

Voluntary Report – Voluntary - Public Distribution

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Report Name: Market Opportunities in Baguio for US Food and Beverages

Country: Philippines

Post: Manila

Report Category: SP1 - Expand International Marketing Opportunities, Food Service - Hotel
Restaurant Institutional, Retail Foods

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Report Highlights:

Located 150 miles north of Manila, Baguio city is the heart of northern Luzon, featuring opportunities for U.S. foods and beverages, specifically in the food retail and the food service sectors.

General Information:

THIS REPORT CONTAINS ASSESSMENTS OF COMMODITY AND TRADE ISSUES MADE BY USDA STAFF
AND NOT NECESSARILY STATEMENTS OF OFFICIAL U.S. GOVERNMENT POLICY

Located 150 miles north of Manila on the island of Luzon, Baguio City originated as a hill station by the United States in the early 1900s and quickly became a favorite retreat of Americans and more recently Filipinos. Originally intended to be the summer capital of the Philippines, it has since become a popular tourist destination to many from Manila escaping the heat, noise, and crowds.

Baguio is rich in fresh agricultural products such as vegetables, fruits, and flowers from Benguet province, with the city also being a distribution point for such products throughout Luzon. Meanwhile, virtually all U.S. products flow through Manila-based importers.

Despite Baguio's relatively small size, it is home to numerous shopping centers and malls catering to increasing commercial and tourist activity. Its population doubles or sometimes triples during long weekends and holidays in the summer and Christmas season. Visitors primarily come from Manila and other parts of the Philippines. Featuring a young demographic, popular occupations among locals include manufacturing, commercial retail and food services, academe, medical services, and business process outsourcing.

Travel time to Baguio is around 4-5 hours' drive. Following an earthquake 30 years earlier, the city plans to reopen its airport for commercial operations in 2020. More convenient travel options to Baguio will encourage further development and commercial activities in the area.

Over the last five years, FAS Manila has repeatedly found interest for US foods and beverages in Baguio, culminating in the establishment of the regional trade show, World Food Expo (WOFEX) Baguio in 2019, where 16 Philippine companies represented more than 150 SKUs of U.S. food, beverage and ingredient products, reaching more than 1,000 representatives from hotels, restaurants, supermarkets, food manufacturers, and culinary institutions from the region of Northern Luzon. Featured product with the best market potential included beef, lamb, poultry, wines, juices, dried fruits, nuts, frozen potatoes, baking and confectionary ingredients, syrups, and condiments.

Looking ahead, Baguio's growing population and tourist sector as well as upcoming infrastructure projects will serve to increase the distribution of imported food supplies to this marketplace and throughout Luzon.

SUMMARY DATA	
Province:	Benguet
Population (2015):	345,366
<30 years old:	65.5% (226,215)
Density (2015):	2,316/ mi ² (6,005/ km ²)
Ave. Annual Salary:	Php 195,000 (approx. \$4,000)
GDP Growth (2018):	7.30%
Top Agricultural Products	Fresh vegetables (potatoes, carrots, ube, beans, broccoli, cauliflower, lettuce, cabbage, radish, etc.); fresh fruits (strawberries, coffee, avocado), preserved fruits (strawberry jam, ube jam, peanut brittle and many others)
Top Food Manufacturers	None
Key Supermarkets:	SM Supermarket, Robinsons Supermarket, Marketplace by Rustans, Puregold, Savemore, 7-11 Convenience Store,
Key Local Retailers:	Baguio City Public Market, Victoria Supermart, Sunshine Supermart, Pacific Market Place, Baguio Holiday Supermart

Food Retail Sector

The majority of Baguio residents still purchase their food requirements from traditional retailers such as wet markets and sari-sari-stores (mom-and-pop stores). With its cool weather and small area for commute, consumers still patronize the city's biggest public market that is located at the very center of the city. It is a favorite destination of both residents and tourists since almost everything (from food, clothing, to souvenirs) can be found in this vast public market. Food in bulk or retail is cheaper in the public market compared to what is sold in the supermarkets. Mostly fresh products are found in the public market, which are locally sourced or produced.



Modern supermarkets are scattered around Baguio City. They are located in the busy commercial areas or near residential areas. Packaged, frozen, and processed food items are mainly sold in the supermarkets. Supermarkets are open until 9:00pm, catering to the busy households who tend to buy their food after work. Key supermarkets such as SM, Puregold, Robinsons and Rustans carry more imported items than the local supermarkets in Baguio and would be the likely destination for U.S. food and beverage products.

The entrance of SM City Mall in 2003 opened the door for its competitors to join this market as well. These stores offer more stock keeping unit (both local and imported) compared to the local supermarkets, thus providing more choices for consumers.



SM Supermarket is the biggest food retail player in Baguio. It has three supermarkets in Baguio City, the biggest located inside SM City Baguio Mall, while two Savemore stores are on stand-alone locations.

7-Eleven is the leading convenience retail store in Baguio. It runs 30 stores in the province of Benguet with 28 of them located in Baguio City.

Puregold has two stores operating in Baguio City, while both Robinsons and Rustan's each have one store.

Though some imported food items are already available in key supermarkets, Post sees that there is still potential for more U.S. food and beverage products, including red meats, poultry, wines, juices, dried fruits, nuts, frozen potatoes, snack food and chocolates, baking and confectionary ingredients, syrups, sauces, and condiments, etc.

Food Service/HRI Sector

Baguio City is home to more than 1000 food service restaurants. From fast food to fine dining, local to international cuisine, cheap eats to more expensive ones, restaurants in Baguio are prominent throughout the city. A tour in Baguio is never complete without a planned food trip. Most restaurants are in stand-alone locations, while others are located inside a commercial building or malls.

The city's HRI sector has expanded to the dining and lodging needs of ever-growing tourists. Large numbers of tourists visit Baguio particularly during summer and the Christmas holidays, with 1.5 million tourists visited in 2017. Most hotels or inns are locally owned with only a few international hotel brands like Holiday Inn, Wyndham (Microtel), and Ritz present in Baguio. Popular local hotels include The Baguio Country Club, The Manor, Forest Lodge, and Hotel Veniz. Vacation and transient houses use a typical house with separate furnished rooms for rent.

Hotels and restaurants in Baguio City mainly purchase their food supplies from direct distributors (local or imported products) or straight from the local public market or supermarkets. High-end establishments with specific requirements for meat, beverage, and other food ingredients acquire their food supplies from the importer's accredited or assigned distributors.

Food Manufacturing

Baguio does not have a significant food manufacturing sector.

Further Information and Assistance

For further information or assistance, please contact:

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Attachments:

No Attachments.