

Latin America comprises two regions, Central and South America with a total of 23 countries. With a population of approximately 480 million, the combined GDP projected for this year for this region is estimated at US\$ 4 trillion. This region represents 6% of the world's population and 7% of the total global GDP. The GDP growth for Latin America when compared to other developing countries is moving towards a steady growth of +3.8%, following a period of fluctuation between 1990 and 2005, thanks to the improvement in political and economic situations in the region. On average, all

The author reviews the latest developments in the tuna sector in the Latin American region, including innovations, sustainability, certification and retail sales, to see if there are patterns that could turn the region into a major tuna bloc.



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countries are expected to grow at 4.3% in 2012-2013, although Peru and Colombia are expected to grow at more than 5% a year, becoming the two fastest growing countries in

the region.

The Latin American region has very high protein consumption considering the fact that

# Latin America's potential as a major canned tuna bloc: challenges and dynamics



Easter canned tuna promotion at *Wal-Mart*, Costa Rica.



the consumption of red meat is high. Hence, fish and seafood are regarded as tasty and good quality food compared with red meat, chicken or pork. Fish protein competes against red meat and chicken protein. In countries like Argentina and Uruguay, consumption of red meat is very much higher than canned tuna.

Fish is perceived as healthy food for the family. In particular, canned tuna is characterised as a “must- have-it-in-your-house” product as it is versatile for any occasion. Canned tuna is a highly seasonal product which is popular particularly during Easter (*Quaresma*), as well as during spring and summer.

### Is this region a major canned tuna bloc?

The average canned tuna consumption per capita of the seven major countries of the region (Ecuador, Argentina, Costa Rica, Brazil, Panama, Colombia and Chile) is less than 500grams. However, countries such as Ecuador and Costa Rica eat more than 2.0 kilos a year, and this figure is still growing.

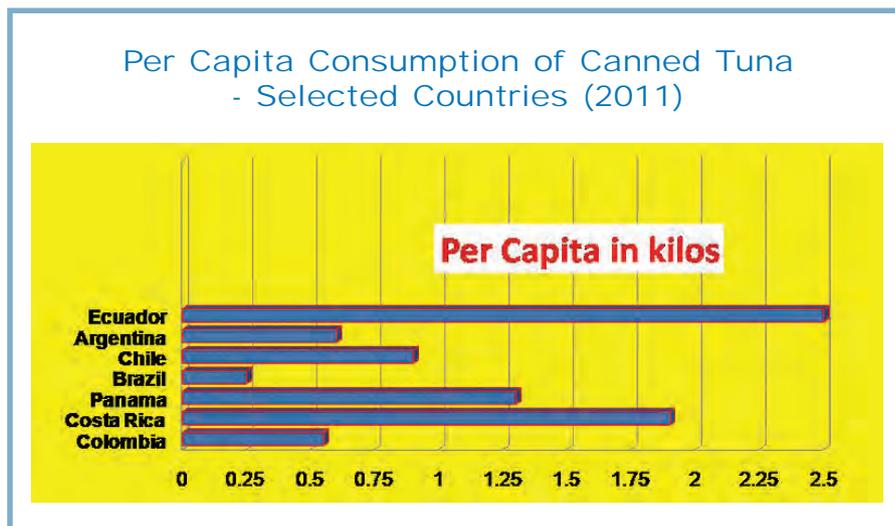
Since the last tuna conference in 2010, many players have entered the market with different strategies and tactics. Among them are *Jealsa Robinson Crusoe* which entered Argentina and Brazil; *Pepsico Brazil* which sold the number 2 brand “Coqueiro” to *CAMIL*, a rice giant; newcomer *Beira-Mar* and *Van Camps* which set foot in Brazil; *Calvo* entered Paraguay, Colombia and Belize; and

*Gomes da Costa* began selling to Suriname, Nicaragua and Guatemala. Some leading companies even changed their names, for example, Costa Rica’s *Sardimar* is now known as “*Alimentos ProSalud*” (Pro-Health Foods).

