

Voluntary Report – Voluntary - Public Distribution

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Report Name: Catching up with Portuguese Consumers

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Report Highlights:

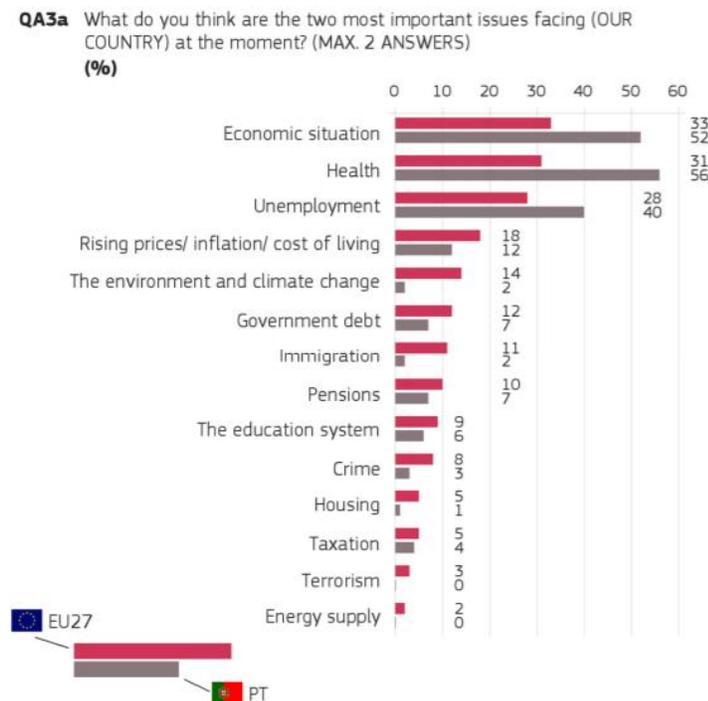
Similar to other consumers around the world, consumers in Portugal continue to adapt their lives and habits to the “new normal” under the COVID-19 pandemic. Technological advances, changing consumer demographics and navigating this new environment will continue to impact Portuguese consumer behavior in the short and medium term. Portuguese consumers remain the greatest promotional consumers in Europe, but taste is also a very influential factor when choosing food products. Many Portuguese have traveled or have strong ties to the United States and appreciate U.S. food products and culture.

Economic Situation

In early 2020, Portugal enjoyed an overall positive economic climate, having recovered from the financial crisis that hit the country between 2010 and 2014. However, economic prospects dampened on March 18, 2020, when Portugal declared a nationwide State of Alarm to stop the expansion of the COVID-19 pandemic. The State of Alarm led to the temporary closure of most non-essential shops and businesses. With the gradual relaxation of social distancing measures over the summer, the economy started to recover. Nonetheless, at the start of 2021, the country is slowly coming out of the third wave, the most severe thus far with extreme pressure on the national health system and rising death toll. While the most recent National lockdown measures started to lift at the time of this report, travel and gathering restrictions remain in place and will continue to temper economic activity. In particular, the tourism and hospitality, strategic sectors for the Portuguese economy continue to be the most affected.

The economic slowdown reflects lower domestic demand due mandatory pauses in non-essential activities in response to COVID-19 which delayed consumer spending. The economic outlook in the short and medium-term continue to be highly dependent on epidemiological developments, around which remains a high degree of uncertainty.

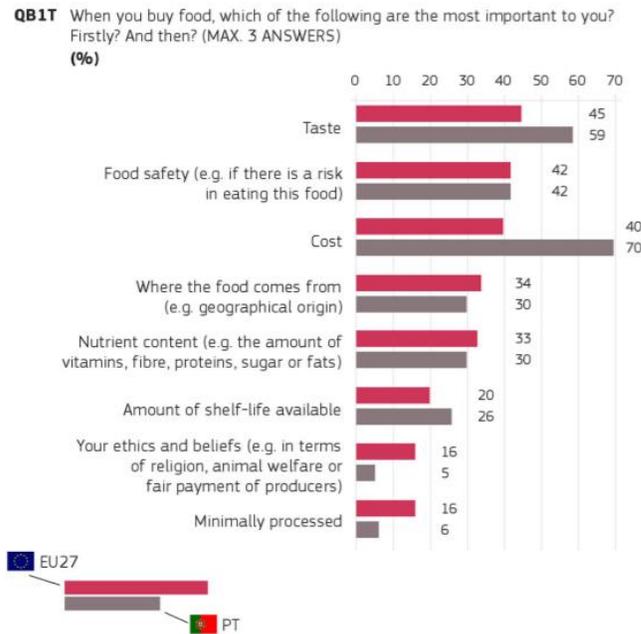
Thus, Portuguese consumers continue to feel the economic effects of the COVID-19 crisis, and their concerns about health, safety, and the economy continue increasing. According to the *Eurobarometer* consumer survey from the EC’s Directorate-General for Health and Food Safety, published in December 2020, Portuguese consumers are among the most pessimistic consumers in the EU about the economic situation, health, and unemployment. In Portugal, 53 percent of respondents think that their economy will not recover until 2023 or later, this is above the 42 percent EU average.



