USDA Foreign Agricultural Service

GAIN Report

Global Agriculture Information Network

Template Version 2.09

Voluntary Report - public distribution

Date: 1/19/2006

GAIN Report Number: JO6001

Jordan
Retail Food Sector
Annual
2006

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Report Highlights:
Food sales are expected to grow as a result of the expansion of local supermarkets and opening of new supermarkets and superstores.

Includes PSD Changes: No
Includes Trade Matrix: No
Unscheduled Report
Amman [JO1]
[JO]

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DISCLAIMER: the Agricultural Trade Office of the USDA/Foreign Agricultural Service in Amman, Jordan has prepared this report for U.S. exporters of domestic food and Retail Food Sector. While every possible care has been taken in the preparation of this report, the information provided might be dated, as some import requirements are subject to frequent change. It is highly recommended that U.S. exporters ensure that all necessary customs clearance requirements have been verified with local authorities through your foreign importer before the sale conditions are finalized. FINAL IMPORT APPROVAL OF ANY PRODUCT IS ALWAYS SUBJECT TO THE RULES AND REGULATIONS AS INTERPRETED BY THE COUNTRY OF IMPORT AT THE TIME OF PRODUCT ENTRY.

I. MARKET SUMMARY

Since 1990, Jordan is witnessing a boom in supermarkets and superstores establishments. There has been a vertical and horizontal expansion and opening of local and multinational superstores and supermarkets investing in Jordan. C-town a multinational superstore (U.S.) has four supermarkets and is adding two new outlets. Carrefour (French) will open a huge supermarket, the biggest in the Middle East, in 2006 and will open two more outlets in Amman in 2007. Competition among retailers is increasing and most consumers find this to their benefit. In order to keep current customers and attract new ones, most supermarkets offer weekly specials, promotional discounts and integrated item offers to encourage consumers to purchase more.

a) General Background

Jordan is a small Middle Eastern country with limited natural resources. A net food importing country that depends on imports for some basic food items such as wheat, barley, corn, dairy products, sugar, red meat, rice, legumes and canned food items; Yet self-sufficient in a number of agricultural products, especially fresh fruit and vegetable and poultry. The capital Amman is the main and largest market. Amman and three adjacent cities: Salt, Zarka and Madaba constitute two thirds of Jordan's population.

A Free Trade Agreement (FTA) between Jordan and the United States entered into force in December 2001. Since that time, Jordan is steadily eliminating trade barriers between the two countries, a process that will be completed in 10 years. This has a direct effect on the creation of new commercial opportunities for U.S. firms seeking to enter the Jordanian market and the Middle East region.

- Population of Jordan is around 5.350.000; the largest cities are Amman (2.047.000) and Irbed (952.000) and Zerka (799.000). The population growth rate as of 2004 is 2.6 percent.
- Nominal GDP is $10.8 billion, real GDP growth rate is 7.4 percent
- GDP per capita at the end of 2004 is $2,030/year
- Inflation rate in 2004: 3.4 percent
- Total exports in 2004: $5.576 billion
- Total imports in 2004: $9.190 billion
- Total imports from the U.S. in 2004: $547 million
- Total agricultural imports from the U.S. in 2004: $185 million
- Total agricultural imports in 2004: $1,185 million
- U.S. agricultural market share in 2004: 15.6 percent

b) Highlights of recent trends that impact the retail:

The introduction of supermarkets and superstores is re-shaping the retail sector. Safeway Superstores, the first international supermarket to open in Jordan (U.S. franchise) succeeded in changing and making it possible for Jordanians to buy everything under one roof. This has prompted some local retailers to reinvent themselves.

Shopping at supermarkets and superstores is becoming a leisure activity for the Jordanian consumers. Consumers depend less on neighborhood stores and convenience stores except for last minute food needs. Supermarkets are scattered in the suburbs of Amman and in other cities and villages of Jordan. In small cities and villages, grocery and convenience stores still play an important role in the retail business.

Home delivery service is very popular among the large retailers in Amman only. The objective of the delivery service is to create customer loyalty and is free of charge.

Supermarkets located in malls or superstores run coffee shops, fast food restaurants and children playgrounds.

Retailers are advertising about their products through roadside advertising posters, signs, newspapers, and weekly free advertising newspapers and on TV.

Alcoholic beverages are limited to a few authorized supermarkets and dealers.

The United States of America, Turkey, Greece, Cyprus, Italy, Belgium, France, Denmark, Spain, Dubai and Saudi Arabia are the major suppliers of consumer-ready food products in Jordan.

