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Prepared By:

Approved By: Ryan Bedford

Report Highlights:

Boosted by rising incomes, a growing middle class, and robust demand in food service and retail, the Philippine broiler sector has surged over the past decade and is set to continue in the coming years. The United States Department of Agriculture (USDA), Foreign Agricultural Service (FAS) in Manila, Philippines commissioned the University of Asia and the Pacific (UA&P) to conduct a broad study on the Philippine broiler market, emerging trends, and prospects for future growth.

Introduction

The Philippines is a fast-growing emerging market with a service-based economy and a population of 109 million in a combined landmass the size of Arizona. With increasing incomes and a burgeoning middle class, Filipinos are consuming more protein while also showing increasing preference for poultry. While pork had traditionally been the main protein source for Philippine diets, in 2019, chicken overtook pork for the first time in per capita consumption. As such and despite still present market access constraints limiting access to U.S. corn and poultry products, the Philippines continues to present long-term growth prospects for U.S. suppliers throughout the value chain, including in the form of agricultural inputs to support local poultry production, ingredients used by the local meat processing industry, and finished, consumer-ready products sold to retailers and food service providers.

Commissioned by FAS Manila, the University of Asia and the Pacific (UA&P) conducted a broad study on the Philippine broiler market, emerging trends, and prospects for future growth, which follows hereafter. The report was drafted by UA&P and edited/revised with additional information provided by the FAS Manila office. The study describes the broiler market as it pertains to the long-term trends in the Philippine food retail, food service, and meat processing sectors. It was not intended to address the impact of recent disruptions to supply and demand, most notably, the ongoing spread of African Swine Fever, which is further accelerating the transition from pork to poultry, and COVID-19, which has temporarily shifted food service consumption to retail while also presenting undesired impediments to local production and distribution systems.

All data unless otherwise noted are generated by UA&P and are not official USDA statistics. The latest USDA production, supply, and distribution data can be accessed at <https://apps.fas.usda.gov/psdonline>.

For additional information, please refer to FAS Manila's related reports at <https://gain.fas.usda.gov/>, including:

- Exporter Guide
- Food and Agricultural Import Regulations and Standards
- Food Service – Hotel, Restaurant, and Institutional
- Food Processing Ingredients
- Retail Foods
- Oilseeds Annual
- Grain & Feed Annual and Update

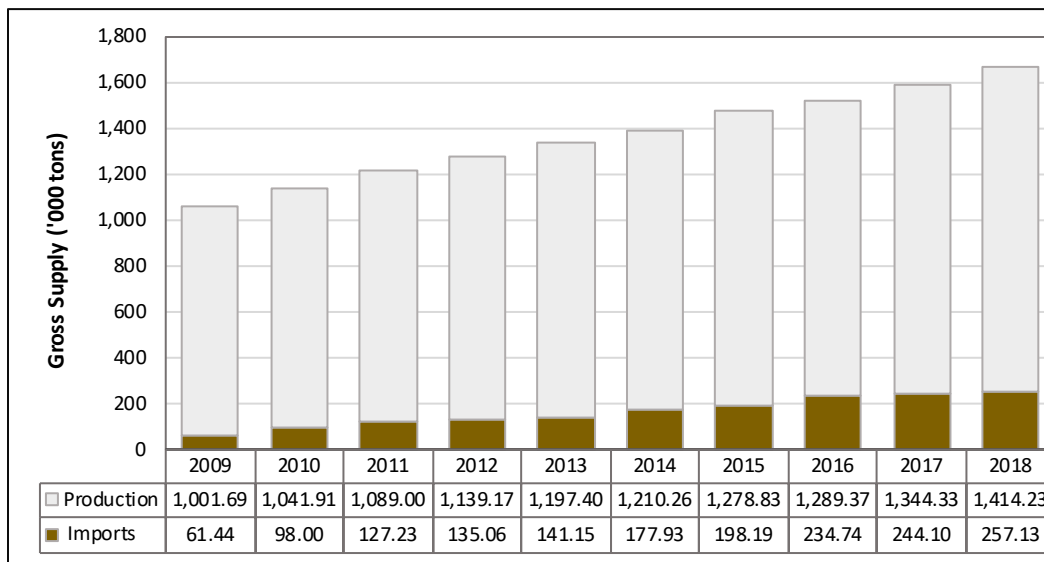
THE PHILIPPINE BROILER: MARKET TRENDS AND PROSPECTS

Supply and Demand

Supply

Dressed chicken gross supply is composed of production (85 percent) and imports (15 percent). Supply rose by five percent per year from 1.1 million metric tons (MT) in 2009 to 1.7 million in 2018.

Figure 1. Gross supply of dressed chicken, Philippines, 2009-2018



Source: PSA and BAI

Note: Production data adjusted based on live weight production

Production

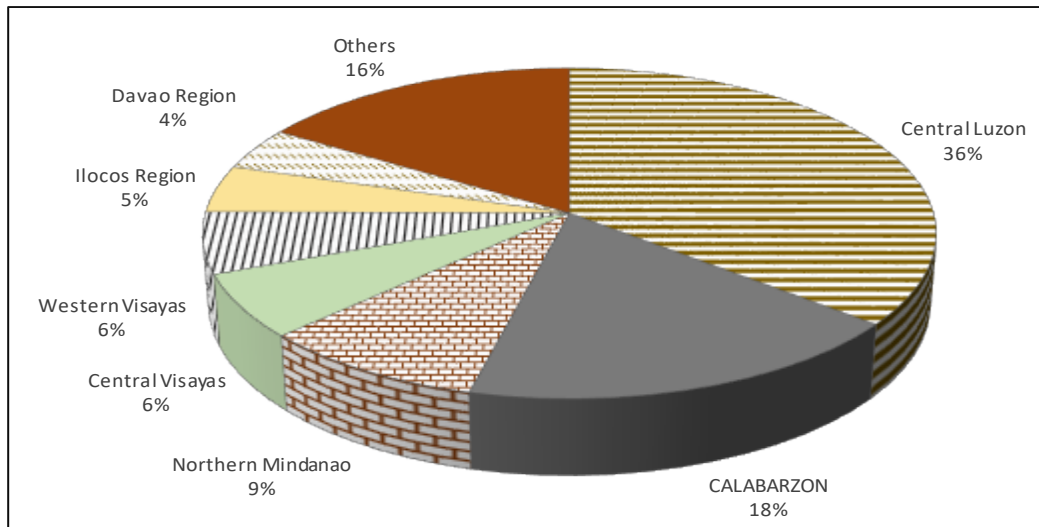
According to the Philippine Statistics Authority (PSA), dressed chicken production surged 40 percent over a decade, growing from 1.0 million MT in 2009 to 1.4 million MT in 2018. The major factors for this growth included the establishment of new commercial farms and dressing plants, switching of some commercial farms to tunnel-ventilated housing, expansion of farms' stocking capacities, adequate supply of day-old chicks (DOCs), growing use of contract farming, and an ever-increasing demand for chicken meat.

The country's largest producing region is Central Luzon with 36 percent (507,400 MT) of total production in 2018. Its major supplying provinces are Bulacan, Pampanga, Nueva Ecija, and

Tarlac. The CALABARZON region is also a large supplier with 18 percent (254,800 MT), with Batangas as the main producing province.

Figure 2. Dressed chicken production by major producing regions, 2018

Total: 1.4 million MT



Source: PSA

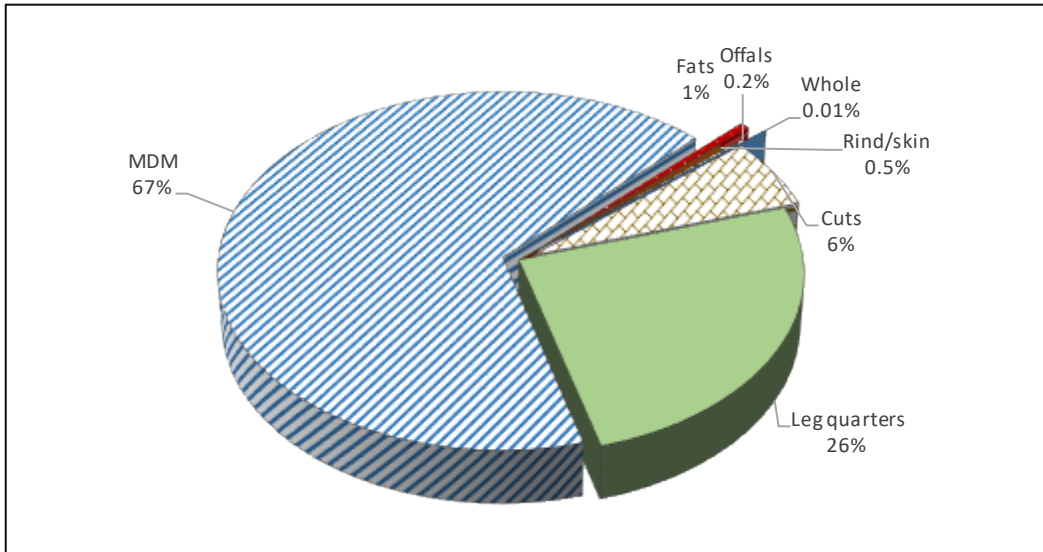
Imports

According to the Bureau of Animal Industry (BAI) data, imports averaged 12 percent or 167,500 MT of the gross supply per year. Its share grew from only six percent in 2009 (61,000 MT) to 15 percent (257,100 MT) in 2018, as Philippine incomes grew and more consumers added protein to their diets.

The main imported product was mechanically deboned meat (MDM), which accounted for 67 percent (192,900 MT) of total volume in 2018. Over 60 percent was sourced from Netherlands, Brazil, and the United States. MDM, which is not produced locally, is used for processed meat products such as hotdogs, chicken nuggets, and luncheon meat.

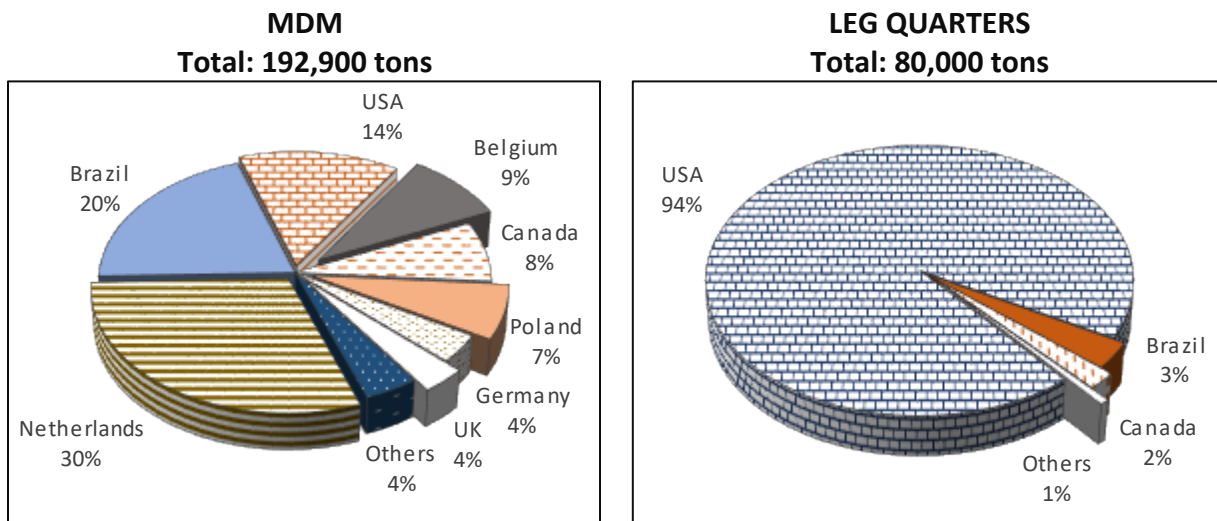
Meanwhile, leg quarter imports were about 26 percent (73,500 tons), of which more than 90 percent came from the United States. The next largest product imported was other chicken cuts, which is primarily chicken wings, at 18,100 MT. Products imported at smaller volumes include fats (1,700 MT), rind/skin (1,400 MT), offal (481 MT), and whole chicken (17 MT).