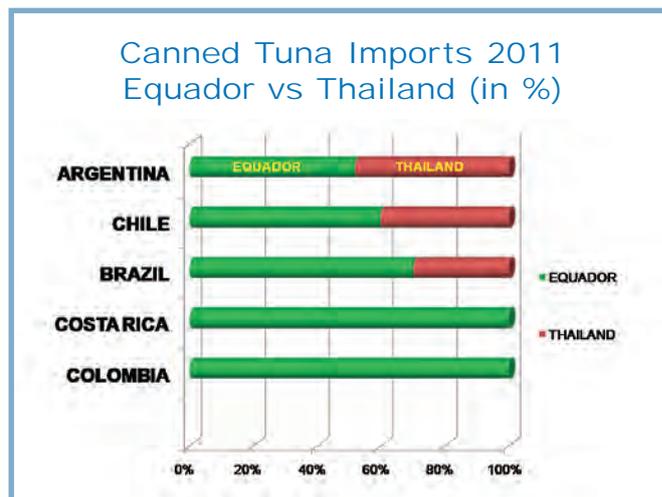
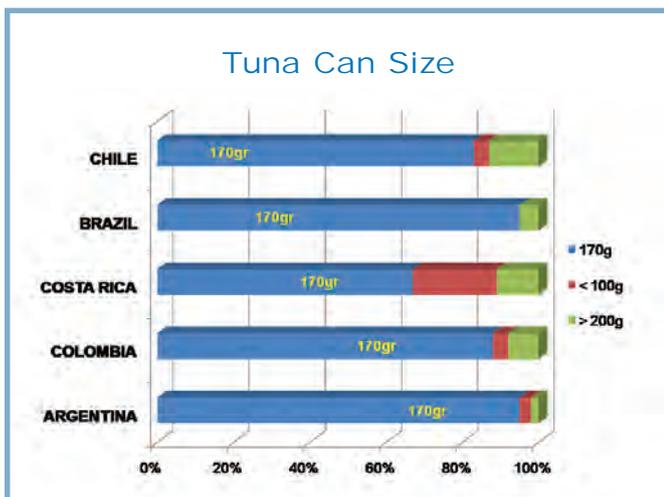
In terms of innovation, a variety of formats, oils, shapes, salads and *pates* have emerged in Latin America, particularly launched in three countries simultaneously. Natural nutrition is one of the big health trends. Convenience is one of the current macro trends across all categories, particularly important for time-pressed consumers. Easy-open packaging is essential. Innovation is appearing in formulation changes. Although not a major issue but growing in importance, environmental concern is also rapidly becoming a selling factor.

### Consumer habits

The trends on consumer habits in Latin America indicate that channels are relevant for the price-sensitive Latin consumers. In general, the preferred can size is 170 grams while there is lack of interest in single 80 gram-type cans. Brand promotions are regularly carried out to create awareness. Importantly, communication via TV ads is still crucial for growth where family and health are key issues. There is a need to educate consumers on product versatility such as rice, pasta, salads *etc.* More and more cross-promotions are being carried out to increase consumption and intake at home. Consumption related to seasonal religious festivities, like Easter, is important. However,



Tuna Products Launched across Latin America



there appears to be less dependence on this.

Is the region becoming a major canned tuna bloc?

Although average consumption of canned tuna is less than one kg, it is growing. In general, consumption habits across the region are very much similar in terms of flavour, size and seasonal consumption. Likewise, the distribution channels are through discount markets and supermarkets which are growing compared with small shops. Imports are influenced by regional trade barriers. The main suppliers to the Latin American region

are Ecuador followed by Thailand. The growth of private labels is slow, with approximately 20% share, much lower than Europe while branding is growing and becoming a regional initiative. These positive factors indicate and conclude that, indeed, Latin America's potential as a tuna bloc is real.

Future outlook

At the TUNA 2010 Conference, Latin America was described as a region with massive growth potential and significant challenges for the tuna industry. Since then, new players have arrived with innovative products and new distribution techniques to grab market share and expand the category.

These new players have applied regional strategies and tactics and have "customised" business models to suit the context of the Central and South America markets. The challenge that should be discussed in the next (TUNA 2014) conference is: *Have these new players succeeded?*

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Reader enquiry number 3