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**Report Name:** Food Service - Hotel Restaurant Institutional

**Country:** Philippines

**Post:** Manila

**Report Category:** Food Service - Hotel Restaurant Institutional

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**Report Highlights:**

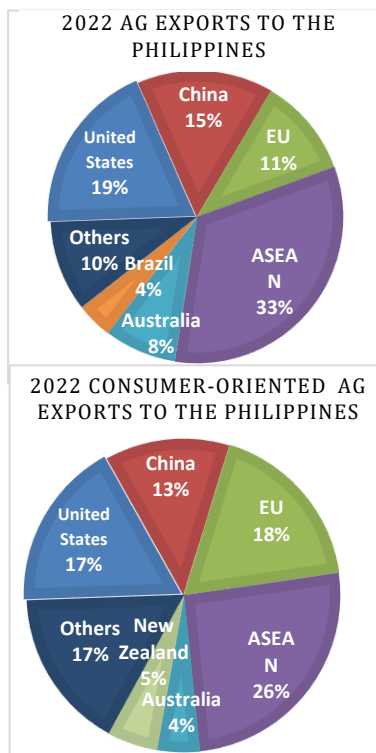
FAS Manila projects the food service sector to grow at 20 percent as the tourism and hotel industry improves in 2023. Dining in restaurants, catering, and events will continue to boost sales while food deliveries offer convenience. As the seventh-largest market for U.S. consumer-oriented exports, the Philippine food service sector provides strong opportunities for meat products, dairy products, fruits, vegetables, bakery products, chocolate and sugar confectionery, sauces, condiments, seasonings, non-alcoholic beverages, and wines.

## MARKET FACT SHEET: PHILIPPINES MARKET OUTLOOK

Slower economic growth, estimated at 6 percent, is expected for 2023, with lower local demand and household consumption, and still-elevated inflation.

### AGRICULTURAL EXPORTS TO THE PHILIPPINES

The United States remained the largest single-country exporter to the Philippines in 2022, with a 19 percent market share. The Philippines ranked as the seventh-largest U.S. agricultural export market in 2022, reaching a record high of \$4.2 billion.



### FOOD PROCESSING SECTOR

Food and beverage manufacturing sales increased through broader distribution coverage and the launching of new products. Higher raw material costs remain because of inflationary pressures.

### RETAIL FOOD SECTOR

As revenue spending ends, FAS Manila sees slower growth in retail sales for convenience stores, groceries, hypermarkets, and warehouse clubs in 2023. Both food and beverage inflation remain elevated as more consumers spend prudently.

### FOOD SERVICE SECTOR

FAS Manila anticipates the sector will grow as the tourism and hotel industry improves. Dining in restaurants, catering, and events will continue to provide growth while food deliveries offer

convenience. Restaurant chains continue to open new local and international stores and franchises.

### Philippines: Quick Facts C.Y. 2023

#### Demographics

- 113 million population (Jan 2022 est.)
- 1.63% population annual growth (Dec 2021 est.)
- 52% under 24 years old & median age of 24 years old
- 48% urbanization rate
- 12% reside in Metro Manila (capital city)
- 76% speak English & 98% literacy rate

#### Household Income Classification (2023)

Low-Income Household (0-25k PP US\$)	72%
Middle-Income Household (25-100k PPP US\$)	22%
High-Income Household (100k+ PPP US\$)	6%

#### Gross Domestic Product (GDP)

GDP: \$422 billion (est.)      GDP per capita: \$3,797 (est.)  
GDP growth rate: 6% (est.)      GDP PPP: \$1 trillion (est.)