Figure 3. Volume of chicken imports by type, 2018
Total: 288,200 MT



Source: BAI

Figure 4. Sources of imports, 2018



Source: BAI

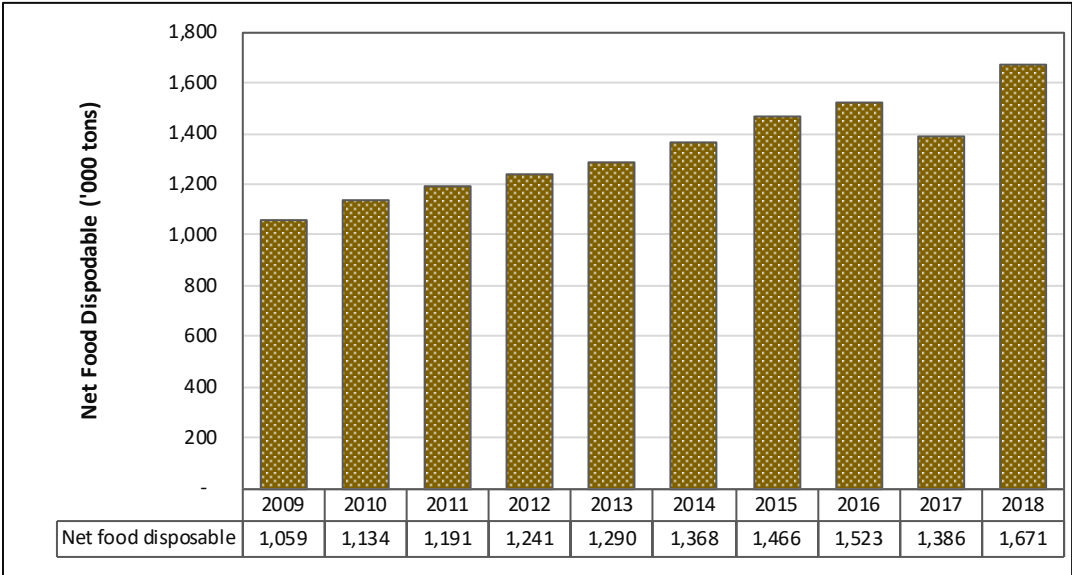
Demand

The growth in chicken demand has been faster than other meats due to its affordability, lower fat content, and absence of cultural and religious hindrances. In addition, chicken is the

preferred meat in fast food outlets, which is a quickly expanding sector throughout the Philippines.

Using PSA’s net food disposable data for dressed chicken as equivalent to the quantity of food available for human consumption, aggregate consumption reflected a four percent per year increase from 1.1 million MT in 2009 to 1.7 million MT in 2018.

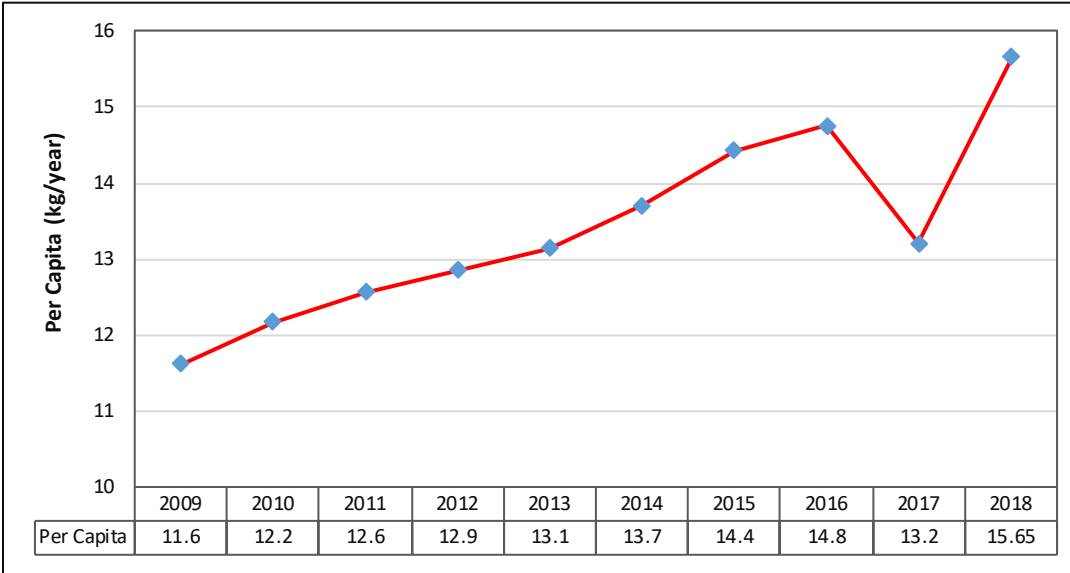
Figure 5. Estimated net food disposable on dressed chicken, 2009-2018



Source: PSA

Per capita consumption rose by four percent per year from 11.6 kilograms (kg) in 2009 to 15.6 kg in 2018. Consumption averaged 13.4 kg per person per year over the past decade. The 10 percent decline in consumption in 2017 is explained by the bird flu outbreak in Central Luzon. The average annual per capita consumption was 13.4 kg for the past decade.

Figure 6. Per capita chicken consumption, 2009-2018



Source: PSA

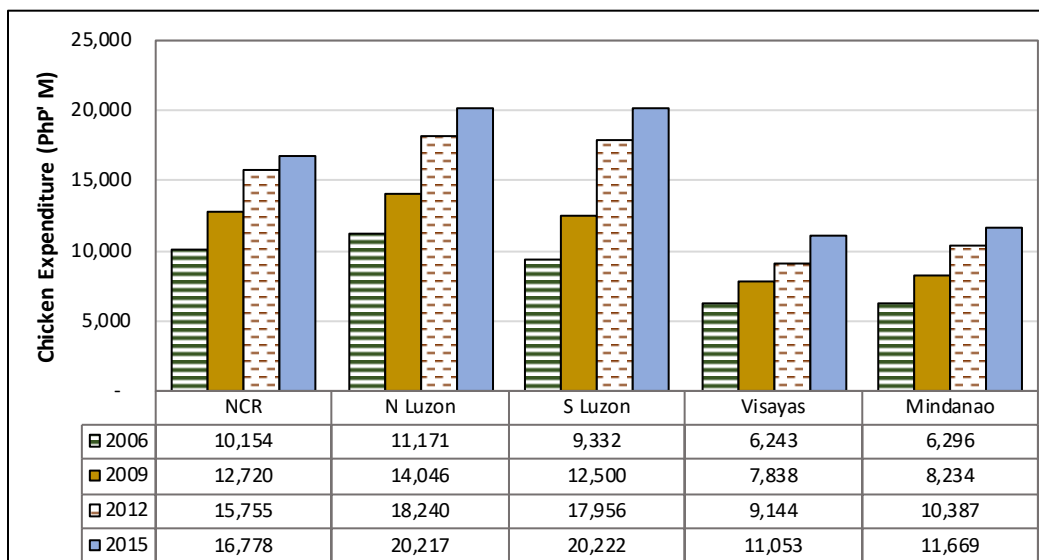
Regional Market Analytics

According to the PSA Family Income and Expenditure Survey most recent data from 2015, total Filipino family expenditures on fresh chicken consumed at home surged from 43.1 billion Philippine pesos (PHP) in 2006 to 79.9 billion PHP in 2015. In terms of regions, South Luzon, the key “bedroom community” of the National Capital Region (NCR), had the fastest growth in fresh chicken spending. From an average growth rate of nine percent per year, its spending more than doubled from 9.3 billion PHP in 2006 to 20.2 billion PHP in 2015. Other areas, on the other hand, grew at slower rates: Mindanao increased by 7.1 percent, North Luzon by 6.8 percent, Visayas by 6.6 percent, and NCR by 5.7 percent.

Over the past decade, food service spending has also grown and restaurants have developed new chicken dishes to meet this increased demand. Family spending increased by 12 percent over the 10-year period, which continues to boost chicken demand.

Figure 7. Total family expenditure on fresh chicken*, 2006, 2009, 2012, 2015

In million PHP



Source: PSA

Notes: Food consumed at home

North Luzon includes Ilocos Region, Cagayan Valley, CAR, and Central Luzon regions

South Luzon includes Calabarzon, Mimaropa, and Bicol regions

Key Market Suppliers

The Philippine broiler industry is composed of 20 percent backyard and 80 percent commercial farms. According to BAI data, there are 588 registered poultry farms throughout the country.

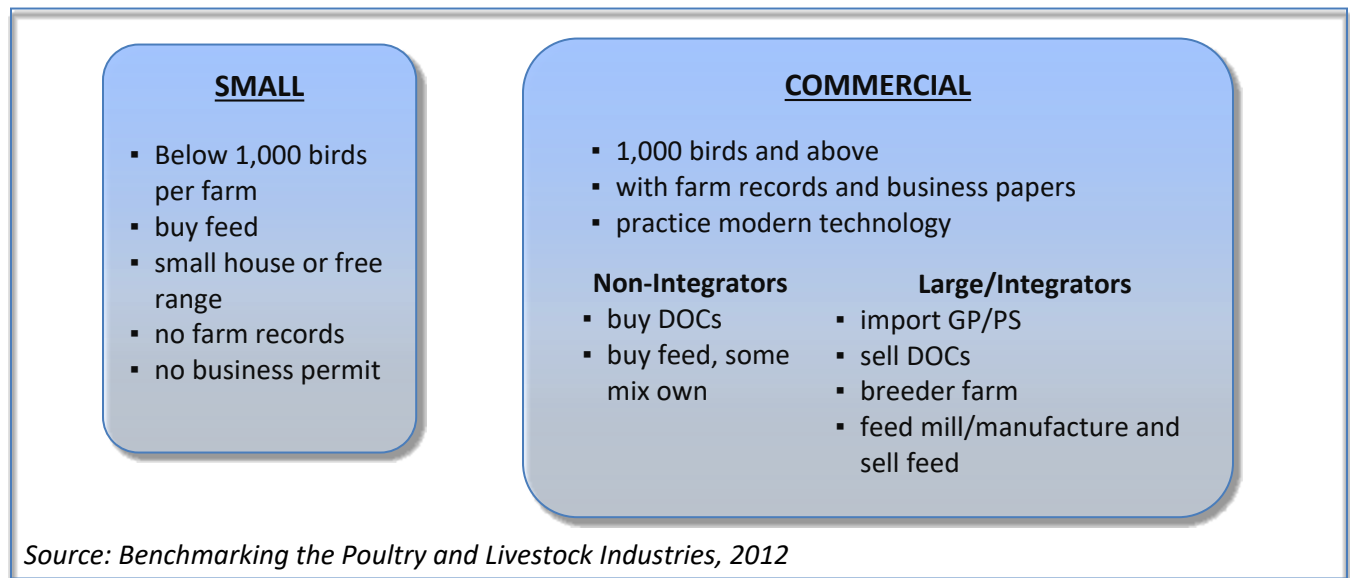
Backyard farms are those having fewer than 100 birds, according to PSA’s definition. Farms with fewer than 1,000 birds are still considered backyard by local industry. The birds are usually confined in small houses or are free range. Backyard farms mainly produce for household consumption, purchase their own feed, do not keep records, and do not have business permits.

Commercial farms, on the other hand, operate largely for business purposes, sell to meat processors, wet markets, supermarkets, hotels, fast food and restaurants, and other institutional buyers. Commercial farms keep records, have business permits and practice modern technology. Farms having 1,000 birds and above are considered commercial.

Commercial farms are further classified into integrators and non-integrators. Integrators have business operations across the supply chain. These businesses integrate production, marketing, and feed manufacturing and marketing. They have Grand Parent Stock (GP) farms or import GP and Parent Stock (PS) and sell day-old chicks (DOCs). They also participate in contract growing.

They are the bulk source of dressed chicken in major urban areas. Integrators are also engaged in commercial hog operations and manufacturing of processed meats and the distribution and retailing of these products. Non-integrators purchase DOCs and feed, while others make their own feed.