The following tables illustrate retails sales, consumer expenditures and market opportunities and challenges.

TABLE 1: RETAILS SALES

Economic Activity: Enterprises in Jordan belonging to sector "Wholesale and Retail Trade" Year 2003		
Economic Activity	**Gross output**	**Gross value added**
Wholesale of agricultural raw materials and live animals	$7,614,800	$6,043,800
Wholesale of food, beverages and tobacco	$90,179,600	$64,491,300
Wholesale of other household goods	$108,987,000	$83,323,800
Retail sale in non-specialized stores with food, beverages or tobacco predominating	$103,926,000	$74,943,000
Other retail sale in non-specialized stores	$45,690,800	$37,156,500
Retail sale of food, beverages and tobacco in specialized stores	$84,978,000	$55,342,400
Retail sale of household appliances, articles and equipment	$50,539,900	$33,946,200
Other retail sale in specialized stores	$90,526,230	$59,779,910
Retail sale via stalls and markets	$1,947,800	$1,356,800
=== Total: Wholesale and retail trade ===	$1,134,296,000	$822,673,900

Source: DOS Jordan in figures 2004

TABLE 2: OPPORTUNITIES / CHALLENGES IN THE JORDANIAN MARKET

OPPORTUNITIES	CHALLENGES
Of the 5.3 million Jordanians, 5 percent can afford to purchase imported food products.	Limited income. Jordanians assume that imported products from the U.S. are more expensive than locally produced.
Products perceived as new to market have a wide appeal to Jordanians.	Lack of brand awareness
The growing retail sector is looking for new food products	Lack of knowledge and training in purchasing and handling of U.S. products
Importers generally like trading with U.S. exporters because of the reliability and quality of service.	Imports from the U.S. cost much more than products imported from other sources of supply due to high freight costs.
Political tensions lead to exporter perceptions of difficulty in conducting business in the region.	Difficulty of Recruiting U.S. companies to attend trade shows in the region.
Commodity importers are price sensitive and U.S. freight costs are relatively high..	The availability of the GSM-102 AND supplier Credit Guarantee Programs can help lower costs of importing U.S. products.
Expanding number of supermarket chains.	A Free Trade Agreement (FTA) between Jordan and the United States, customs duties will be eliminated. Also, Sales Tax on agricultural products is only 4 percent instead of 16 percent.
More Jordanians are taking up a modern (western) life style. Eating habits and shopping patterns that reflect American style malls.	American products suffering from Anti American rhetoric.
	Arabic labeling with visual emphasis on alcohol free and pork fat free can add to product appeal. Jordanians respond to GMO-free labeling of EU products.

II. Road Map to Market Entry for U.S. Supplies

A. ENTRY STRATEGY

Jordan's retail food sector has been rapidly expanding over the last ten years, this expansion into supermarkets and superstore retailing offer U.S. suppliers an opportunity.

C-TOWN, a U.S. chain of supermarkets is currently operating four outlets with plans to open two more in Amman in 2006. They import directly for their supermarkets from the U.S.

Safeway International started out in 1990 as a U.S. franchise. Later on, local owners bought the franchise, in 2004 a Kuwaiti company took over. The name is expected to change to Sultan. This chain started in Kuwait and has expanded into many Gulf countries. The group is very ambitious and expanding chain store, a new branch under construction is extending to over 17000 m2 and will contain a 1000 car parking, located in eastern Amman, it will serve customers on bulk discounts marketing basis, the same way marketing strategy applied in their Zarka branch, both targeting middle and low income customers.

The French chain Carrefour (under construction) will open one outlet in 2006 in Amman and will follow within two more in 2007. Its focus is on middle income families by selling international products at lower prices.

Other supermarkets i.e. Cozmo, is presently expanding its superstore and will be adding a new outlet in 2006, Abbadi supermarket, a local successful grocery store in Amman, now expanding its superstore into 13000 sq. m. with a shopping area of 2600m2. Al-Farid is in the process of expanding their present outlets and adding new outlets in order to compete. A new American style mall Al Mukhtar, is under construction in Amman to expand its original business of gifts and home appliances, the first floor of 3000 sq. m. will be allocated for grocery supermarket. Also, another American style mall Al Radaideh, is under construction in Irbed and will start its operation in 2006 to expand its original business of gifts and home appliances, the first floor of 2600 sq. m. will be allocated for grocery supermarket.