#### Agricultural & Related Trade (2022)

Exports to PH: \$19.9 billion      PH Exports: \$8.9 billion

#### Consumer-Oriented Agricultural Products:

- Pork, beef, poultry
- Dairy products
- Food preparations
- Sauces and condiments
- Fruits and vegetables
- Biscuits and baked products

#### Top Fast-Food Chains

[Jollibee](#), [Mc Donald's](#), [Chowking](#), [Shakey's](#), and [KFC](#)

#### Top Supermarkets

[Robinson's](#), [SM](#), [Savemore](#), [Puregold](#), [Walmart](#), [Metro](#), [Marketplace](#)

#### Top Convenience Stores

[7-Eleven](#), [Alfamart](#), [Uncle John's](#), [Familymart](#), [All Day](#), and [Lawson](#)

#### Top Warehouse Clubs

[S&R](#) and [Landers](#)

#### Top Online Grocery Delivery Platforms

[MetroMart](#), [GrabMart](#), [LazMart](#), and [Shopee Supermarket](#)

Sources: [Euromonitor](#), [Global Agricultural Trade System](#), [International Monetary Fund](#), [The World Factbook](#), [Trade Data Monitor](#), [The Economist](#), [World Bank](#), [Philippine Statistics Office](#), [Department of Trade and Industry](#), [National Economic and Development Authority](#), [S&P Global-IHS Markit](#), and FAS Manila research

Strengths	Weaknesses
Strong preference for U.S. ingredients and perceived higher standard and quality	Less competitive shipping costs and tariffs than ASEAN, China, and AU-NZ
Opportunities	Challenges
A service-based economy with a young, tech-savvy working-age population, and resilient domestic demand	Revenue spending ends as tightening consumer purchasing power continues.

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## SECTION I. MARKET SUMMARY

After robust growth in 2022, FAS Manila projects consumer food service sales to increase at a lower rate of 20 percent in 2023. Although limited-service restaurants still form a majority of food service, street kiosks outperformed limited-service restaurants, full-service restaurants, cafés, and bars in sales growth. By early 2024, the food service industry is estimated to recover to pre-pandemic levels.

Some restaurants experience queues of customers dining in, and event bookings are starting to fill up hotel venues. While most food establishments are launching new restaurant concepts, some restaurant chains fast-tracked store openings to meet local and international franchise agreements. Though not as frequent as during the pandemic, use of online delivery platforms, drive-throughs, and curbside pickups will continue to appeal to customers. Elevated food inflation and higher fuel costs contributed to higher restaurant menu prices.

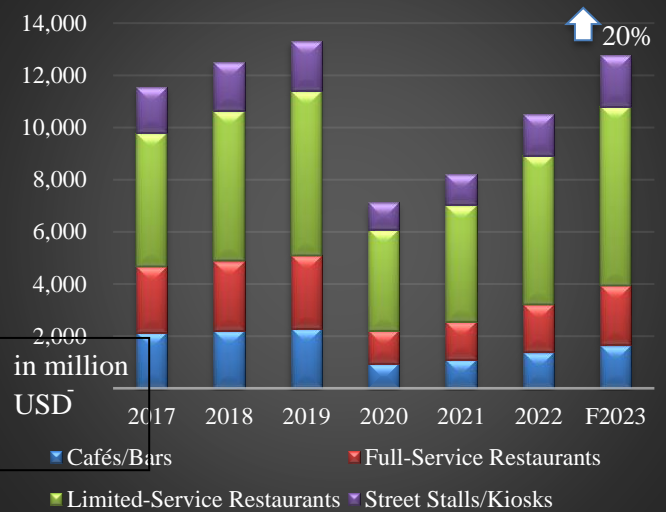
Based on research, FAS Manila foresees full-service restaurants' sales growth overtaking limited-service restaurant sales. Most top restaurants sell chicken, pizza, and burgers, providing opportunities for U.S. food and beverage exports.

## MARKET DYNAMICS

With the recovery in the service industry, restaurants and hotels are expected to become more profitable in 2023. After school classes resumed, increased consumer mobility and improved employment rates bolstered restaurant and hotel spending. The [Philippine Statistics Authority](#) reported that the employment rate as of August 2023 increased to 94.7 percent versus 91.9 percent in August 2022.