Figure 8. Types of broiler farms



There are two highly integrated Philippine companies: San Miguel Food and Beverage, Inc. (SMFB) using the Magnolia brand, and Bounty Fresh Group - Bounty Fresh Foods, Inc. and Bounty Agro Ventures, Inc. (BFFI/BAVI) using the Bounty Fresh brand. Other big commercial players include Cobb-Vantress Philippines, Inc., Charoen Pokphand Foods Philippines Corporation (CPF), Foster Foods, Inc., and Vitarich Corporation (Cook's), among others.

There are commercial growers that operate only at the provincial/regional level or solely within a particular segment of the supply value chain, like Nutriva Agri Ventures, Danway Contract Growing, Gama Foods Corporation, RDF Feed, Livestock & Foods Inc. (Fresh Options Meatshop), Anak Ciano, Inc. (Ang Manok ni Sr. Pedro), Vista del Rio Farm (Fresh Choice), Cal's Poultry, and Quezon Poultry & Livestock Corporation.

Table 1. Major commercial farms by region, 2019

Company	Location
Luzon	
Bounty Fresh Foods, Inc.	Tarlac, Pampanga, Bataan, Nueva Ecija, Bulacan, Rizal, Batangas, Pangasinan
Charoen Pokphand Foods Phil. Corp.	Bulacan, Nueva Ecija, Tarlac
Foster Foods, Inc.	Bulacan
Nutriva Agri Ventures	Laguna
Quezon Poultry & Livestock Corp.	Rizal, Quezon, Laguna, Batangas
RDF Feed, Livestock & Foods Inc.	Pampanga, Tarlac
San Miguel Food and Beverage, Inc.	Pangasinan, Ilocos, Isabela, Zambales, Bataan, Bulacan, Tarlac, Nueva Ecija, Nueva Vizcaya, Pampanga, Rizal, Batangas, Laguna, Quezon, Cavite, Camarines Sur, Albay
Universal Robina Corp.	Cavite, Rizal
Vitarich Corporation	Pampanga
Visayas	
Bounty Agro Ventures, Inc.	Cebu
Gama Foods Corp.	Iloilo
Nutriva Agri Ventures	Iloilo, Tacloban
San Miguel Food and Beverage, Inc.	Leyte
Vitarich Corporation	Iloilo
Mindanao	
Anak Ciano, Inc.	Bukidnon
Gama Foods Corp.	Cagayan de Oro, Bukidnon
Bounty Agro Ventures, Inc.	General Santos, Bukidnon
San Miguel Food and Beverage, Inc.	Bukidnon
Vista del Rio Farm	Cagayan de Oro, Bukidnon
Vitarich Corporation	Cagayan de Oro, Davao

Source: Company websites

There are two major organizations in the broiler sector: the Philippine Association and Broiler Integrators (PABI) and the United Broiler Raisers Association (UBRA). Companies use these associations to make their voices heard and advocate for their common goals, interests, policy, and legislative agendas to the national government agencies, local government units, Congress, and other institutions. PABI has two active members: San Miguel and Bounty. Other commercial growers are members of UBRA, which has 40 members as of January 2019. Some members include CP Philippines, Foster Farms, Rizal Poultry, Sustamina Farms, and Vitarich.

Most commercial producers are engaged in contract-growing arrangements. Under contract growing, they provide DOCs, feed, biologics, disinfectants, and technical assistance to their farmers. Major players are also engaged in business beyond poultry. Table 3 below shows business profiles of three highly integrated companies, San Miguel, Bounty and Charoen Pokphand Foods (CPF), an integrated company from Thailand.

Table 2. Business profiles of key commercial players

Business Operations	Facilities	Business Arrangement	SMFB	BOUNTY	CPF	VITA	GAMA	CJOY	FOSTER
Breeding	GP Farm	Contract breeding	☆	☆		☆	☆		
	PS Farm	Contract breeding	☆	☆	☆	☆	☆	☆	☆
		Company owned		☆	☆			☆	
Hatching	Hatchery	Company owned		☆	☆				
		Toll hatching	☆	☆	☆	☆	☆	☆	☆
Growing	Broiler Farm	Contract growing	☆	☆	☆	☆	☆	☆	☆
		Company owned		☆	☆		☆		☆
Primary Processing and Logistics	Dressing Plant	Company owned				☆		☆	
		Toll dressing	☆	☆	☆	☆	☆		☆
	Cold Storage	Rent	☆	☆	☆	☆	☆	☆	☆
	Trucking	Trucking service	☆	☆	☆	☆	☆	☆	☆
Marketing	Manpower	Sales	☆	☆	☆	☆	☆	☆	

Table 3. Integrators' Business Profiles

Parameters	SMFB – San Miguel	BAVI/BFFI - Bounty	CPF
Business model	Vertically integrated business model built on sustainable partnerships through outsourcing and franchising	Vertically integrated	Vertically integrated
Businesses	<ul style="list-style-type: none"> - Contract breeding, contract growing, processing, and marketing of basic meats - Manufacturing of refrigerated, canned, and ready-to-cook meat products - 500 Magnolia chicken stations - Retail of roast chicken 	<ul style="list-style-type: none"> - Contract breeding, contract growing, toll hatching, toll feed milling, toll dressing - Manufacturing of ready-to-cook processed chicken - Retail of roasted chicken and liempo (“Chooks”) 	Animal breeding, commercial production, contract growing and preliminary processing
Facilities	<ul style="list-style-type: none"> - Over 100 Breeder farms (GP/PS) - 21 hatcheries - Feed mills - Over 1,400 contract broiler farms - Over 40 poultry processing plants - Warehouses, distributions 	<ul style="list-style-type: none"> - Breeder farms (GP/PS) - 15 hatcheries - 9 feed mills - 358 broiler contract farms - 19 processing plants - 2 processed meat plants - 80 distributors - Over 1,500 roasted chicken chains - 25 business centers 	<ul style="list-style-type: none"> - 5 chicken farms (GP/PS) - Feed mills (chicken, swine, duck) - Meat Store and Chicken Star distribution outlets
Technology	Tunnel ventilated facilities	Controlled environment systems or tunnel ventilated houses	Fully enclosed animal housing with Evaporative Cooling System
Products	Poultry and fresh meats – chicken (3-way, whole, cuts, timplados); Range chicken Processed meats (chicken nuggets, hotdogs, etc)	Fresh chicken (whole, cut ups); Chicken nuggets, Ready-to-cook chicken, Roasted chicken, Vegan chicken, Range chicken	Chicken (roasted, fried, marinated)
Brands	Magnolia, Purefoods, and Hungry Juan	Bounty Fresh, Chooks, Uling Roasters, Reyal, and Snok	Chicken Star



San Miguel Food and Beverage, Inc.

San Miguel Food and Beverage, Inc. (FB), the food division of San Miguel Corporation, is the largest food and beverage firm in the country. Formerly San Miguel Pure Foods Company, Inc., the business which was established in 1956 engages in integrated operations such as poultry and livestock operations—from breeding, contract growing, processing and marketing and manufacturing beverage, coffee and dairy products. The company is diversifying to animal and aquatic feeds and flour milling, among other products.

It consists of the following subsidiaries:

- San Miguel Foods, Inc. (SMFI)
- San Miguel Mills, Inc.
- The Purefoods-Hormel Company, Inc.
- Magnolia, Inc.
- P.T. San Miguel Pure Foods Indonesia
- San Miguel Super Coffeemix Company, Inc.
- San Miguel Food and Beverage International Ltd.
- San Miguel Pure Foods International, Limited
- San Miguel Brewery, Inc.
- Ginebra San Miguel, Inc.

Among the company's famous brands are: Magnolia (chicken, ice cream and dairy), Monterey (fresh and marinated meats), Purefoods (refrigerated and canned meats), Star and Dari Crème (margarine), San Mig Coffee (coffee), La Pacita (biscuit and flour-based snacks), B-Meg (feeds), San Miguel (beer), and Ginebra and GSM (gin).

The Poultry Business

The broiler operations of FB are under the operations of SMFI. It comprises breeding, hatching, growing, and processing. Its extensive involvements with third-party owned and operated facilities includes farms, hatcheries, processing plants, warehouses and distributions.



Based on the company's website, it has a network of more than 100 breeder farms for Grandparent and Parent stocks, 21 hatcheries, and more than 1,400 contracted broiler farms. It operates more than 40 processing plants with capacity from 10,000 - 50,000 broilers per day.

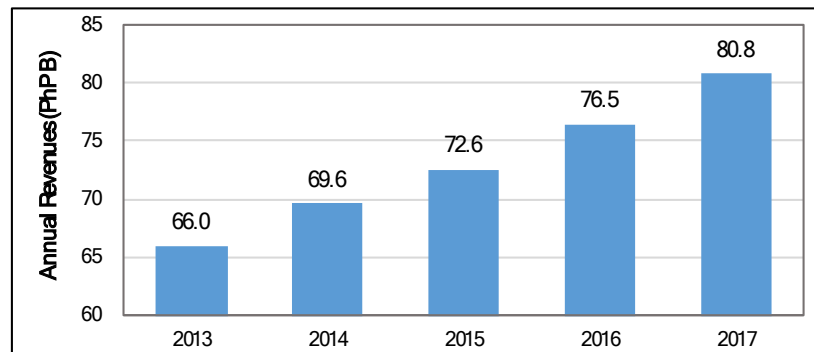
Magnolia Chicken is the country's leading brand in poultry products in supermarkets, wet markets and major food service outlets. Currently, it has over 1,100 Chicken Station outlets. Following are the products:

- Live Broilers
- Whole Dressed Chicken: Magnolia Fresh Chicken and Magnolia Spring Chicken (fresh, chilled and frozen); Magnolia Jumbo Chicken and Magnolia Free Range Chicken (fresh and frozen)
- Supermarket House Brands
- Cut-ups (fresh, chilled and frozen): Magnolia Chicken Cut-ups; Magnolia Chicken Station Cut-ups; Magnolia Chicken Station Convenient Cuts; Magnolia Chicken Smart Packs; Magnolia Chicken Breast & Leg Meat Yakitori
- Marinated: Magnolia Chicken Station Timplados: (Freshly-made at the Magnolia Chicken Stations); Magnolia Chicken 3-Way (ginger, gata and tomato variants)

- Chicken Frillers (Mediterranean and Peppersteak variants), chicken fingers, teriyaki, inasal, siomai, Oriental wings, lumpia shanghai, bbq and burger
- Magnolia Chicken Giblets (Fresh & Frozen Liver and Gizzard)
- Institutional: Whole Chicken, Customized Bone-in Cut-ups and Deboned Fillets
- Exports: Magnolia Chicken Griller (Fresh & Frozen), Chicken Yakitori (Frozen), Bone-in Chicken Cut-ups (Frozen), Deboned Chicken Fillets (Frozen)
- Magnolia Cage-Free Brown Eggs

SMFI's agro-industrial business includes poultry and fresh meats and feeds. Its revenues rose by five percent per annum from PhP66 B in 2013 to PhP80.8 B in 2017. Increases were due to favorable selling prices of chicken prices and its value-added products. Expanded distribution, trade penetration and successful market intensifications also contributed to the company's revenue growth.

SMFI Agro-Industrial Revenues, 2013-2017



Source: www.sanmiguelpurefoods.com



Bounty Fresh Foods, Inc. and Bounty Agro Ventures, Inc.

Bounty Fresh Foods, Inc. (BFFI) and **Bounty Agro Ventures, Inc. (BAVI)** are companies under the privately-owned **Bounty Fresh Group of Companies (BFGC)** in the Philippines. The business was established by the Chen family in the 1980s with only 5,000 heads of chicken from a one-layer house in Sta. Maria, Bulacan. Soon, the company progressed and became one of the largest broiler integrators. BFGC is the only fully-integrated poultry firm continuously investing in company-owned facilities which includes GP farms, PS farms, hatcheries, dressing plants, feed mills, and cool-cell broiler complexes in the country. It is also the first firm to employ the single-stage commercial broiler hatchery incubation system (eggs grouped according to development stage and to be incubated together).

