

ARGENTINA

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RETAIL TRENDS

Rather than highlighting a new concept, it would be more relevant to highlight the transformation of an already existing concept in Argentina: **the “cash-and-carry markets”, also known as “wholesale markets”,** which used to be suppliers for traditional businesses and professionals exclusively, have now adapted their business proposal, services and layout to offer a new purchasing experience concept and target consumers directly. In Argentina, wholesale or cash-and-carry stores have a market share of approximately 10%, being one of the few sales channels that grew in 2015, along with the “hard discounts” one, led by the supermarket chain Dia. **Wholesale markets have overtaken hypermarkets** in terms of customers’ purchase size.

CONSUMER TRENDS

Argentinean consumers try to make the most of their budget **and look for the best cost-benefit ratio:** they found this in wholesale markets and hard discounts. Consumers make fewer shopping trips, and buy more every time they visit the market. This trend started 5 years ago and intensified in 2015, thanks to ongoing hard discounts and sales. The bond between retail markets and consumers should be attributed to constant discounts and deals and not innovation and value.

TREND 1: PRICE WAR

Good positioning in the price war is essential for the food industry today in Argentina. Under these conditions, food brands tend to develop more functional and valuable products. By granting customers safety, trust, functionality and competitive prices, these top brands offer more for the same price. Price reduction was the most prevalent strategy in the retail trade, as shown by the big discounts that prevailed throughout the year.

NESQUIK CEREAL INSTANTANEOUS

Brand: Nestlé Argentina

Launch date: 11/2015

Category: Grocery

Family: Chocolate Products

General description:

Nesquik Cereal Instantaneous is a powdered cocoa and sugar-based food with added cereal. It combines the traditional Nesquik cocoa powder with instant cereal. Nesquik Cereal is a soluble powder prepared by simply mixing it with milk; the cereal added to the formula, which is an essential part of a balanced breakfast, is unperceived when drinking.





Why is this product a success? Nesquik Cereal Instantaneous belongs to a very strong brand's product range. By adding cereal to its formula, as a new nutritious ingredient, it has opened a new segment in the chocolate powder market.

TREND 2: PROMOTING MARKET ZONES

Natural, healthy, tasty and modern products for all ages allow for differential pricing. Their healthy and innovative qualities invigorate sectors and categories. They also help create new business opportunities. Some leading national brands introduced innovative and healthier products in categories which had remained practically unchanged for a long time. Global trends in the food industry are replicated in Argentina: sustainable, environmentally friendly, more practical and affordable products available for all sales channels.

TERMA LIMONADA

Brand: Grupo Cepas
 Launch date: 12/2014
 Category: Beverages
 Family: Bottled Waters



General description: Terma is a classic brand belonging to the Cepas Company, but it's actually more than that. It's a brand that created a very different soft drink many years ago: a soft drink that started off as a water soluble concentrate which stood out for being natural, for its herbal blend, and which is consumed by all Argentinians in their forties.

Under this brand's umbrella, the company sought to reach a new consumer segment by developing a new product: ready-to-drink Terma Lemonade.



Why is this product a success? The product is a commercial success and very innovative for the Argentinean market, meeting its launch objectives by:

1. Capturing a new consumer segment
2. Achieving different consumption time frames
3. Penetrating new commercial distribution channels

TREND 3: GLOBALIZATION

Global trends in the food industry are replicated in Argentina: sustainable, environmentally friendly, more practical and affordable products available for all sales channels. Traditional packaging and containers give way to new trends aimed at making packaging more practical while retaining the same quality, so that products can be used, kept, and reused without losing their characteristics.



TORO VIEJO BAG IN BOX

Brand: Federación de Cooperativas Vitivinícolas Argentina

Launch date: 07/2015

Category: Beverages

Family: Alcoholic Beverages, Appetizers

General description: Toro Viejo Bag in Box 3000ml is quality wine supplied in a practical packaging solution that makes daily consumption and product preservation easier. Until 2014, wine in Argentina was exclusively supplied in bottles. Today, keeping up with global trends, the Bag in Box system was launched to guarantee easy dispensing and longer preservation of the product's qualities.



Why is this product a success? The BIB system is more economical, highly practical and creates new consumption habits.

NEW RETAIL CONCEPT

Speaking of new concepts in Argentina, it is important to highlight the transformation that Carrefour is beginning to bring about in some of its stores, turning them into Gourmet Market stores. These stores have already been introduced in other countries, but the concept of **having gourmet supermarkets is new to Argentina**. This concept mainly focuses on perishable food and offers features typical of traditional businesses in the store, such as self-service but also staff-assisted options in the meat section.

OTHER MAJOR RETAILERS

DIA is the only supermarket chain that implements "hard discounts" in Argentina. This is not a new mechanism in the local market, it has been there for many years and today, like in the rest of the world, it is changing its image and offers. However, it has been one of the few channels or formats that expanded during 2015: hypermarkets are losing market share, while supermarkets are maintaining their sales flow, the gap is shrinking and hard-discount supermarkets, such as DIA, have increased their market share.

DO NOT MISS

There are three stores you must visit in Argentina:

Jumbo Unicenter: it belongs to the Chilean company Cencosud and was opened in 1988.

Coto Tortugas Mall: it belongs to the Argentinean company Coto and was opened in 2010.

Carrefour Gourmet Market Monroe: it was reopened recently, and it is the first store of the chain to invest in adapting different stores to this concept.