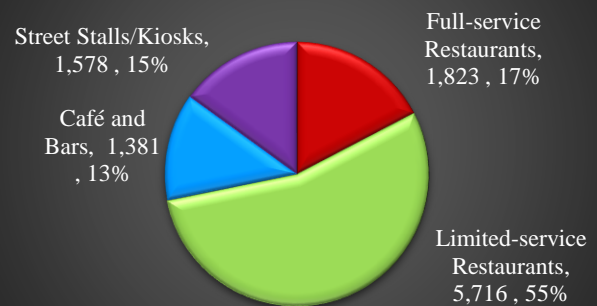
As restaurant chains open more company and franchise-owned stores, they will continue to outpace independent restaurants. Chains have more financial leverage to

Figure 1. CONSUMER FOOD SERVICE SALES



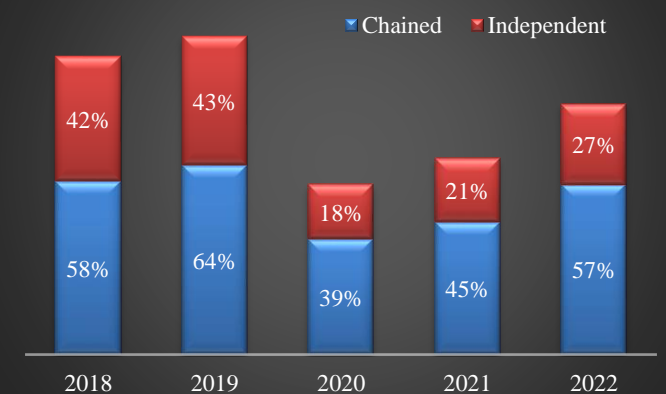
Source: [Euromonitor International](#) and FAS Manila

Figure 2. 2022 CONSUMER FOOD SERVICE



Source: [Euromonitor International](#)

Figure 3. CHAINED AND INDEPENDENT FOOD SERVICE (in percentage share)



Source: [Euromonitor International](#)

expand, efficiency in operations, and capacity to order bulk purchases compared to independent stores. Most food chains such as Jollibee and Potato Corner focused on faster store openings locally and abroad.

The popularity of dine-in and the continued increase in deliveries promoted growth in food service sales. Most popular restaurants experience full dine-in capacity along with customer queues during weekends. On the other hand, more company websites and mobile applications provide online selling. With the Philippines topping global rankings for social media and internet usage, Instagrammable food establishments attract more dine-in customers for social media posts. In 2022, the Philippines topped the [highest population of vlog watchers and influencer followers](#), which include food influencers promoting restaurants. Philippine restaurants have received recognition in [Asia's 50 Best Restaurants](#) and [Tatler Asia](#).

The price increases and scarcity of ingredients of rice, fruits, and vegetables resulted in higher menu prices, smaller servings, or alternative ingredient options for customers. At the same time, other restaurants use software systems and technology for better inventory management.

The [National Economic and Development Authority](#) (NEDA) reports the food and beverage inflation rate remains elevated at 8.4 percent, resulting in increased food costs in food establishments, especially quick service restaurants and kiosks. Though the inflation rate is estimated at 6 percent in 2023, [Bangko Sentral ng Pilipinas](#) expects an easing of inflation to 3 percent in 2024. The government recently launched the [Philippine Plan of Action for Nutrition](#) (PPAN) to help improve food and nutrition security.

The [Department of Tourism](#) and Hotel Associations started working on the Philippine Hotel Industry Strategic Action Plan to map out the needed hotel infrastructure and update standard systems in the industry. Fueled by local demand, hotel occupancy rates reached 80 percent in January 2023. Once international tourism recovers, the hotel industry will present further growth. The [Philippine Hotel Owners Association, Inc.](#) (PHOA) members announced opening of 30 new hotels, giving opportunities to supply premium ingredients from the United States.

