

MARKET FOCUS HONDURAS



Country Background

At the heart of Central America, Honduras is a vibrant country with sparkling clear waters, perfect beaches, verdant jungles, magnificent mountains, challenging rivers, and captivating ancient Mayan ruins. It has a population of 7.48 million of which 90 percent is Mestizo (a mixture of Amerindian and European ancestry), 4 percent Amerindian, 5 percent black and 1 percent white. The capital is Tegucigalpa, however, San Pedro Sula, its second largest city, is the economic center. The country is a democratic republic. Public education is free and obligatory for children aged seven to 19. The literacy rate is 76.2 percent.

The currency is the Lempira. Economic growth in the last few years has averaged 5 percent a year, but around half of the population still remains below the poverty line. GDP per capita is U.S. \$1,170 (2006). It is estimated that more than 1.2 million people are unemployed — 28 percent of the population.

The country is self-sufficient in electricity production, using hydropower to generate more than 60 percent of the country's electricity.

The region is considered a biodiversity hotspot and in 1982 Río Plátano in the La Mosquitia region was designated a UNESCO World Heritage site. According

to the World Conservation Monitoring Center, Honduras has 1,214 species of amphibians, birds, mammals and reptiles. Of these, 6.9 percent are unique to the country.

Marketing Environment in Honduras

Historically, the country has depended on exports of agricultural products, such as bananas and coffee. However, the economy has diversified in recent decades and now has a strong export processing industry, primarily focused on assembling textile and apparel goods for re-export to the U.S.

It was not until a few years ago that Honduras started to develop a marketing culture. The main marketing efforts have been made by foreign multinational companies, but, little by little, local companies have begun to incorporate marketing departments. The Honduras Institute of Tourism completed a project in 2007 to re-brand the country as a tourist destination to entice travelers from the U.S. and Canada.

Unique Challenges for Marketers in Honduras

One of the key challenges marketers face when trying to reach Honduran consumers is that, unlike the other countries of the Central American region that have one main city, Honduras has two main cities: Tegucigalpa and San Pedro Sula. It is therefore important to under-

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stand how consumer habits, preferences and media consumption vary from one city to another. In some cases different marketing strategies must be created to effectively reach each segment.

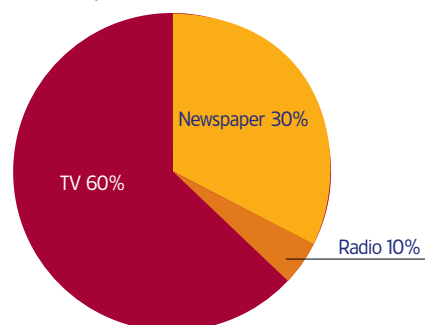
Media Environment in Honduras

	TV	Computer Ownership	Internet Access	Broad-band	Mobile Phone
Penetration (%)	58	1	5	<1	49
Users (MM)	1.02	0.12	0.33	N/A	2.24

TV remains the medium with the highest consumption in Honduran homes. Although mobile use has grown more slowly in Honduras than the Central American average, it has increased more rapidly over the past few years. It is expected that by the end of 2008 a fourth mobile phone company will be operating in the market.

As of 2005, the telecoms sector was opened to private sector companies and Hondutel's (the state telecommunication company) monopoly ended. For the past two years, the Honduran Congress has been promoting a bill whose main objective is to promote international investment in this sector. This bill has brought three new mobile phone companies and 63 new companies offering different services (Internet, landline and broadband).

