

Barbados Has Big Appetite For Consumer Foods

By Aldo Arias

Although this easternmost corner of the Caribbean retains its English character and strong cultural ties with the United Kingdom and Canada, its consumer food market tends to follow U.S. trends.

U.S. tourists and cable TV partially counter the influence of British and Canadian firms that provide rigorous competition for U.S. food and agricultural suppliers.

Since the 17th century, the sugarcane plantation had been the cornerstone of the Barbados economy. Only at the end of the 20th century did other industries on the 430-square-kilometer island surpass sugar in economic importance and bring about increased demand for consumer foods.

The island's 275,000 inhabitants have found economic diversification in tourism, light manufacturing and fledgling finance and information services.

Socioeconomic status usually determines where an islander shops. Consumers with higher incomes generally shop at supermarkets; middle-income shoppers frequent small supermarkets and convenience stores; and lower income residents typically choose traditional farmers' markets and mom-'n'-pop shops.

With little agricultural production besides sugar, poultry and pork, Barbados must import most of its food supplies. However, the island's food manufacturers have persuaded their government to protect their products with high duty rates, from 123 to 243 percent. The rates apply for poultry, pork, ice cream, soft drinks, juices, beer and vegetable products.

Strategize for Supermarkets

Since 70 percent of food products destined for supermarkets are imported by local distributors or wholesalers, U.S. suppliers should aim for the supermarket sector first. U.S.-owned PriceSmart, the only international retailer on the island, is the exception to this rule, because the company imports many products through its Florida office.

About 85 percent of sales for smaller convenience or gas mart stores are imports, but their overall sales are a fraction of that of supermarkets.

To improve odds for gaining a customer base, U.S. suppliers should:

- Provide catalogs, samples, competitive pricing, credit and sales and advertising support for new brands.
- Participate in trade shows, particularly the Food Marketing Institute in Chicago and the Americas Food & Beverage in Miami.

Getting the Goods

Most of the 15 importers and whole-



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salers in Barbados supply both the retail and food service sectors. They often make their own deliveries—weekly to most retailers, more frequently for larger customers.

The relatively high prices for products, mostly due to high tariffs and the unavoidable reliance on imports, have led to the creation of an informal “barrel industry”: Persons living or traveling in the United

CARICOM Competition Stiff

In 2001, Barbados imported a total of \$131.4 million in food products, with 70 percent destined for the retail sector.

The U.S. share of agricultural imports in 2001 was about \$49 million, of which almost \$23 million was consumer-oriented products. U.S. agricultural exports to the island reached their highest level in 2001, and are expected to be even higher in 2002.

The Caribbean Community and Common Market (CARICOM), a trade block composed of 14 island members, has the inside track on imports to the island. Most food products from member islands are not subject to any import duties, license restrictions, quotas or other barriers upon entry.

While high tariffs on some U.S. products make it hard for them to contend with local counterparts, the countries below are offering lively competition on the following items:

- Trinidad and Tobago: soft drinks, juices, beer, snacks, canned meats and fish, cereals and condiments
- United Kingdom: chicken leg quarters, tea and sauces
- Canada: pork and wheat flour
- New Zealand: lamb, cheeses and other dairy products
- France: wines, although U.S. and Chilean wines are getting more popular

States ship large barrels filled with lower priced U.S. consumer goods to Barbados.

Retail Profiles

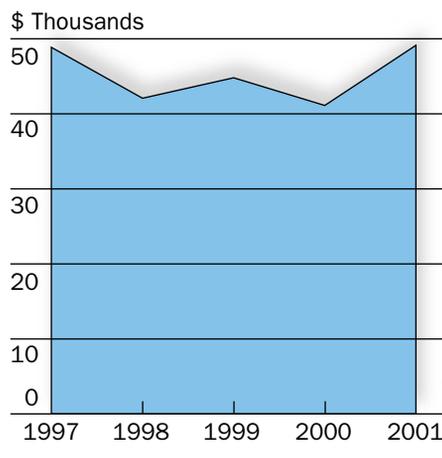
In response to increased competition, the supermarket sector has been through a consolidation phase and now numbers 25 stores.

With almost 60 outlets, convenience and gas mart stores can be small- or medium-sized. Among smaller convenience stores, competition has fostered an environment that welcomes new products, especially those that offer convenience at an affordable price. Best sellers include soft drinks, salty snacks, fast foods/cooked meals, milk and bread.

The mid-size convenience store sector has also been characterized by consolidation. Many outlets are being bought out and transformed into larger businesses that can compete better. They tend to stock mostly dry goods with a small selection of fresh and frozen items.

The many small, independent grocer-

Continued Rebound Expected for U.S. Agricultural Exports to Barbados



ies buy from local distributors and concentrate on dry and canned goods. Mom-‘n’-pop shops are ubiquitous and cater to the basic needs of neighborhoods by offering specialty items and ethnic foods that reflect local tastes. They usually carry limited supplies of fresh produce or meat products, with canned foods and beverages making

Best U.S. Product Prospects

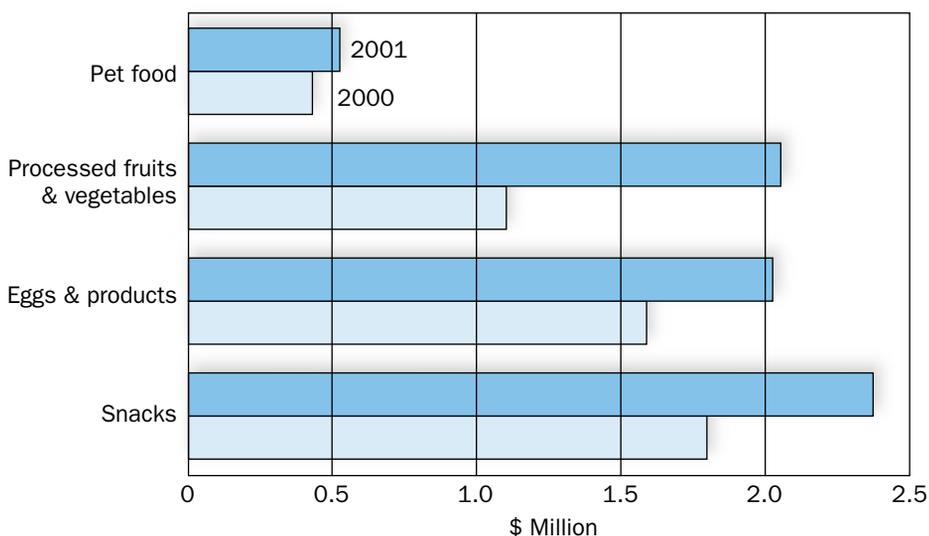
Convenience foods lead the list of best sellers: snacks (salty and sweet), baby foods, confectionery, condiments, cereals, canned vegetables, low-fat and low-sodium foods, ready-to-eat meals and pet food.

Products with good sales potential include: low-fat or “health” foods, organics, convenience items, ethnic foods, juices, processed meats, margarine, specialty mushrooms, sports shakes, performance drinks and specialty seafood.

up their staple supplies. Many have refrigerators or freezers.

The island’s five farmers’ markets usually sell just locally produced items such as fruits, vegetables, fish and meats. Any imported products, such as beans and rice, are purchased from local distributors or wholesalers. ■

U.S. Best Sellers That Scored Record Sales in 2001



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For details, see FAS Report BB2003. To find it on the Web, start at www.fas.usda.gov, select **Attaché Reports** and follow the prompts.