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## ADVANTAGES AND CHALLENGES

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### ADVANTAGES

- Food service establishments, including American restaurant chains, prioritize quality and food sanitation standards found in U.S. ingredients.
- Resumption of face-to-face classes, work, and events boosts food service sector sales.
- Unavailability of certain local ingredients provides an opportunity for exports.
- U.S. trade associations, state and regional trade groups, and the State Departments of Agriculture extend support to U.S. exporters, Philippine importers, hotels, and restaurants.

### CHALLENGES

- Higher food costs force some restaurants to order smaller volumes, substitute cheaper alternatives or look for other sources.

## SECTION II. ROAD MAP FOR MARKET ENTRY

### ENTRY STRATEGY AND MARKET STRUCTURE

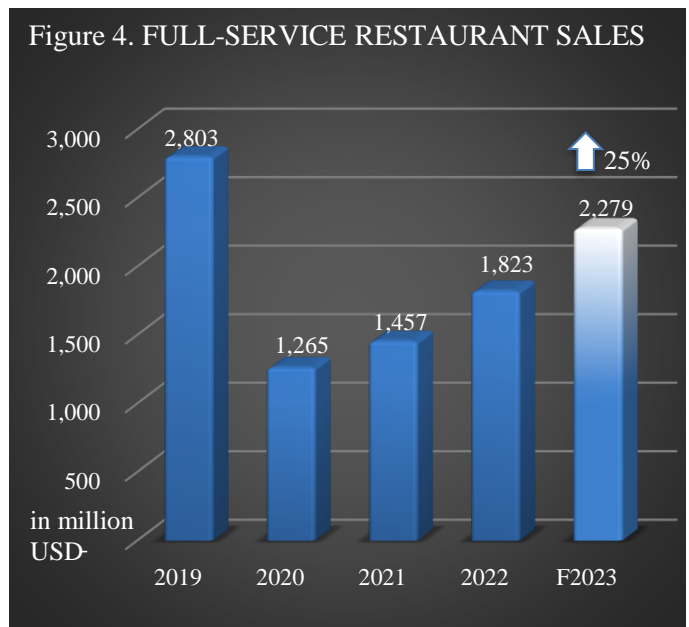
Most restaurants and hotels order from Philippine importers. Opening new hotels presents an opportunity for direct importation while restaurant chains and [groups](#) order volumes of food and beverages. U.S. Exporters should coordinate with Purchasing Directors and Food and Beverage Managers who usually approve new food ingredients and beverages for hotel use. U.S. food and beverage trade organizations provide support and offer menu promotions and product sampling.

### FULL-SERVICE RESTAURANTS

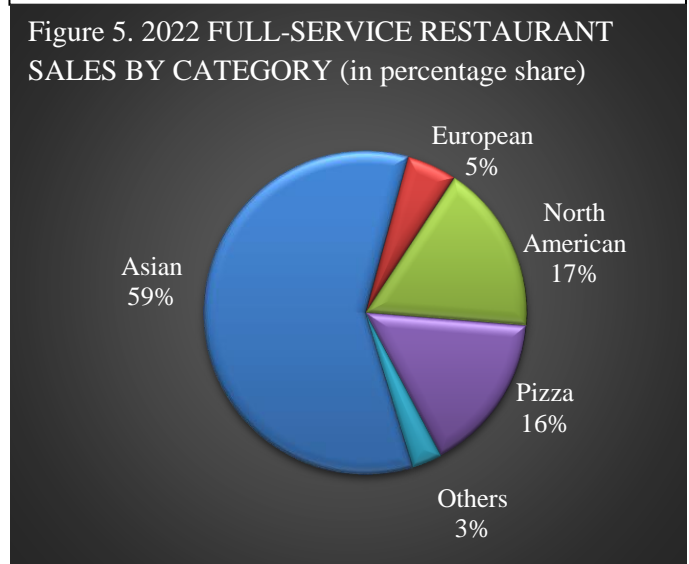
Based on research, FAS Manila sees full-service restaurant sales experiencing more robust growth compared to limited-service restaurants in 2023. Last year, pizza stores contributed the most, with a 24-percent sales increase, followed by Asian restaurants. Philippine food establishments such Max’s form of majority of Asian restaurants.