Share of Media*



* Outdoor, cinema, magazine and in-store data not available

Top Media Outlets in Honduras

Television	Newspaper	Magazines	Web sites
Telecentro	La Prensa	Hablemos Claro	www.laprensahn.com
Canal 11	El Heraldo		www.latribuna.hn
Canal 6	La Tribuna		www.elheraldo.hn
Telered21	El Tiempo		www.hotmail.com

Honduras' Top Advertisers

1. SAB Miller
2. Unilever
3. PepsiCo
4. Grupo INTUR
5. Tigo

Retailing in Honduras

In recent years the retail sector has seen an increase in the number of international mass grocery retailers. Perhaps the most important event of 2006 was the acquisition of 51 percent of CARHCO (Central American Retail Holding Company) by Wal-Mart. CARHCO, already

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owner of the main grocery retailers in Honduras (La Despensa de Don Juan, Maxi Bodega, Paiz and Hip-erpaiz) became Wal-Mart Centroamerica; the largest retailer in the country.

Tips for Advertisers

Although the popularity of cable TV is rising, TV in Honduras is still dominated by local media advertising. Honduran consumers are less exposed to high quality, innovative and creative advertising from international media, making it easier for advertisers to create high impact advertising.

The main cities have experienced a considerable increase in outdoor advertising, especially billboards. Local authorities are working on a law that will not prohibit the use of these media, but instead regulate the amount of billboards that can be erected.

Key Millward Brown Metrics

	Awareness Index	Persuasion	Enjoyment	Involvement
Country Average	5	40	4.08	3.42

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Fun Facts and Trivia

- Hondurans are often referred to as *Catracho* or *Catracha* (female) in Spanish. The word was coined by Nicaraguans and derives from the last name of the French Honduran General Florencio Xatruch, who, in 1857, led Honduran armed forces against an attempted invasion by North American adventurer William Walker.
- At 621 miles (1,000 kilometers) long, Honduras' coral reef is the second largest in the world.
- Utila, one of the Honduras Bay Islands, is known as "The Whale Shark Capital" as it's one of the few places in the world where Whale Shark frequently pass close to shore. A five year study of the population dynamics and ethology of the whale sharks around Utila is currently underway.
- Puerto Cortés is one largest port in the region. It has been certified as a megaport, one of only three in Latin America.
- Unlike other ancient Mayan Ruins, Copán has a magnificently carved hieroglyphic stairway which records the history of 17 rulers of the royal dynasty.

Tips for Visitors

- A trip to The Bay Islands is a must. A chain of three islands with pristine beaches, surrounded by the turquoise waters of the Caribbean Sea, the Bay Islands are known as the "certification destination" for divers from all over the world.
- Honduras is world famous for its archaeology. Copán offers one of the Mayan world's most beautiful and perhaps the best-preserved and most-studied archaeological sites.
- The Fortress of San Fernando de Omoa, built by the Spaniards in colonial times to protect shipments of silver being sent overseas to Spain, is well worth a visit.
- Honduras' previous capital, Comayagua, is a rich cultural and historical city built according to old Spanish traditions. Among its most impressive buildings are the Comayagua Cathedral, the churches of La Merced, La Caridad and San Francisco.

- The Guamilito market offers the most complete selection of Honduran handicrafts in San Pedro Sula. The market is also a good place to buy vegetables and flowers. When shopping at the market, always remember to barter as prices are not fixed and everyone haggles with traders on price.

Eating Out

- Honduran cuisine varies from region to region within the country. Its most notable feature is the use of coconut in the preparation of various dishes. Perhaps the most popular meal is *baleada*: a flour tortilla which is folded and filled with refried mashed beans, cheese and sour cream (in some cases people add roast meat and scrambled eggs).
- Another popular dish is *yuca con chicharron*. The *yucca* is served with raw cabbage, *chicharrones* (deep fried seasoned pork fat and skin) spicy tomato sauce, onion and spices such as oregano.
- Rice and beans is a popular side dish on the Honduran Caribbean Coast and is cooked in coconut milk with cilantro and spices.

Must Read

- "Las perras de Teofilito", a book in which you can enjoy reading about the classical *perras* (exaggerated stories) that are part of the Latin culture.

Useful Links

www.letsgohonduras.com

www.honduras.com

www.hondirectorio.com