With the growing size of supermarket outlets in Amman, and other major cities of Jordan, FAS Amman encourages exporters of food products to organize trade missions, conduct awareness seminars and orient promotional campaigns to these retailers, exchange direct contacts with Jordanian importers and owners of supermarkets. Also, U.S. cooperators are encouraged to organize in-store promotions. The promotions can include recipes using American ingredients. Live cooking presentations/sampling/displaying different American brands will drive to full awareness to the U.S. food products.

U.S. suppliers should study the Jordanian market and be prepared to comply with Jordan's labeling requirements, both official and customers', such as Arabic labels on food items with visual emphasis on 'Alcohol Free and Pork Fat Free'. Entertain orders that are smaller than normal and share a shipment with other U.S. exporters or mix products in one shipment.

FAS Amman encourages U.S. exporters to participate in the annual **Gulf Food, Hotel and Equipment Exhibition and Salon Culinaire, which take place in** Dubai, UAE.
Since 1987, Gulfood has been considered as the Middle East and Africa's primary business platform for food, drink, foodservice and hospitality equipment. The exhibition is a showcase for manufacturers, distributors, and suppliers from around the world, representing the entire key sectors within food and hospitality. FAS Amman encourages all Jordanian food importers/supermarket-purchasing officials to attend the exhibition. **-** Last year 70 American food companies participated in this exhibition and many Jordanian importers concluded transactions with American food companies attending the show.

FAS Amman promotes the FMI show that takes place in every May in Chicago. The objective is to acquaint Jordanian importers/distributors with U.S. products and U.S. suppliers. With the expansion of the number of supermarket chains, there is a good opportunity to introduce new-to-market products.

Distribution Channels

Importers either sell their products to wholesalers who distribute food products to retail outlets, or sell directly to retailers. There are supermarkets that import food products directly for their own outlets and there are importers that import food products for their own outlets and distribute their imports in other outlets throughout Jordan.

TABLE 3: Distribution channels for food, alcoholic beverages and confectionery

Food	Supermarkets, mini supermarkets Large, medium and small grocery stores Hotels and restaurants
Alcoholic Beverages	Hotels Restaurants with license for alcoholic beverages Liquor shops (very limited) Bars (very limited)
Confectionery	Large, medium and small grocery shops

Table 4: COMPANY PROFILE 2004/2005

Retailer Name & Outlet Type	Ownership Local/Multi	No. of Outlets	Locations (City)	Purchasing Agent Type
C-Town	Multinational	4	Amman	Direct importer Retailer
Safeway	Multinational	9	5 Amman 1 Irbed 1 Aqaba 2 Zerka	Direct/Importer/Retailer
Abbadi	Local	1	Amman	Direct/Retailer
Cosmo	Local	1	Amman	Direct/Agent/Retailer
Zanbaka	Local	2	1 Amman 1 Irbed	Direct/Agent/Retailer
Plaza	Local	1	Amman	Direct/Agent/Retailer
Fuad	Local	1	Amman	Retailer
Noman Mall	Local	1	Amman	Retailer
Al Farid	Local	1	Amman	Importer & Cash and carry
Rainbow	Local	1	Amman	
Stop & Shop	Local	1	Amman	Importer/Wholesaler/Retailer
Top & Top	Local	1	Amman	Retailer
Sweet	Local	1	Amman	Retailer
Abdoun	Local	1	Amman	Retailer
University Mall	Local	1	Amman	Retailer
Grand	Local	1	Amman	Retailer
Al Madina	Local	1	Amman	Retailer
Sameh	Local	1	Zerka	Retailer
Badran	Local	1	Amman Zerka	Retailer
Zamzam	Local	1	Irbed	Retailer
Abu Thahab	Local	1	Aqaba	Retailer
Marhaba	Multinational	1	Aqaba	Importer/ Retailer

Annual sales for medium to large supermarkets range from $8 - $15 million.

Demand and Supply Trends

Mid to upper income consumers are becoming more demanding. Retailers have begun to become customer driven in their approach to staff, product range and service.

The increasing number of working women has led to an increase in demand for ready made meals and or easy to cook meals.

The trend for purchasing frozen/ready to cook products is increasing.

Demand on dietetic or low calorie food items are increasing in the supermarkets.

B. CONVENIENCE STORES, GAS MARTS, KIOSKS

A new local company is planning to open 55 gas stations through out Jordan, which will have on its premises a bakery, fresh fruit juices, mini supermarket and fast food. They have signed an agreement with McDonalds to open restaurants. The first gas station will open in Amman January 2006. Meanwhile, there are several small groceries that sell juices, chips, chocolates and other small items within gas stations premises.