American restaurants like Shakey’s, Kenny Rogers, and Pizza Hut, which form most of full-service restaurant sales, prioritize sourcing some U.S. ingredients to meet the quality standards of their brands. Max’s Restaurant and Pancake House are famous for serving chicken.

Shakey’s provided free loyalty rewards cards and family deal promotions to encourage large group orders and frequency in ordering. Max’s Restaurant offered unlimited dishes and snacks to attract more customers, while Kenny Rogers Roasters eyed aggressive store expansion since 2020, adding 22 stores.



Source: [Euromonitor International](#) and FAS Research



Source: [Euromonitor International](#)

Table 1. Top Full-Service Restaurants in 2022	2021 Mil Sales*	2022 Mil Sales*	2022 Store No.
1 <a href="#">Shakey’s -Shakey’sPizza Asia Ventures Inc.</a>	402	521	358
2 <a href="#">Max’s Restaurant -Max’s Group Inc.</a>	235	319	170
3 <a href="#">Kenny Rogers -Berjaya Corp Bhd.</a>	133	191	91
4 <a href="#">Pizza Hut -Yum! Brands Inc.</a>	157	188	144
5 <a href="#">Pancake House -Max’s Group Inc.</a>	85	111	11

\*Annual sales are based on percentage share in the industry and may differ from reported annual sales.

## LIMITED-SERVICE RESTAURANTS

After key players surpassed pre-pandemic sales in 2022, FAS Manila estimates that limited-service restaurants will see slower growth compared to full-service restaurants in 2023. Forming more than half the number of restaurants here, limited-service restaurants present volume opportunities for U.S. ingredients, especially chicken leg quarters.

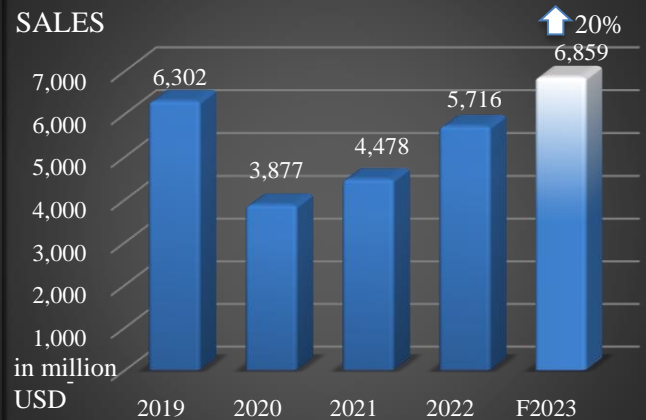
Known for delivery, pick-up, and drive-through formats, limited-service restaurants utilized e-commerce companies (i.e., Lazada and Shopee) and continued using community resellers in villages (i.e., Chooks to Go). While food establishments continue to innovate through touchscreen ordering stations and robot servers, other food establishments like McDonald’s showcased sustainable practices in stores.

Jollibee Foods Corporation, Inc., representing half of the industry, will open 600 stores in 2023, a record-high expansion. Aside from opening owned and franchise stores locally, Jollibee Food Corporation, Inc. also intensified store expansions abroad. The company acquired and managed international brands such as Burger King, Yoshinoya, and Panda Express. Three out of five of the top limited-service restaurants belong to Jollibee Food Corporation.

