market Structure:

It is estimated that 40 percent of total retail food sales in Antigua go through these counter shops or 'mom and pop' stores. People that live in the countryside, generally buy their food products from these small counter shops or 'mom and pop' stores. Families shop frequently at these numerous and widely accessible shops because of tight daily budgets which preclude large purchases.

III. Competition

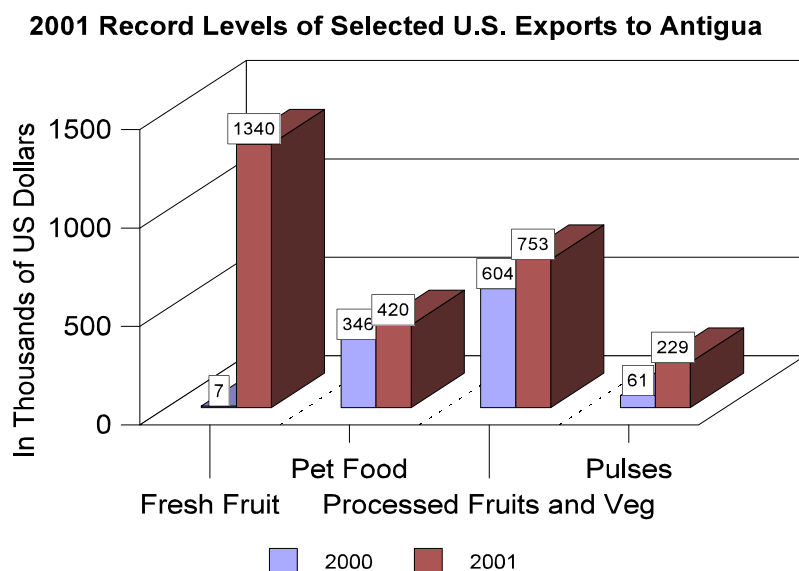
The United States accounts for the largest share of Antigua and Barbuda's food imports dominating an estimated 55 to 65 percent of the market. Competition for U.S. products is mainly in the areas of alcoholic beverages, dairy products, seafood, high-end specialty foods, and dry goods.

The following countries compete with the United States in the product categories listed below:

Alcoholic Beverages:	Italy, France, Chile
Non-alcoholic beverages:	Trinidad, France, UK
Dairy Products:	Trinidad, Colombia, Holland
Beef:	Argentina
Poultry and Eggs:	United Kingdom (chicken wings), Antigua
Pork:	Trinidad, Antigua
Seafood/Fish:	Guyana (shrimp), Antigua
Dry Goods:	Caribbean, France, UK, Spain
Fresh Produce:	Antigua
High End Specialty foods:	Europe, UK

IV. Best Prospects

A. Products present in the market which have good sales potential



Source: U.S.
Bureau of
Census Trade

Data

Market Opportunities exist for a wide array of products:

- , Poultry Products
- , Red Meats
- , Fresh Fruits
- , Processed Fruit and Vegetables
- , Fruit and Vegetables Juices
- , Ice Cream
- , Wine and Beer
- , Snack Foods
- , Dairy Products
- , French Fries

B. Products not present in significant quantities but which have good sales potential

- , Ethnic Food, such as Indian, Chinese and Hispanic
- , Low Fat/Health Foods
- , Mozzarella Cheese
- , Fish and Seafood Products**
- , Vegetable Oils

**** Antigua is unusual among the Caribbean islands for having a commercial fishing industry. However, constraints in exporting to other countries and fish contamination in**

Antigua are limiting its capabilities and forcing some companies out of business, leaving most restaurants with no choice but to purchase some imported seafood.

C. Products not present because they face significant barriers

- Government initiatives to protect the country's limited agricultural production place temporary bans on imports of selected fresh produce items such as lettuces, tomatoes, and watermelons. For the most part these bans are short-lived.

V. Contact Information

A. For more information on Antigua and Barbuda, including key contacts, and other Caribbean islands please contact:

2. Caribbean Basin Agricultural Trade Office
Foreign Agricultural Service
United States Department of Agriculture
909 SE 1st Ave, suite 720
Miami, Florida 33131
Phone: (305): 536-5300
Fax: (305) 536-7577
Email: cbato@cbato.net

Margie Bauer, Director

Email: cbato@cbato.net

Omar Gonzalez, Deputy Director

Email: omar@cbato.net

Graciella Juelle, Administrative Assistant

Email: grace@cbato.net

3. Please visit our website for promotional activities, trade statistics and more reports on the retail and food services sectors and food import regulations for the Caribbean islands.

<http://www.cbato.fas.usda.gov>

4. Basic country information may be found in the Central Intelligence Agency's World Fact book under Antigua and Barbuda

<http://www.odci.gov/cia/publications/factbook>

B. Other sources of Information on Antigua and Barbuda:

Embassy of Antigua and Barbuda
3216 New Mexico Avenue, NW
Washington, DC 20016
Tel. (202) 336-5122

Fax. (202) 362-5225

Antigua and Barbuda Consulate General
25 S.E. 2nd Avenue
Suite 300
Miami, Florida 33131
Tel. (305)381-6762
Fax. (305) 381-7908

Antigua and Barbuda Department of Tourism and Trade
610 Fifth Avenue
Suite 311
New York, NY 10020
Tel. (212)541- 4117
Fax. (212) 757-1607

Information Available on the World Wide Web:

- Antigua Net
<http://www.antiguanet.net/>
- Antigua Caribbean Vacation Guide
<http://www.antiguanice.com/>
- Official Website of the Antigua and Barbuda Department of Tourism
<http://www.antigua-barbuda.org>