BAVI was established to reach consumers nationwide through several branches. It links with partners in contract growing, contract breeding, toll hatching, toll feed milling, and toll dressing. At present, Bounty has 358 broiler contract partners. BAVI sells dressed chicken to supermarkets, hotels, restaurants and institutional food firms. Its brand, **Bounty Fresh Chicken**, includes live chicken, dressed chicken, and processed chicken products. Bounty Fresh Chicken products are:

- Premium Whole Chicken
- Young and Tender
- Pollo Primero
- Cut-ups
- Processed chicken: Nuggets, Disney Nuggets, Party Chow (breaded skin, breaded neck, popcorn and sticks) and Top Torikatsu (Classic Mayo and Cheese & Chives).
- Chicken eggs

In 2008, BAVI ventured into the take-out segment through its rotisserie outlets by setting up stand-alone outlets. It sells oven-roasted chicken variants under the brand **Chooks-to-Go** with the company's other products: processed meat, roasted pork belly, and dressed chicken among others. Eventually, **Chooks-to-Go** became a dominant leader in the rotisserie market with 1,300 outlets.

Its popular products are roasted chicken (Sweet Roast Oven Roasted, Pepper Roast Oven Roasted, and Fried Chooks), roasted liempo, **Chooksie's** (Whole Chicken, Marinado, Cut-ups, and Spicy Necks), Disney chicken products (hotdog and nuggets) and **Pork Barrel Chicharon**. It now also sells products via delivery through **honestbee** and **foodpanda**.



Vitarich Corporation

Vitarich Corporation was founded in the 1950s by the Sarmiento brothers. One of the biggest poultry integrators, Vitarich has production facilities nationwide, which include hatcheries, feed mills, dressing plants, and poultry and livestock operations. The latter operations cover from breeding to growing, processing, and marketing.

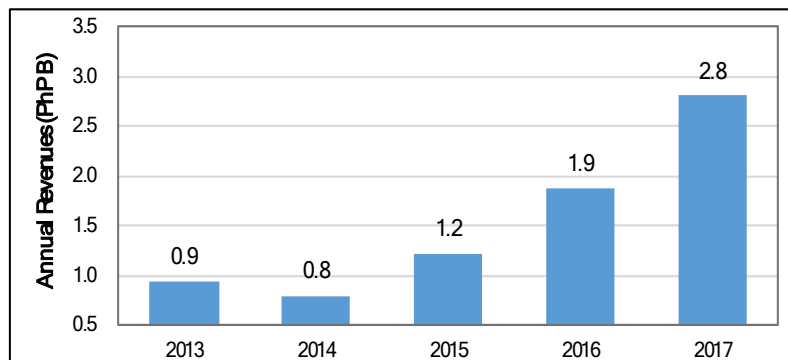
Its poultry business operates through a fully integrated broiler production to processing and value adding. Aside from supplying chicken to its clients, Vitarich sells chicken through its brand Cook's Chicken. Its products include: dressed, cut-ups, tocino, hotdog, embotido, longanisa, and galantine (relleno)



The company also includes a subsidiary, Gromax, Inc. (animal health and nutritional feed).

The company's food segment includes growing, production, and distribution of live or dressed chicken broilers which are distributed to wet markets and supermarkets. Food sales increased by 35 percent per year from Php935 M in 2013 to Php2.8 B in 2017. Increases were due to higher sales volume and better selling prices.

Vitarich Corp. Food Sales, 2013-2017



Source: vitarich.com



Cobb-Vantress Philippines, Inc.

Cobb-Vantress Philippines, Inc. (CVPI), formerly Breeder Master, Inc. (BMI), is a subsidiary of Cobb-Vantress, Inc. (CVI). The latter is 100 percent owned by the world's largest chicken company Tyson Foods, Inc.

BMI, established in 1988, used to be 80 percent owned by Vitarich Corporation and 20 percent by CVI. In 2003, CVI became the sole shareholder of BMI and later changed the business entity's name to CVPI.

CVPI is a breeding stock supplier to the country's major integrators. It supplies parent stocks to countries such as Indonesia, Bangladesh, Brunei, Nepal, and Malaysia.



FOSTER FOODS, INC.

Foster Foods, Inc.

Foster Foods, Inc. started in 1997 with live broiler sales. It eventually ventured into dressed and processed chicken and captured a large share in the food service market. Currently, the company supplies its products to restaurants, fast food chains, and hotels. Its clients include: Jollibee, McDonald's, Kenny Rogers Roasters, Tropical Hut, Andok's, Mang Inasal, Mang Bok's Manok, Chowking, Max's, Pizza Hut, Shakey's, Greenwich, Yellow Cab, Italianni's, Cravings, Pepper Lunch, El Pollo Loco, Chicken Savory, Brio Bistro Italiano, Racks, Friday's, Super Bowl, Little Asia, Secret Recipe, Makati Shangri-La, Edsa Shangri-La, Holiday Inn, Shopwise, and Rustan's Supermarket.



Charoen Pokphand Foods Phil. Corporation

Charoen Pokphand (CP) Foods Philippines Corporation, a Charoen Pokphand Foods Public Company Limited subsidiary, operates agro-industrial businesses, which includes animal farming and meat product manufacturing from Thailand and other foreign sources.

Established in 2007, the business initially started with shrimp hatchery. It then moved into feed in 2010, swine breeding in 2011 and broiler production in 2012. Today, CP's operations focus on feed, farm, and food businesses. The company manufactures and distributes aquatic feed (shrimp and fish) and animal feed (swine, chicken and duck). Its farm businesses comprise swine, broiler, layer, duck, shrimp, and fish, of which it produces breeders and commercial animals and products, including preliminary processed meats.

Chicken Star and Meat Store are the distribution arm of CP in the Philippines. Chicken Star offers roasted and fried chicken, while Meat Store retails fresh meat.





Anakciano, Inc.

Anakciano, Inc. was founded in 1992 by Peter Unabia. The company sources its chicken supply from its own commercial farms and contract farms. Its chicken outlets include Ang Lechon Manok ni Sr. Pedro, Manok Pinoy, and Fido Prito Fried Chicken. Its major outlet, Ang Lechon Manok ni Sr. Pedro, has over 300 outlets in Metro Manila and key cities nationwide. The dressing plant is located at Phividec Industrial Estate, Mohon, Tagoloan, Misamis Oriental.



Gama Foods Corporation

Gama Food Corporation, established in 2005, is a fully-integrated poultry operation. Marketing dressed chicken nationwide, Gama Foods has its own dressing and feed mill plant in Cagayan de Oro. The firm has extended offices in Visayas in Mandaue City and Iloilo City. Aside from supplying chicken to its clients, it also sells roasted and fried chicken through its subsidiary, Chicken Rotizado.



RDF (Red Dragon Farms) Feed, Livestock and Foods Inc.

RDF started its hog and chicken business in 1988 and has 16 farms located in various areas in Central Luzon. Its supply chain is integrated starting from its owned-and-operated farms going directly to its meat shops. Fresh Options is one of the fastest-growing chains in Luzon with outlets in Pampanga, Bulacan, Nueva Ecija, Bataan, Zambales, Olongapo, Tarlac, Laguna, Cavite, and Metro Manila. Its products include: fresh, fresh chilled, marinated, ready-to-cook, and processed meats.



Sustamina Agri-Industrial Corporation

Sustamina is a poultry and swine farm company that was founded in 1999 and serves the livestock industry in Cavite. It has a 560 sow level capacity and supplies piglets to contract growers. Its poultry brand, Sustamina Chicken, is supplied to groceries, supermarkets and institutional clients. Sustamina also has a contract broiler breeding operation.

Source: various company websites

Retail Market Trends

There have been tremendous changes in the Philippine food retail sector with the proliferation of supermarkets and groceries. The working middle class prefers convenience and has opted for one-stop shopping to minimize time and energy, regardless of additional cost. It may not be surprising to see supermarkets displacing wet markets as the shoppers' choice for chicken meat, as consumers search for convenience.

Though eating-out spending is increasing, a large part of local food expenditures is still spent on food prepared at home. Household consumers usually purchase chicken meat from retailers like supermarkets and hypermarkets or in traditional wet markets.

Wet markets remain dominant in chicken retail and are the primary source of fresh chicken among household buyers for home consumption. Despite the proliferation of supermarket chains, wet markets remain the most prevalent source of fresh chicken in the Philippines. Wet markets are associated with wet floors and humid temperatures. In wet markets, retailers constantly use water to wash down floors to keep them clean.

The Philippine government is exerting effort to upgrade wet markets, such that current wet markets differ from traditional wet markets of years past in several regards. Historically, wet markets were housed in temporary sheds or in the open air. Most wet markets are now housed in permanent buildings and stalls. Meat for sale, including chicken, increasingly have refrigeration facilities. The space in a wet market is usually divided into small stalls which are rented and operated by private individuals or the meat retailer.

Wet markets fall under a two-level management system. The first level is the Municipal Government, which manages the city's wet markets and regulates their distribution. The second management level is operated and managed by private companies. These companies are responsible for the safety and sanitation of the wet market, stall lease management, facility maintenance, and food safety monitoring following compliance with government food safety regulations. The vendors renting the stalls in wet markets buy chicken from commercial producers, *viajeros* or traders, wholesale markets, distribution centers, or other sources and pay rent and fees to the management body.

In wet markets, dressed chicken is delivered in the early morning. The retailer divides the chicken into cut-ups such as leg quarters, breasts, legs, thighs, and wings, among others. Retailers also sell liver, gizzard and other offals. Among the major wet markets in Metro Manila are Divisoria, Farmer's Market, Balintawak, and Guadalupe.

Divisoria Market is a big and chaotic wholesale market, unparalleled for goods and prices. There is also a retail section for meat, including chicken. Divisoria is regarded as a shopping mecca for products sold significantly cheap.

Farmer's Market in Cubao is considered one of the largest and cleanest markets in Metro Manila. It is the original go-to market for fresh and reasonably priced meat and poultry. Aside from its product selection, Farmer's Market also has seafood offerings.

Balintawak Public Market is along EDSA right on the Quezon City-Caloocan City border. It is also known as the bagsakan (drop-off point) of produce from both the north and the south, so the vegetables on sale are not only varied but affordable. Besides its vegetable selection, Balintawak is also known for its meat.

Guadalupe Public Market is one of the busier market places as it is situated near jeepney terminals and the MRT station, but the options it has makes braving the traffic worth it. Here you can find many vegetable options and also condiments and spices, fresh protein, and even dried seafood from various provinces. The dry goods section of the market is also worth mentioning; it has apparel, household cleaning appliances, and plastic ware products, among others.

Table 4. Major wet markets in Metro Manila, Philippines, 2019

Wet Market	Location
Divisoria Market	San Nicolas, Manila
Balintawak Market	<i>EDSA and Old Samson Road, Barangay Balintawak, Quezon City</i>
Farmer's Market	<i>General Araneta Avenue, Araneta Center, Cubao, Quezon City</i>
Guadalupe Public Market	<i>Guadalupe Commercial Center, Barangay Guadalupe Nuevo, Makati City</i>
Nepa Q-Mart	EDSA, Cubao, Quezon City
Quiapo Market	<i>F-R. Hidalgo Street, Quiapo, Manila</i>

The Rapid Rise of Modern Food Retail

Supermarkets are becoming an important chicken meat source among households. Supermarkets allow customers to walk through display chillers and pick up their preferred chicken whether whole or cuts of their choice brand, packaging and size. In the fresh markets section, chicken meats are sold in the open display section where customers are allowed to select their preferred chicken parts for weighing and packing. People are available behind the

counter to attend to customers. The open display section allows the customers to pick up the chicken parts, size, and quantity they require. Brand choices (Magnolia or Bounty), house brand, and unbranded chickens are available in the open display section.

Supermarkets receive chicken delivery in bulk from suppliers early in the morning. The chickens are stored in the cold storage and kept cold even in the supermarket display areas. Increasing concerns over food safety in meat are one of the reasons behind consumers' increasing preference for buying meat in supermarkets.