Table 2. Top Limited-Service Restaurants in 2022	2021 Mil Sales*	2022 Mil Sales*	2022 Store No.
1 <a href="#">Jollibee -Jollibee Foods Corp.</a>	463	605	1,400
2 <a href="#">Mc Donald’s -Mc Donald’s Corp</a>	277	348	668
3 <a href="#">Mang Inasal -Jollibee Foods Corp.</a>	104	135	570
4 <a href="#">Chowking -Jollibee Foods Corp.</a>	103	128	640
5 <a href="#">7-Eleven -Seven &amp; i Holdings Co. Ltd.</a>	57	75	2,287

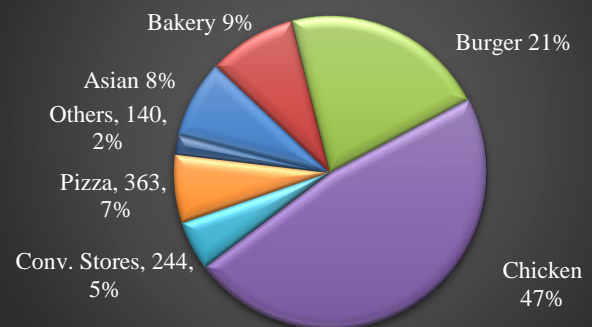
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Figure 6. LIMITED-SERVICE RESTAURANT SALES



Source: [Euromonitor International](#) and FAS Research

Figure 7. 2022 LIMITED-SERVICE RESTAURANTS SALES BY CATEGORY (in percentage share)



Source: [Euromonitor International](#)

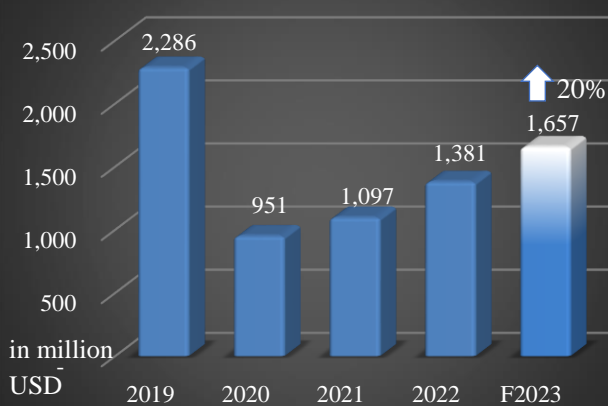
## CAFÉS AND BARS

As more cafés and bars opened, café and bar sales reached 26-percent growth last year. FAS Manila foresees further café and bar sale growth in 2023, though far from the pre-pandemic level.

Starbucks continues to lead café sales with a 56 percent share in 2022, offering more coffee options with Starbucks Reserve stores. As cafés open more stand-alone stores with drive-throughs, Bo's Coffee opened its first drive-through store in 2022. More café kiosks opened in malls like The Coffee Bean & Tea Leaf and Mary Grace. Others opened up stores located in office building lobbies, i.e., [Dot Coffee](#). Store chains like Dunkin' Donuts opened drive-through stores in gas stations for customers traveling to work or group riders in motorbikes or bicycles while Krispy Kreme provides 24/7 drive-through services. To add, more international brands such as [Elephant Grounds](#), [Greyhound Café](#), [The Coffee Academics](#), Omotesando, and Café Kitsune opened stores in the Philippines.

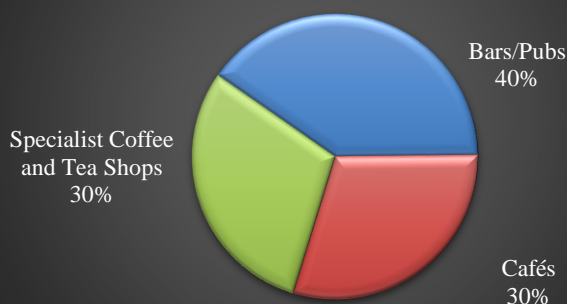
Many bars in the Philippines provide local and international food and drinks, presenting opportunities for U.S. pork jowls, beef cuts, California wines, [distilled spirits](#), and others.