C. TRADITIONAL MARKETS – "MOM & POP" SMALL INDEPENDENT GROCERY STORES AND WET MARKETS

Small grocery stores and mini supermarkets offer a limited number of imported food products that are purchased locally from importers or wholesalers. These grocery stores are under pressure from the new retailers but will not close down as long as their turnover is covering the living expenses of the family.

III. COMPETITION

In 2004, according to the Jordanian Statistics, total exports to Jordan from the U.S. for consumer oriented products were $60.1 million while from other sources were $436.8 million.

TABLE 5: RETAILS SALES The following table illustrates the Jordanian imports for the following products categories (Jan. – Dec. 2004 $ mil)

Product	Total Imports In Million $	**Imports from The U.S.**	**U.S. Market Share (%)**	Import Tariff
Meat, offal's	$14	$0.213	1.5%	
Cheeses	$8.9	$2.0	22%	None
Almonds	$4.8	$4.4	92%	
Bovine semen & embryos	$0.297	$0.034	11.4%	
Apples, fresh	$14.3	$0.388	3%	
Coffee, roasted	$9.0	$0.083	1%	None
Rice	$61.0	$12.5	28%	None
Seeds for sowing	$8.4	$1.8	21%	
Soybean oil, refined	$22.8	$0.388	2.5%	15%
Corn oil, refined	$15.0	$13.6	90%	15%
Butter	$6.2	$1.1	18%	None
Natural honey	$1.6	$0.009	0.5%	15%
Chewing gum and sugar confectionery	$8.5	$0.186	2%	15%
Cocoa powder	$2.0	$0.012	1%	None
Milk in powder	47.61	0	0	None
Spices	0.406	0.028	7%	None
Powdered juices	4.945	0.547	11%	15
Ready food pastry products	4.601	0.760	16.5%	10/10
Water, including mineral water	15.585	0.009	0.06%	15
Other non alcoholic beverages	0	0	0	42.5
Other wine, grape must with fermentation	0.443	0.01	0.2%	153
Whiskies & Hard liquors	1.864	0.033	2%	153
Vinegar	0.245	0.065	20%	15
Cigarettes	4.047	0.220	5.5%	80
Tobacco for smoking	7.280	0.033	1%	80
Source: DOS Editor Calculations:				

TABLE 6: The following table illustrates suppliers of consumer foods and edible fishery products:

Product	Size of Imports in millions	Largest supplier	Market share %	US Market Share %
Fresh Vegetables	$34.545	Syria	30	0.05
		Lebanon	21	
Fruits Fresh & dried	$55.272	Syria	33	9
		Lebanon	13	
Nuts	$7.896	China	32	0
Coffee	$9.165	India	34	7
		Brazil	24	
Spices	$0.423	Mexico	33	7
Red Meat	$74.025	India	36	0.3
Frozen Fish	$16.074	Argentine	34	0.1
Jams	$1.182	Syria	78	4
Juices	$0.808	Oman	25	3
Sauces	$4.146	Netherlands	20	21
Ice creams	$0.908	Italy	32	0
Beer	$0.395	Netherlands	67	0
Wine	$0.853	Palestine	17	0.3
Pet food	$0.15	Australia	30	37
Pastas	$2.83	Indonesia	21	1
Cheese	$29	Morocco	20	8
Butter	$8.89	Saudi Arabia	40	0
Source Calculated from DOS Data				

IV. BEST PRODUCT PROSPECTS

A. Products in the market, which have good sales potential:

Condiments
Cake baking mixes
Rice
Desserts
Juices (powder)
Breakfast Cereals
Almonds
Legumes

B. Products not present in the market, but which have good sales potential:

Merluza frozen fish
Chicken leg quarters
Juices in tetra pack

Candies
Frozen cooking butter in block
Frozen French fries
Pecan
Cheeses

C. Products not present in significant quantities, but which have good sales potential:

Deli cuts: smoked turkey breasts, ham, port bacon
Refined Corn oil
Salted snacks
Turkey

D. Products not present in supermarkets because they face significant custom barriers due to ethical and religious issues:

Wine
Beer
Whiskies
Cigar

Some other barriers include strict sanitary and phytosanitary SPS measures

Poultry
Beef (also due to prices)

V. POST CONTACT AND FURTHER INFORMATION

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