Meat sold in supermarkets is supplied by commercial producers or meat importers which are delivered chilled and frozen. In 2016, there were over 1,000 estimated supermarkets in the Philippines and 61 hypermarkets. Aside from selling major commercial brands such as Magnolia and Bounty, supermarkets also market their own house brands similar in quality to what the major brands offer, like fresh/chilled, marinated (e.g. barbecue, teriyaki, etc.), and choice cut-ups.

Major retailers include SM, Robinsons, Puregold, Savemore, and Metro Gaisano. SM Markets, Robinsons, and Puregold Price Club are the biggest food retail chains in the country.

Table 5. Number of Supermarkets/Groceries, 2019

Supermarket	No. of outlets	Parent Company
Robinsons Supermarket	157	Robinsons Retail Holdings, Inc.
SM Supermarkets	56	SM Retail, Inc.
SM Hypermarkets	50	SM Retail, Inc.
Puregold	300++	Puregold Price Club, Inc.
Grocery Stores		
Alfamart	400	PT Sumber Alfaria Trijaya Tbk and SM Group
Savemore stores	194	SM Retail, Inc.
Robinsons EasyMart	17	Robinsons Retail Holdings, Inc.

Source: Company websites.

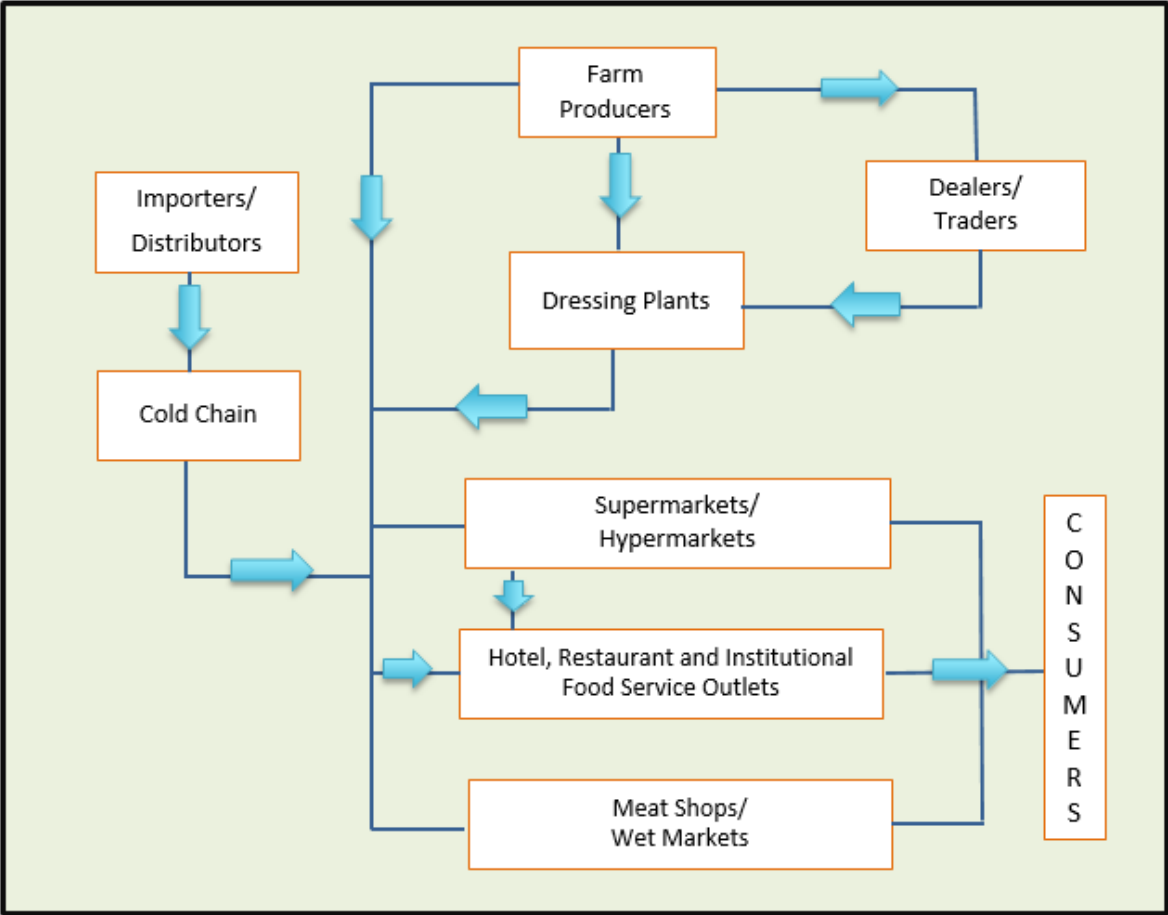
SM Retail Inc., which owns SM Markets, is the dominant player in the food retail industry in the country. It has three food retail formats: (1) SM Supermarket which is a large anchor tenant found in SM Malls; (2) SM Hypermarket a stand-alone superstores which combines a supermarket and a department store; and, (3) Savemore Market which is a chain of stand-alone grocery stores.

Robinsons Supermarket, a division of the Robinsons Retail Holdings Inc., has two sub-formats: (1) Robinsons Easymart is a group of neighborhood grocery stores; and, (2) Robinsons

Selections serves the premium market and carries more imported merchandise than the usual Robinsons Supermarket.

Puregold Price Club Inc., a chain of supermarkets, has three store formats: (1) Puregold Price Club, a hypermarket; (2) Puregold Jr., a neighborhood store; and, (3) Puregold Extra, a discounter supermarket. Puregold also owns S&R Membership Shopping, which has 20 stores and is modelled after U.S. warehouse shopping chains.

Figure 9. Distribution channels of chicken (whole and cuts), Philippines



Box 1

SM RETAIL INC.



SM Retail Inc. is a subsidiary of the conglomerate SM Investments Corporation (SMIC). It is the largest retailer in the Philippines, with a total revenue of 336 billion PHP in 2018 divided into: Food Group (171 billion PHP), SM Stores (108 billion PHP), and Specialty Stores (85 billion PHP).

Retail Footprint: 2.9 million square meters (sqm) gross sales area (GSA): 43 percent in Metro Manila, 38 percent in Luzon, 12 percent in Visayas, and 6 percent in Mindanao.

SM Retail consists of:

- SM Store: 63
- SM Supermarket: 56
- SM Hypermarket: 53
- Savemore: 195
- Waltermart: 52
- Specialty Stores: 1,000+

By GSA, the Food Group has about 1.5 million sqm, SM Stores has 0.8 million sqm, and Specialty Stores has 0.6 million sqm.

In 2013 SM signed a joint venture deal with the Waltermart group. It formed a strategic alliance with Double Dragon Properties Corporation, which operates CityMall nationwide.

It also operates Alfamart, a convenience store with large Indonesian operations. It had 528 outlets by the end of 2018. PT Sumber Alfaria Trijaya Tbk, known as Alfamart, is a franchised chain of convenience stores from Indonesia, with over 10,000 stores across Southeast Asia.

SMIC has a minority stake in Goldilocks, a leading bakeshop in the country.

Source:

https://www.sminvestments.com/sites/default/files/investor_relations/FY2018%20Investor%20Presentation_02282019.pdf

Box 2

ROBINSONS RETAIL HOLDINGS, INC.

Robinsons Retail Holdings, Inc. is one of the largest multi-format retailers in the Philippines. It is a subsidiary of JG Summit Holdings. It had net sales of 115 billion PHP in 2017. The net sales for January–September 2018 reached 91.8 billion PHP.

The sales breakdown are as follows: supermarkets - 46 percent; department stores - 12 percent; do-it-yourself (DIY) stores - 13 percent; convenience stores - 5 percent; drugstores - 12 percent; and specialty stores - 12 percent. In terms of gross floor area, it was 36.1 percent in Luzon; 34.7 percent in Metro Manila; 18 percent in Visayas; and 11.2 percent in Mindanao.

In 3Q 2018, it reached a store network of over 1,778 stores alongside 1,994 franchised branches of The Generics Pharmacy (TGP), which it acquired in 2016. It serves anchor tenants for Robinsons Malls which operates 47 malls in the country as of the end of 2017.

In late 2018, Robinsons acquired 100 percent stake of Rustan’s Supercenters from Dairy Farm International Holdings, Inc., gaining a network of 80 high-end food retailers.

Store Network	Metro Manila	Luzon	Visayas	Mindanao
Supermarkets	53	67	25	13
Department Stores	14	18	11	8
DIY Stores	60	85	40	21
Convenience Stores	323	148	25	-
Drugstores	114	316	42	27
Specialty Stores	158	128	54	28
<u>TOTAL</u>	<u>722</u>	<u>762</u>	<u>197</u>	<u>97</u>
<i>TGP</i>	446	998	272	198

Source: C:/Users/rdy/Downloads/Robinsons%20Retail%203Q%202018%20Earnings%20Presentation%20(1).pdf

Box 3**PUREGOLD PRICE CLUB**

Puregold belongs to the top three largest retailers in the Philippines. Puregold Price Club went public in 2011 with its listing on the Philippine Stock Exchange.

In 2012, Puregold acquired Kareila Management Corp., which owns S&R Membership Shopping and Parco. Over 19 operating outlets were purchased and converted to Puregold.



The following year, the global investment firm Capital Group Companies bought 5.4 percent total outstanding stock of Puregold.

By 2014, Puregold formed a joint venture with Japanese convenience store chain Lawson under the name PG Lawson Inc. Puregold owns 70 percent of the venture and they opened their first branch in Sta. Ana, Manila on March 30, 2015.

As of Q3 of 2018, a total of 397 stores were operating from 64 in 2010, with net selling area of more than 542,000 sqm. Puregold operates a total of 201 hypermarkets, 104 supermarkets, 40 extra, 20 S&R warehouse clubs, 36 S&R-QSRs. Its net revenues reached 99.8 billion PHP during the period.

	Puregold	S&R	S&R New York Pizza	Total
Metro Manila	122	10	24	153
North Luzon	89	3	3	95
South Luzon	100	3	5	107
Visayas	24	2	4	30
Mindanao	10	2	0	12
Total	345	20	36	397

Source: <http://www.puregold.com.ph/index.php/our-business/> and http://www.puregold.com.ph/wp-content/pgolddata/Investor%20Relations/Presentation2014_2017/2018/PGOLD%209M%202018%20Results%20Briefing%20%20NOV%202018%20-%20FINAL.pdf

Box 4**OTHER NATIONAL AND LOCAL CHAINS**

- All Day Supermarket (Villar Group, NCR 3 branches)
- Cash & Carry (1 branch)
- Citimart (Batangas-based)
- City Supermarket, Inc. (CSI Group-Dagupan) the largest retailer in Northern Luzon (17 branches: Pagasinan 14, La Union, Ilocos Sur, Zambales)
- Fisher Supermarket (QC 1)
- Gaisano Capital (38: Luzon 6, Cebu 12, Other Visayas 13, Mindanao 7)
- Gaisano Grand Supermarket (36: Cebu 12, Other Visayas 11, Mindanao 13)
- Isetann (2)
- Landers Superstore (NCR 4)
- Landmark Supermarket (NCR 4)
- LCC Supermarket (Bicol Region 63, Quezon 1)
- Makati Supermarket (2)
- NE Supermarket (Central Luzon (CL) 4)
- Prince Hypermart (Visayas 3, CL 1)
- South Supermarket (NCR 3)
- Super 8 Grocery Warehouse (NCR 18)
- Unimart (NCR 2)
- Unitop Supermarket (NCR 2, Rizal1)
- Ultra Mega 8 (NCR 6, Cavite and Bulacan)
- Vercons Supermarket (Bataan-based)

Visayas-based retailers

- Iloilo Society Commercial, Inc.
- Iloilo Supermart
- Injap Supermart
- Lopue's

Mindanao-based retailers

- KCC Supermarket (South Cotabato 3, Zamboanga 1, planned Mindanao 3)
- NCCC Supermarket (40+ Davao and Palawan)

Within these markets, chicken products available for sale are segmented into whole, cuts, and processed products. Chicken meat is cut and marinated inside the stores. The cold storage and meat-cutting area are adjacent to the open refrigerated display cases. Chicken meat is packaged with plastic, re-sealable plastic, plastic tray and plastic wrapped or sealed, box-and-plastic wrapped or vacuum packed. Chicken products are sold with labels showing product name, weight, unit price, pack date, use by, total price, and brand name.