Source: [Special Eurobarometer](#)

Portuguese Consumer Trends

When considering factors influencing food consumption and eating habits, Portuguese consumers show significant deviations from the EU-27 average. The *Eurobarometer* consumer survey shows that on average, when purchasing food, European consumers prioritize taste (45 percent), food safety (42 percent) and cost (40 percent) over sustainability concerns. By comparison, 70 percent of Portuguese consumers consider cost the most important factor when buying food products. In fact, this is the highest percentage in the whole of the EU-27, followed by Lithuania (61 percent). See figure below:



Source: [Special Eurobarometer](#)

The 2008 economic crisis changed the way many Portuguese consumers shop, as they become more price conscious and often look for promotions and discounts. Portuguese consumers have retained certain purchasing habits from economically depressed times and still like to search for promotions rather than paying full price for their products. They also tend to shop more frequently but spend less. It is estimated that the share of promotions in Portuguese food retailing continued to increase in 2019, accounting for 48 percent of sales, compared to 46.4 percent in 2018. This trend is a strong characteristic of Portuguese consumers, making them the greatest promotional consumers in Europe. This situation is pushing retailers operating in Portugal to be creative, to invest in strong marketing strategies, and to continue their efforts focused on maintaining price competitiveness and product differentiation.

The second most mentioned reason influencing Portuguese consumers food purchases is taste (at 59 percent). This result is the highest in this category for the EU-27, highlighting the importance of palate in the Portuguese food culture. On the other hand, whether a food is “minimally processed” or one’s own personal “ethics and beliefs” (for instance, animal welfare concerns) are the least cited and influencing factors.

In general, many Portuguese maintain strong ties and are proud of their connections to different regions of the United States (for example, the Azores and the northeastern United States). Many have traveled and are familiar and appreciate U.S. food products and culture. This provides a welcoming environment for U.S. exporters to market their products and build on the U.S. brand among Portuguese consumers and retailers.

Changing consumer habits and the development of new technologies are leading the sector to develop new commercial formats and greater diversification. Following the COVID-19 pandemic, online shopping became a safe shopping experience, and in some cases, the only possible way to access certain products and services. According to the survey by Logical Equation, 90 percent of Portuguese consumers who bought online in 2020 were satisfied with the process; 54 percent even indicates total satisfaction, according to the study cited by Marketeer. However, only 26 percent of consumers between the ages of 45 and 70 years old tried e-commerce. The incidence of online shopping was higher with consumers in the Greater Lisbon area.

During the pandemic, proximity to shopping has also become more important, both for convenience and in support of rising “food patriotism” which favors domestically produced Portuguese products/brands and neighborhood commerce. These last two consumer trends are expected to continue well beyond the pandemic.

Population Trends

In terms of population and demographic trends, Portugal’s population was 10.3 million in 2019. The Portuguese population is concentrated along the coast. The major distribution centers are Lisbon in the south and Porto in the north. The Lisbon area has the highest purchasing power in the country.

The total population number has been gradually increasing but will likely soon start to decline. The average number of children went from 1.03 in 2013 to 0.86 in 2019. Despite the negative natural reposition rate in 2019, total population increased slightly (0.9 percent) due a positive net immigration rate. Estimates indicate that by 2030, population will lower to 9.9 million and those older than 65 years are expected to account for almost 27 percent of total population.

According to Euromonitor, Portugal was among the least urbanized countries in Western Europe in 2019. However, over the medium to long term, Portugal is expected to witness the highest rate of urbanization in the region. Despite the overall decrease in population, during the 2018-2030 period, the urban population is expected to increase 7.8 percent and account for 71.4 percent of the total population by 2030. Urbanization, along with delays in marriage and an ageing population, will likely lead to the fast increase of single-person households. Moreover, the aftermath of the COVID-19 pandemic is likely to cause adverse shocks in the external and domestic sectors, hampering household income growth.

These changes pose a challenge for market operators. The market will have to adapt to these demographic changes and the impact on future consumer trends and preferences. However, this will create opportunities for new shopping formats and products (such as plant-based, free-from, single-serving, ready-to-eat) targeting the new realities and preferences of the population.

Additional Information

For more information on exporting U.S. agricultural products to Portugal, please check the recently published reports below:

Report Number	Title	Date Released
PO2021-0005	Exporter Guide 2021	February 25, 2021
PO2021-0009	The Portuguese Seafood Sector	March 17, 2021
PO2021-0008	The Portuguese Food Retail Sector	March 16, 2021
PO2021-0006	The Portuguese Food Ingredients Sector	March 16, 2021
PO2021-0007	The Portuguese Food Services Sector	March 16, 2021

If you have any questions or comments regarding this report or need assistance exporting to Portugal, please contact the [Office of Agricultural Affairs](#) at AgLisbon@fas.usda.gov

Attachments:

No Attachments.