Figure 8. CAFÉS AND BARS SALES



Source: [Euromonitor International](#) and FAS Research

Figure 9. 2022 CAFÉS and BARS SALES BY CATEGORY (in percentage share)



Source: [Euromonitor International](#)

Table 3. Top Cafés in 2022	2021 Mil Sales*	2022 Mil Sales*	2022 Store No.
1 <a href="#">Starbucks -Rustan's Coffee Corp.</a>	590	775	420
2 <a href="#">Dunkin' Donuts</a>	106	142	800
3 <a href="#">McCafé - McDonald's Corp</a>	67	86	49
4 <a href="#">Mary Grace - Mary Grace Foods Inc</a>	56	64	50
5 <a href="#">The Coffee Bean &amp; Tea Leaf -Jollibee Corporation</a>	60	62	139

\*Annual sales are based on percentage share in the industry and may differ from reported annual sales.

Table 4. Top Bars in 2022	2021 Mil Sales*	2022 Mil Sales*	2022 Store No.
1 <a href="#">Barcino Wine Resto Bar -Tarraco Group Inc.</a>	11	14	5
2 <a href="#">Padi's Point</a>	10	12	25
3 <a href="#">Cowboy Grill -Golden Pizza Inc</a>	3	4	4

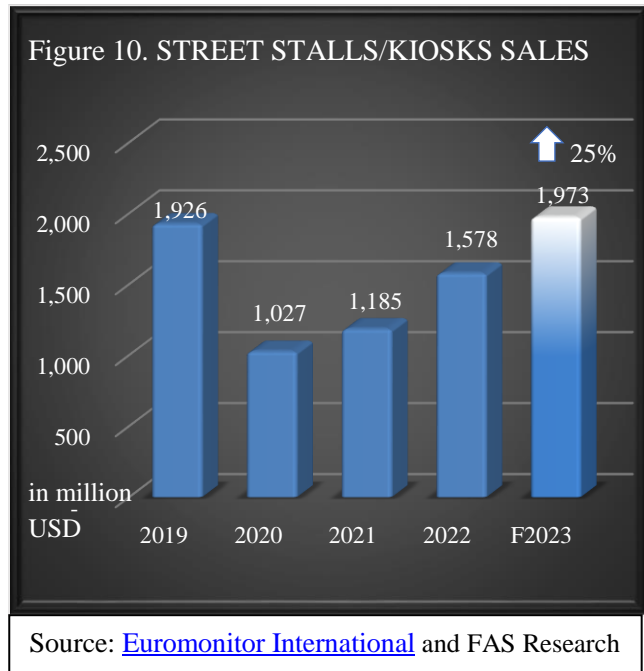
\*Annual sales are based on percentage share in the industry and may differ from reported annual sales.

## STREET STALLS/KIOSKS

FAS Manila estimates street stalls and kiosks sales will reach 25-percent growth in 2023 after outperforming all categories last year. Due to the higher cost of raw materials and thrifty spending of consumers, a slower increase this year is expected. Street stalls and kiosks provide convenience and budget food to commuters in transportation hubs and malls. With the face-to-face resumption of classes and work, street stalls and kiosks selling potato fries, hot dogs, milk teas, and fruit shakes will contribute to sales growth.

Table 5. Top Street Stalls/Kiosks in 2022	2021 Mil Sales*	2022 Mil Sales*	2022 Store No.
1 <a href="#">Angel's Burger -Angel's Burger Group</a>	107	134	1,300
2 <a href="#">Tender Juicy Hotdog -San Miguel Food and Beverage, Inc.</a>	84	110	1,100
3 <a href="#">Turks</a> - Zenarosa Food Corp	65	93	600
4 <a href="#">Infinitea</a> - First Origin LLP	59	88	300
5 <a href="#">Zagu</a> - Zagu Foods Corp	58	76	446

\*Annual sales are based on percentage share in the industry and may differ from reported annual sales.