Table 6. Chicken brands available in major supermarkets

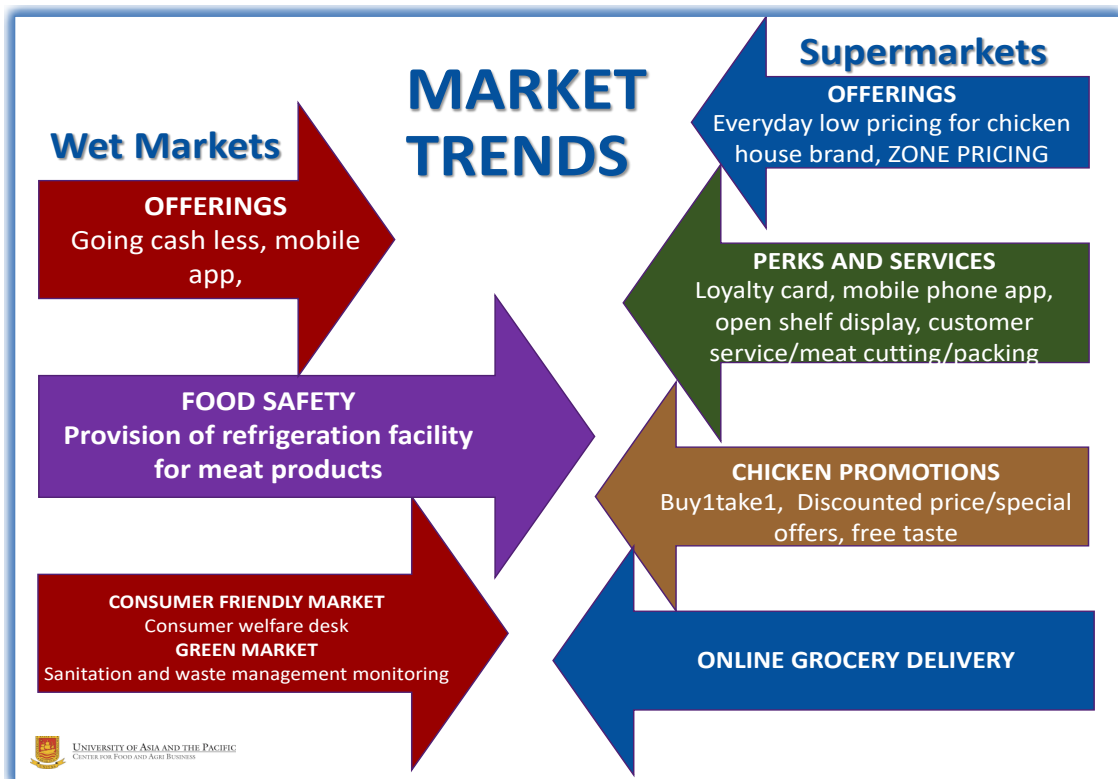
Supermarket	Brand	Price (PHP/kg)	
SM	Magnolia	160	
	Bounty Fresh	160	
	SM Bonus (house brand)	140	
Robinson's	<i>Magnolia</i>		
	Whole	160	
	Spring, whole	160	
	Quarter	176	
	Breast/drumstick	174	
	Breast fillet	230	
	Wings/leg	179	
	Chicken lollipops	195	
	Recado cut	174	
	Adobo cut	179	
	Thigh	184	
	Thigh fillet	255	
		<i>Bounty Fresh</i>	160
	<i>Supersavers</i> (house brand)		
	Whole	140	
Puregold	Magnolia	160	
	Equal Farm Fresh (house brand)	132	
S&R	<i>Magnolia - Free-range, whole</i>	188	
	<i>Bounty Fresh</i>		
	Whole (young)	160	
	Whole (family)	160	
	Breast/leg quarter	159	
	Breast fillet, skin-on	235	
	Breast fillet, skinless	238	
	Adobo cut	159	
	Drumstick/thigh/wings	159	
	Thigh fillet, skin-on	248	
	Thigh fillet, skinless	245	
	Gizzard	82	
	Liver	137	
		<i>Roaster's Best - Whole</i>	140
		<i>Member's Value</i>	
		Drumstick	139
	Wings	171	
	Chicken skin	89	

Metro	<i>Magnolia</i>	
	Free range, whole	168
	Spring free range, whole	245
	Chicken station	
	▪ Adobo cuts	178
	▪ Wings	183
	▪ Drumstick/breast	173
	▪ Quarter	175
	<i>Bounty Fresh</i>	
	Whole (family)	160
Whole (young)	148	
Free range, whole	185	
Breast/legs/wings/drumstick	179	
Fillet (breast/thigh)	220	
Premium	155	
<i>Q Premium</i> (house brand)		
Leg	150	
Whole	160	
Rustan's (Robinson's)	<i>Magnolia</i>	
	Free range, whole	203
	Spring free range, whole	162
	Whole	182
	Gourmet cuts	
	▪ Thigh	214
	▪ Valentin	295
	▪ Wings	224
	▪ Broth	132
	Chicken station	
	▪ Thigh/wings	190
	▪ Drumstick	180
	▪ Neck	97
	▪ Skin	80
	▪ Gizzard	97
	<i>Bounty Fresh</i>	
	Fresh/chilled (young)	148
	Free range	185
	Breast/legs/wings/drumstick	165
Fillet (breast/thigh)	233	
<i>Surebuy</i> (house brand)	140	

Market Trends

Supermarkets like Puregold offer many deals or discounts on their house-brand chicken. Sometimes, prices are even lower than in the traditional wet markets. Supermarkets have also started offering ready-to-eat food as a way to provide customers with food service options while grocery shopping. For example, rotisserie chicken is offered in S&R, Robinsons, and SM. Some supermarkets may also have banks, ATMs, coffee bars, juice bars, and anything else that may attract customers.

Figure 10. Trends in Wet Markets and Supermarkets



Institutional Markets

Chicken meat cuts from commercial producers are usually supplied to hotel, restaurant, and institutional (HRI) food service outlets. HRIs contribute significantly to the increasing consumption of chicken, which continues to grow nationwide.

Fast Food/Quick Service Restaurants

With the burgeoning fast food sector, more and more chicken dishes are introduced in the market aside from their usual menus. As mentioned previously, chicken is the preferred meat for Philippine consumers when they eat at QSRs.

Among the fast food chains offering chicken as part of their menus are Jollibee, McDonalds, Mang Inasal, Chowking, and KFC, among many others.

Jollibee, the largest fast food chain in the country, is known for its “chicken joy”. The company went into a joint venture with U.S.-based Cargill to form Cargill Joy Poultry Meats Production, Inc. (C-Joy). It currently operates a poultry processing plant in Santo Tomas, Batangas, which supplies dressed and marinated chicken for Jollibee, Mang Inasal, and Chowking. C-Joy partners with local poultry farmers in Batangas and nearby provinces to supply chickens to the new facility.

Table 7. Select Quick Service Restaurants with Chicken on their menus

Fast food	No. of outlets	Product/brand
Jollibee	1,100++	Chickenjoy
McDonalds	570++	Chicken McDo Chicken McNuggets McCrispy Chicken Fillet
Mang Inasal	577	Mang Inasal Chicken
Chowking	590	Chinese-Style Fried Chicken
KFC	300++	KFC Chicken, Shots, Chaco, Twister, Nuggets, Funshots, Zinger, Cracklings
Bon Chon	111	Fried Chicken Chicken Poppers
Burger King	101	Crispy and Tender Chicken, X-tra long chicken
Tropical Hut	50	Fried Chicken
Wendy’s	51	Fried Chicken, Chicken Nuggets
Pizza Chains		
Greenwich	300	Fried Chicken
Shakey’s	251	Classic Crisp, Juicy Flavor-Packed Fried Chicken
Pizza Hut	200++	Fried Chicken, Wingstreet
Yellow Cab Pizza	100++	Fried Chicken: Drum, Thigh, Wings Chicken Poppers

Source: company websites

Fast food restaurants selling chicken:



Nuggets, Funshots, Zinger, and Cracklings.

KFC, the world's second-largest fast food chain with more than 22,000 locations in 136 countries, is a subsidiary of Yum! Brands. The company also owns Pizza Hut, Taco Bell, and WingStreet. KFC Philippines was established in 1966 and started operations the following year. At present, KFC is franchised under the corporate KFC QDR Corporation. With over 300 branches nationwide, KFC offers the following chicken menu KFC Chicken, Shots, Chaco, Twister,



Sulit Meals, Paborito Meals, and Fiesta Inasal Meals.

Mang Inasal, the Hiligaynon word meaning Mr. Barbecue, was started in 2003 by Edgar Sia at Robinson's Mall Carpark in Iloilo. The fast food became a hit, opening almost 30 branches in only three years. Mang Inasal started franchising in 2005, reaching markets across Luzon, Visayas, and Mindanao. Six years after it opened, it already had 100 stores. In 2016, Jollibee Foods Corporation (JFC) fully acquired Mang Inasal. With 500 stores, its chicken menu is offered in



Jollibee, the largest fast food chain in the country, was established in 1978 by Tony Tan Caktiong and his family. It is now under JFC, which also owns Chowking, Greenwich Pizza, Red Ribbon Bakeshop, Mang Inasal, Burger King Philippines,. Jollibee is also active in Southeast Asia, the Middle East, East Asia, North America, and Europe. Jollibee has more than 1,100 outlets and is famous for its Chickenjoy menu.



McDonalds, the world's largest fast food chain, is locally master franchised by Golden Arches Development Corporation, a venture by its founder George Yang and Andrew Tan's Alliance Global Group, Inc. From its first outlet within the University Belt area in Manila in 1980, "McDo" has over 570 stores in the Philippines. Among its popular chicken products are Chicken McDo, Chicken McNuggets, and McCrispy Chicken Fillet.



Wendy's, a U.S. fast food giant, is a franchise of Wendy's Philippines, which was owned by Puregold Price Club's Lucio Co but in late 2019 was acquired by Dennis Uy's Uddenna Corporation through its subsidiary Eight-8-Ate Holdings, Inc. In 1983, it opened its first outlet at Parksquare 1 in Makati City. It was the first fast food to offer 24-hour food service. With over 50 branches, Wendy's is famous for its burgers and also offers two chicken products: fried chicken and chicken nuggets.



Tropical Hut, one of the oldest fast food chains in the Philippines, started in 1965 by the Que family. It began from an idea of having a coffee shop within the areas of their supermarket, which is also called Tropical Hut. The chain has about 50 stores offering fried chicken and spring chicken.



Chowking opened its first outlet in 1985 under Robert Kuan's company. A combination of Chinese food and fast food service, it sells noodles, dumplings, and rice bowls with toppings. In 2000, Chowking was fully acquired by JFC. At present, it is under Fresh N Famous Foods, a subsidiary of JFC. The chain also operates in USA, Indonesia, United Arab Emirates, Qatar and Oman. It has more than 400 stores nationwide offering Chinese-Style Fried Chicken in their menus.



Greenwich, a pizza and pasta chain, was founded in 1971 by Cresida Tueres as a small over-the-counter pizza store. JFC first acquired 80 percent of its shares in 1994 and was fully bought in 2006. Similar to Chowking, it is now under Fresh N Famous Foods of JFC. Greenwich has about 300 stores nationwide with fried chicken as part of their menu.



Pizza Hut, the world's largest pizza chain, started serving in the Philippines in 1984. A franchise of Philippine Pizza, Inc. (PPI), it pioneered pizza delivery in the country. PPI is also the franchisee of Taco Bell and Dairy Queen. With the increasing demand for delivery, Pizza Hut in 1990 established a Delivery and Carryout (DELCO) unit, a special store catering to delivery and carry-out customers. Pizza Hut has over 200 stores nationwide and offers chicken in variation of fried chicken and wings (WingStreet in honey barbecue and garlic parmesan).