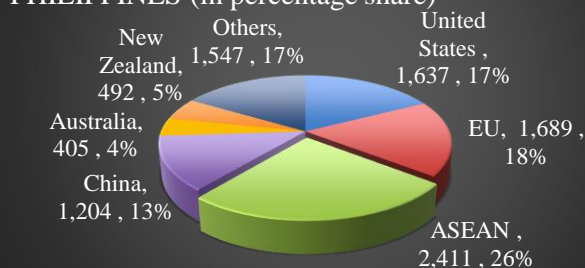


## SECTION III. COMPETITION

The Philippines ranked as the seventh-largest U.S. consumer-oriented agricultural export destination in the world and the highest in Southeast Asia. The United States, however, and Europe face pricing, high tariffs, and market access challenges. ASEAN countries, China, New Zealand, and Australia benefit from lower shipping costs and preferential market access.

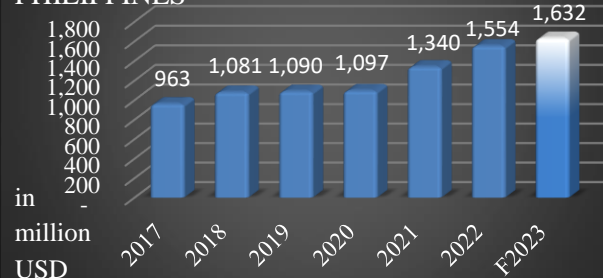
The food service sector continuously depends on U.S. food products to provide quality, variety, and healthier options, while local food production, 80 percent of the market, provides most of the supply.

Figure 11. 2022 CONSUMER-ORIENTED AGRICULTURAL EXPORTS TO THE PHILIPPINES (in percentage share)



Source: [Trade Data Monitor](#)

Figure 12. U.S. CONSUMER-ORIENTED AGRICULTURAL EXPORTS TO THE PHILIPPINES



Source: [Trade Data Monitor](#) and FAS Research



## SECTION IV. BEST PRODUCT PROSPECTS CATEGORIES

**Table 6. Best Product Prospects Categories**



Sources: [Trade Data Monitor](#), [Global Agricultural Trade System](#), and USDA-FAS Research

## SECTION V. KEY CONTACTS AND FURTHER INFORMATION

<a href="#">World Food Expo</a> World Trade Center, Manila SMX Convention Center, Manila July 31- August 3, 2024	<a href="#">Hotel &amp; Foodservice Suppliers Show 2023</a> SMX Convention Center, Manila September 21 -23, 2023	<a href="#">Manila Food and Beverage Expo</a> World Trade Center, Manila
<a href="#">Cold Chain Philippines</a> World Trade Center, Manila	<a href="#">International Food Exhibition (IFEX) Philippines Next Food Asia</a> World Trade Center, Manila	<a href="#">Asia Food Expo</a> World Trade Center, Manila April 24-27, 2024
<a href="#">FOODEX Japan</a> Tokyo Big Sight, Tokyo, Japan March 5-8, 2024	<a href="#">FHA-HoReCa</a> Singapore Expo, Singapore October 22-25, 2024	<a href="#">Thaifex Anuga Asia</a> Impact Muang Thong Thani, Bangkok, Thailand May 28-June 1, 2024
<a href="#">USDA Manila</a> E-mail: <a href="mailto:AgManila@usda.gov">AgManila@usda.gov</a> Tel: (632) 5301-2000	<a href="#">Department of Trade and Industry (DTI)</a>	<a href="#">Philippine Chamber of Commerce and Industry (PCCI)</a>
<a href="#">American Chamber of Commerce of the Philippines (AMCHAM)</a>	<a href="#">Hotel and Restaurant Association of the Philippines</a>	<a href="#">Association of Purchasing Managers of Hotels and Restaurants of the Philippines</a>
<a href="#">Food Caterers Association of the Philippines (FCAP)</a>	<a href="#">Food Caterers Association of the Philippines</a>	<a href="#">Philippine Franchise Association</a>

**Attachments:**

No Attachments