Shakey's was initially franchised by the San Miguel Corporation to promote their San Miguel draft beer in 1975. It was eventually sold to Prieto group's International Family Food Services, Inc. (IFFSI) in 1987. In 2016, the Century Pacific Group and the Singapore-based GIC Private Limited bought a majority of its shares. That same year, IFFSI was changed to Shakey's Pizza Asia Ventures Inc. (SPAVI) and was listed in the Philippine Stock Exchange. IFFSI has had ownership of the Shakey's trademark in the Philippines since 1999 and also owns trademark rights for the Middle East, Asia (except Japan and Malaysia), China, India, Australia, and New Zealand. Shakey's currently has over 250 outlets and sells Classic Crisp and Juicy Flavor-Packed Fried Chicken.



Yellow Cab Pizza, founded in 2001 by Eric Puno, Henry Lee and Albert Tan, opened its first New York-style pizza branch along Makati Avenue. It is owned by Max's Group, owner of restaurant chain Max's. Yellow Cab also operates in Brunei, China, Jordan, Qatar, Saudi Arabia, Singapore, Hawaii, the United Arab Emirates, and Vietnam. It currently has over 100 stores across the Philippines. Its chicken menu includes fried chicken (drum, thigh, and wings) and chicken poppers.



Bon Chon, which originated in South Korea in 2002, opened its first branch in the Philippines in 2010 through Scott Tan. Its fried chicken dishes became a hit and led to opening over 110 stores nationwide. Bon Chon offers fried chicken in different flavors such as soy garlic, spicy, honey, citrus, and crunchy garlic, as well chicken poppers.

Other Markets

Other destinations for chicken include hotels, hospitals, eateries and *carinderias*, and catering businesses. These markets are usually supplied by commercial farms, integrators, meat processors, and meat importers. Max's, a large restaurant chain that serves chicken, has decided to integrate by going into broiler production and assure its own chicken supply. That being said, Max's also continues to purchase chicken from broiler integrators.

Chicken Rotisseries have become a major source of ready-to-eat chicken and a significant market for commercial producers. Some of the country's popular rotisseries are listed below.

Table 8. Popular chicken rotisseries

Rotisserie	No. of outlets
Andok's	389
Ang Lechon Manok ni Sr. Pedro	300++
Baliwag Lechon Manok	184
Chook's-to-Go/ Uling Roasters/ Reyal	1,500++

Source: company websites

Table 9. Select restaurants serving chicken

Restaurant	No. of outlets	Product/brand
Max's	127	Max's Chicken
Classic Savory	111	Chicken in Classic, Buttered, and Salted Egg flavors.
Bacolod Chicken Inasal	20	Chicken Inasal, Chicken Adobo
Gerry's Grill	112	Gerry's Fried Chicken, Spicy Garlic Fried Chicken, and Sizzling Garlic Mushroom Chicken.
Dencio's	15	Dencio's Fried Chicken, Boneless Chicken Barbeque, Boneless Chicken Inasal, Barbeque Iwi (chicken tail), and Sizzling Atay at Balun Balunan (liver and gizzard)

Source: company websites

Rotisseries:



Andok's was established in 1985 by Leonardo "Sandy" Javier, Jr. from a stall along West Avenue in Quezon City. During the early 2000's, it opened its first dine-in restaurant in Boracay Island. As of 2017, Andoks has about 390 stores and 60 dine-in restaurants. It carries chicken dishes such as Litson Manok, Chicken Barbecue, and Dokito Frito.



Ang Lechon Manok ni Sr. Pedro, established in 1992, started as a small road-side roasted chicken outlet by Peter Unabia. Under Anakciano, Inc., the chickens are supplied by its own commercial and contract farms. It has over 300 stores selling Lechon Manok across the Philippines. Anakciano, Inc. also owns Manok Pinoy and Fido Prito Fried Chicken.



Baliwag Lechon Manok first opened in 1985 by husband and wife Dwight and Dolores Salcedo at Project 8 in Quezon City. With its Luzon and Visayas outlets, Balilwag has a total of 184 stores.



Chook's-to-go, launched by Bounty Agro Ventures, Inc. in 2009, is the largest roasted chicken retail in the country. In 2017, its company-owned stores reached over 1,400 outlets. The company sells roasted chicken in different variants such as sweet, pepper, and fried. It also offers chilled dressed chicken, cut-ups, and marinated products under the Chooksie's brand, as well as Disney chicken nuggets and hotdogs.

Select restaurants serving chicken:



Max's was started by Maximo Gimenez in 1945 which initially served chicken, steak and drinks at Scout Tuason in Quezon City. In 1998, it opened its business to franchising. At present, Max's has over 120 branches nationwide and has restaurants in the USA and Canada. It is managed by Max's Group, which also operates Pancake House, Dencio's, Teriyaki Boy, Sizzlin' Steak, Le Coeur de France, Yellow Cab, and others. Its menu includes Family Chicken, Regular Chicken, Spring Chicken and Spicy Chicken.



Classic Savory, founded by the Ting Brothers, started as a *panciteria* in Quiapo in 1950. Over the years, with the introduction of several dishes, the brothers developed a special fried chicken and gravy recipe. The Savory Chicken House first opened in Escolta, growing to over 110 branches nationwide. Its menu includes Filipino and Chinese dishes with chicken offered in classic, buttered, and salted egg flavors.



Kenny Rogers Roasters, a U.S.-franchise, was brought by Roasters Philippines Inc. (RPI) into the country in 1995 with its first store in Alabang Town Center. It has 81 stores nationwide, serving Classic Roasted Chicken, Chimichurri Roasted Chicken, OMG Unfried Fried Chicken, and Chicken Burritos.



Bacolod Chicken Inasal, established in 1993 by the Tanalgo siblings, started as a small take-out stall in Mandaluyong. After one year, a restaurant was built where its customers could sit and dine. Eventually, the business expanded to 20 branches located in Metro Manila, Bulacan, Pampanga, and Tarlac. The restaurant offers chicken inasal and chicken adobo.



Gerry's Restaurant and Bar first opened as a bar in 1997 at Tomas Morato in Quezon City. It now has over 11 restaurants nationwide and is serving markets in Singapore, the United States, Qatar, and the United Arab Emirates. Its popular chicken dishes include Gerry's Fried Chicken, Spicy Garlic Fried Chicken, and Sizzling Garlic Mushroom Chicken.



Dencio's Bar and Grill was founded by Dennis Nakpil and Dennis Mariano, Jr. in 1991. It first opened in Katipunan, Quezon City and now has 15 restaurants in Luzon and Boracay. Its chicken dishes include Dencio's Fried Chicken, Boneless Chicken Barbeque, Boneless Chicken Inasal, Barbeque Iwi (chicken tail) and Sizzling Atay at Balun Balunan (liver and gizzard). Dencio's was bought by Pancake House Group of the Lorenzos in 2004, who then sold the entire Pancake House Group with several brands to Max's Group.

Market Trends - With the ever-changing tastes and preferences of consumers, food establishments are evolving to keep pace with new trends:

Menu diversification/continuous product development

Fast food chains frequently develop new chicken dishes for their menus. Some, like KFC, introduce new products regularly such as the Double Down G (two chicken fillets with bacon and special sauce filling) and the Chaco (no shell, all chicken taco). KFC has also added foreign flavors into its menu, such as the Spicy Gangnam Chicken. Jollibee and McDonalds both offer a spicy variant of their fried chicken. Max's recently offered chicken rice bowls for catering to more customers.

Appreciation for foreign dishes

Filipinos are often adventurous and willing to try new dishes. Particularly, consumers have become accustomed to Asian cuisines such as Japanese, Korean, and Chinese. This can be seen in the proliferation of such establishments, which also offer chicken to customers.

Promotions

To keep pace with the growing market, QSRs and restaurants continue to create promos to attract more consumers such as unli (unlimited) rice (Mang Inasal) and unli gravy (KFC). Some restaurants like Max's even launched unli chicken to sell more fried chicken. These promotions are usually advertised through commercials, online ads, and mobile messaging.

Offerings

Fast food chains continue to offer affordable meals through combination or combo meals selection. In addition, others such as Jollibee and McDonald's sell chicken meals with toys. Drinks with free refills are also offered by select restaurants.

Deliveries

Many businesses have already made their products available not only via phone but also online. These establishments specify the expected time of arrival, with some advertising that their orders are free if they fail to deliver on time.

Third-party deliveries have also emerged like Grab and Food Panda, offering customers another way to order food and bypass Metro Manila's considerable traffic.

Meat Processors

Another major market for chicken is meat processing. There are approximately 175 meat processors located throughout the country. Some of the largest processors are organized under the Philippine Association of Meat Processors Inc. (PAMPI). The association currently has approximately 40 members and is an active advocate for the meat processing sector.

These companies process, produce, manufacture, and distribute various products generally categorized as fresh processed meats (e.g. bacon, ham, hotdog, longanisa, sausage, tapa, tocino) and canned meats (e.g. corned beef, luncheon meat, meat loaf, Vienna sausage).

The main players in fresh processed meat include Purefoods-Hormel, CDO-Foodsphere, Virginia Food, Inc., Sunpride Foods, Inc., and Frabelle Food Corporation. Major canned meat processors include the previously mentioned companies, plus Century Pacific Food, Inc. Other notable meat processors include Fresh Options, Jaka Foods, King Sue Ham & Sausage, Meken, Pacific Meat Company Inc., Pampanga's Best, RFM Corporation, and Roel's.

The fresh processed meat sector was estimated at 420,000 MT and 70 billion PHP in 2016. This excludes the volumes for food service and the small-scale/backyard hotdog and longaniza producers. Likewise, the canned meat sector was estimated at 126,000 MT and 20 billion PHP during the same year. Both sectors use chicken meat as a raw material, particularly mechanically deboned or separated chicken meat.

The majority of raw material used for meat processing is imported. It is estimated that only 40 percent of the meat used by processors can be supplied by local producers. An industry player estimated that the total imported volume of meat and meat products is brought in approximately equal amounts by the Meat Importers and Traders Association (MITA), PAMPI, and independent importers.

Major Meat Processors



Purefoods-Hormel Company, Inc., started in 1999, was a joint venture between Hormel Foods International and Pure Foods Corporation. Originally owned by the Ayala Group, it is now under SMFB.

Purefoods-Hormel accounts for almost two-thirds of the processed meats market, leading both the refrigerated and canned segments. Among its processed chicken products are Chicken Nuggets, Chicken Breast Nuggets, Chicken Funstuff Nuggets, Crisp 'n Juicy Chicken Drummets, Crispy Fried Chicken, Shredded Chicken Breast, Sexy Chix, Chicken Vienna Sausage.



CDO-Foodsphere, Inc., established in 1975, was founded by Corazon Dayro Ong as a homemade business. It formally incorporated in 1981 and carries the brands CDO, Holiday, Bingo and Highlands.

The chicken brands under CDO are Chicken Franks, Cheezy Chicken Franks, Bigtime Chicken Hotdog, Almusal Espesyal Chicken Longaniza and Barn Chicken Nuggets; Holiday Chicken Hotdog; and, Bingo Chicken Hotdog and Chicken Nuggets Classic.



Virginia Food, Inc. (VFI), originally Virginia Farms, Inc., is a Cebu-based meat company that started in 1968 as a poultry and piggery venture. In 1992, it expanded to meat processing and separated from the farm company to become Virginia Food, Inc. In 2002, Virginia Food, Inc. was bought by Avalon Holdings, Inc.

VFI's has a nationwide presence with larger markets in the Visayas and Mindanao regions. Its brands are Virginia, Winner, El Rancho, Champion, Australian, Big Shot and Vinta. Its chicken products are Virginia Chicken Hotdog, Champion Chicken Hotdog



Sunpride Foods, Inc., which started in 1971, is a fully integrated meat processor covering slaughter and preparation to production of fresh frozen and frozen processed meats, canned products, and mixes. It has the following meat brands: Sunpride, Kassel/Delicatessen, Good Morning, Holiday, Shoppers, Sunny. Its chicken products are Kassel Chicken Breakfast Sausage, Kassel Chicken Ham, Kassel Chicken Tocino, Kassel Chicken Chipolata, and Shoppers Chicken Hotdog.



CENTURY PACIFIC FOOD, INC.

Century Pacific Food, Inc. was established in 2014 to consolidate all aqua and canned meat business of Century. Initially, the meat business started in 1995 under Pacific Meat Company, Inc. The company processes and sells leading canned meat brands such as Argentina, 555, Shanghai, Swift, and Wow. Its chicken products include Argentina Corned Chicken and Swift Vienna Sausage.

Market Prospects and Projections

According to the Organization for Economic Cooperation and Development-Food and Agricultural Organization, the demand for all meat, including chicken, is expected to grow by 1.3 percent annually in 2018-2027. This would be a slower rate than the past decade, which grew 1.9 percent annually from 2008-2017. Income and population growth will continue to be the growth drivers, especially among countries with expanding middle classes.

The low per capita meat consumption of 13 kg for chicken presents opportunities for further expansion with increasing purchasing power. High poverty explains the relatively low domestic demand for chicken in the Philippines. With the country's targets to bring poverty incidence down to 14 percent in 2022 (from 21.6 percent or 21.8 million Filipinos living below national poverty line in 2015), it will promote production expansion and business development.

Moreover, rising urbanization is expected to increase demand for convenience and drive the food retail and increased food consumed outside the home (FAO, 2018). These are mainly consumed in quick service restaurants (QSRs), which purchase fresh, frozen, and processed chickens. Such developments will provide market opportunities and boost business expansion in the broiler sector.

The increasing preference for ready-to-eat food and the changing lifestyles of Filipino consumers are major factors that will drive market growth for chicken meat. Increasing per capita income levels and growing demand for food, especially from the working population are added key factors that will likely enhance the growth in the chicken market in the future.

The high cost of production is a persistent issue in the Philippine broiler sector, in comparison to other countries such as Thailand and Japan. Increased competitiveness is constrained by the high cost of feed, resulting from trade policies preventing corn to compete on a level playing field with feed wheat. Besides more affordable feed, greater efficiency is possible through productivity-enhancing investments and value chains. Moreover, improvements in infrastructure will play a critical role to the changing food demand and movement of food in response to urbanization (FAO, 2018).

Today's customers seek convenient "all-in-one" destinations for shopping, leisure, and entertainment from retail markets. Hence, broad assortment and convenience are an advantage. Retailers can also be faced with slow market penetration because of low product visibility against the emerging online platforms. For modern retailers to therefore compete effectively, emphasis should be put on product quality, unique features, and digital capabilities in their stores (www.mckinsey.com).

Regional Outlook

There are bright prospects in many areas of the Philippines primed for increased tourism. Larger numbers of visiting tourists will in turn result in the expansion of the food service sector, stimulating consumption of chicken products in the local areas. Beyond tourism, however, robust population growth will drive increased consumption.

For market opportunities, the fastest growing cities in terms of population growth are Sto. Tomas (Batangas), Imus, Gen. Trias, San Jose del Monte (Bulacan), Angeles, Sta. Rosa, Biñan, Lipa, Calamba, and Lapu-Lapu. With urbanization expected to take place in all of the country's regions, urban populations can be in a diverse range of cities.

Table 10. Income classification, population and growth rates of selected cities, Philippines, 2010-2015

City	Income Classification	Population		CAGR % / year
		2010	2015	
Sto. Tomas (Batangas)	1 st	124,740	179,844	7.6
Imus	3 rd	301,624	403,785	6.0
Gen. Trias	1 st (as Mun)	243,322	314,303	5.3
San Jose del Monte	1 st	454,553	574,089	4.8
Angeles	1 st	326,336	411,634	4.8
Sta. Rosa	1 st	284,670	353,767	4.4
Biñan	1 st (as Mun)	283,028	333,028	3.3
Lipa	1 st	283,468	332,386	3.2
Calamba	1 st	389,377	454,486	3.1
Lapu-Lapu	1 st	350,467	408,112	3.1
Bacoor	1 st (as Mun)	520,216	600,609	2.9
Antipolo	1 st	677,741	776,386	2.8
Davao	1 st	1,449,296	1,632,991	2.4
Cagayan de Oro	1 st	602,088	675,950	2.3
PHILIPPINES		92,340,000	100,980,000	1.8
Cebu	1 st	866,171	922,611	1.3
Quezon	Special	2,761,720	2,936,116	1.2
Iloilo	1 st	424,619	447,922	1.1

Notes:

- Average Annual Income: City Class - 1st (400 million PHP or more), 3rd (between 240 million PHP and 320 million PHP); Municipality Class – 1st (55 million PHP or more)
- CAGR - Compounded Annual Growth Rate

Source: PSA

Market Projections

Income elasticity is one determinant of future chicken demand. It can be used to forecast short- to medium-term demand. To measure the relationship of a product's consumption to variation in income of consumers, the total net food disposable for dressed chicken and the real household final consumption expenditure (HFCE), also known as household spending and used in the analysis as a substitute for income, from PSA during 1998 to 2017 were employed.

The income elasticity of demand for dressed chicken is 0.8. It implies that dressed chicken is a normal good and is income inelastic. In other words, demand for dressed chicken increases with income but is less in proportion.

Forecasts of the national demand in the next six years are derived using estimated income elasticity of demand and expected real household spending growth based on the HFCE growth per year from 2013 to 2017. On the other hand, projections of the regional demand to 2023 are estimated using PSA data for family fresh chicken expenditure, population, and real household final consumption expenditure, with the predicted relationships among family expenditure and per capita consumption then income elasticity. Using these relationships, regional demand for dressed chicken is derived.

The aggregate chicken demand is projected to increase from about 1.4 million MT in 2017 to 1.6 million MT in 2020 to about 1.8 million MT by 2023 under the HFCE constant growth scenario based on the average growth rate from 2013 to 2017. Growth drivers will come from a combination of income and population growth.

Table 11. Projected demand of dressed chicken by Region, 2017-2023 (in 1,000 MT)

Region	2017	2018	2019	2020	2021	2022	2023
Philippines	1,397	1,464	1,534	1,607	1,684	1,764	1,849
NCR	281	291	301	311	322	333	344
North Luzon	356	374	393	412	433	454	477
South Luzon	353	369	387	406	425	445	466
Visayas	195	207	219	232	246	261	276
Mindanao	211	222	234	246	258	271	285

Notes:

- Differences in total sums are due to rounding

- Projected total demand at year $t = \text{Total consumption at year } t-1(\text{or previous year}) * \text{Estimated income elasticity of demand}$

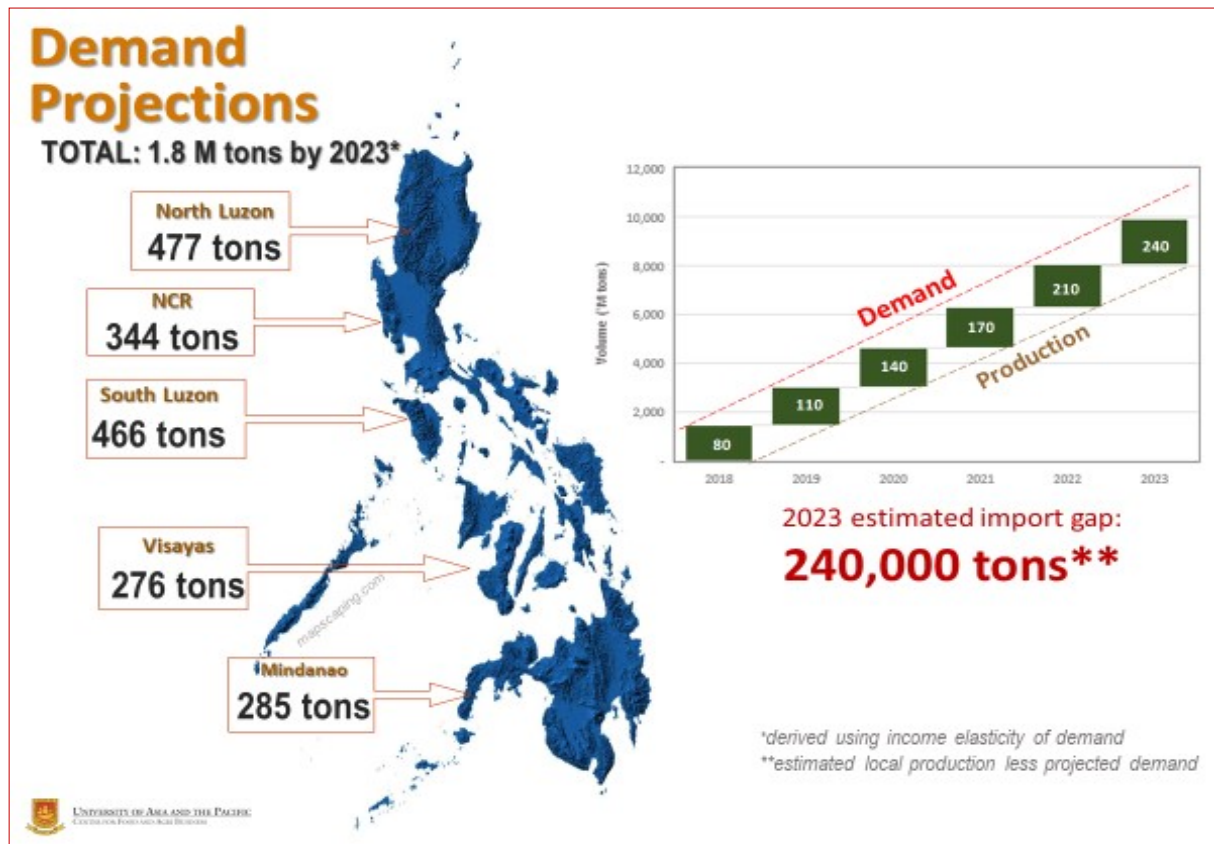
- Estimated consumption (kg/cap/year) and estimated income elasticity of demand are derived from ratio the of regional family expenditure to national family expenditure obtained from PSA's FIES (2015)

- *Estimated consumption (kg/cap/year, 2017): 13 (Philippines); 21 (NCR); 16 (North Luzon); 15 (South Luzon); 10 (Visayas); 8 (Mindanao)*
- *Estimated income elasticity of demand: 0.8 (Philippines); 0.6 (NCR); 0.7 North Luzon; 0.7 (South Luzon); 0.9 (Visayas); 1.0 (Mindanao)*
- *HFCE constant growth scenario based on average growth from 2013 to 2017: 6.1 (Philippines); 5.5 (NCR); 6.8 (North Luzon); 6.5 (South Luzon); 6.6 (Visayas); 5.2 (Mindanao)*
- *HFCE refers to purchase of goods and services; goods produced for own final consumption; goods and services acquired in barter transactions; financial intermediation services indirectly measured (FISIM); insurance and pension fund services; services of owner-occupied dwellings; and goods and services received as income in kind.*

Meanwhile, the gap filled by imported chicken will amount to 240,000 MT in 2023. There is import potential for the retail and food service markets in leg quarters and other cuts (mostly chicken wings). The import gap is derived by deducting the presumed local production and projected demand. This is on the assumption that the annual growth rate of domestic production chicken of three percent in the last five years will remain over the next years.

Editor's note: these production and import numbers are derived by the report writers at UA&P. FAS Manila contributes to USDA and the World Agricultural Outlook Board's own production, supply, and distribution database which can be accessed here: <https://apps.fas.usda.gov/psdonline/app/index.html>. Currently, USDA's official numbers for Philippine imports of chicken meat are 266,000 MT in 2017, 320,000 in 2018, and 345,000 in 2019. Although the numbers may differ, the trend lines from both data sets show increasing demand for chicken meat in the Philippines, to be met by both greater domestic production and imports.

Figure 11. CHICKEN: Demand Projections



Source: PSA and UA&P estimates

Attachments:

No Attachments.