

**Required Report:** Required - Public Distribution

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**Report Name:** Retail Foods

**Country:** Philippines

**Post:** Manila

**Report Category:** Retail Foods

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**Report Highlights:**

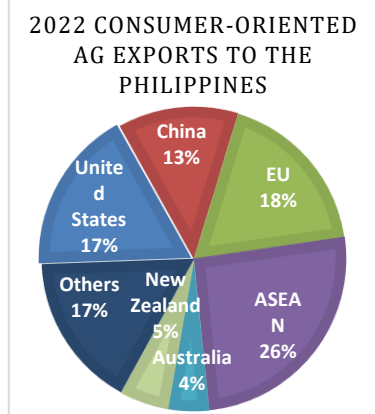
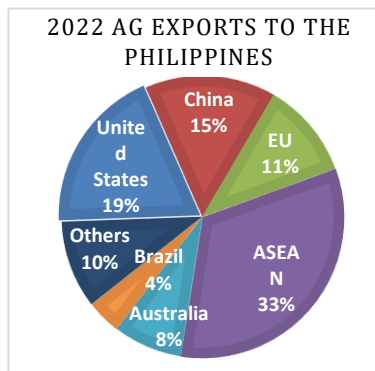
Post sees the food and beverage retail sector growing six percent more slowly than last year. Retail sales continue accelerating as chains open new outlets while enhancing their imports sections. As the seventh-largest market for U.S. consumer-oriented exports, the Philippine retail sector provides strong opportunities for dairy drinks, cheeses, meat products, fruits, vegetables, dog and cat food, baking mixes, pastries, pretzels, jams, jellies, honey, maple syrup, potato chips, chocolates, sugar confectionery, soups, nuts, tomato sauces, ketchup, juices, and wine.

## MARKET FACT SHEET: PHILIPPINES MARKET OUTLOOK

With sustained household spending, most economists forecast six percent GDP growth in 2023 following strong 2022 economic growth and easing (but still elevated) inflation.

### AG EXPORTS TO THE PHILIPPINES

The United States remains the largest single-country exporter to the Philippines, with a 19 percent market share in 2022. The Philippines ranked as the seventh-largest U.S. agricultural export market in 2022, reaching a record high of **\$4 billion**.



Source: Trade Data Monitor

### FOOD PROCESSING SECTOR

With resumed food manufacturing operations, food and beverage manufacturing sales increased through broader distribution coverage and the launching of new products.

### RETAIL FOOD SECTOR

As revenue spending ends, Post sees slower growth in retail sales for convenience stores, groceries, hypermarkets, and warehouse clubs in 2023. As more consumers spend prudently, food and beverage inflation declines.

### FOODSERVICE SECTOR

Post estimates the sector grows as the tourism and hotel industry improves. Dining in restaurants, catering, and events will continue to contribute to the growth, while food deliveries provide convenience.

## 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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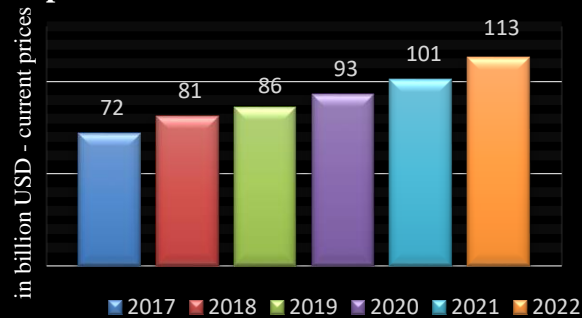
## SECTION I. MARKET SUMMARY

After unexpected eight percent robust growth in 2022, Post estimates six percent growth in food and beverage retail sales for 2023 as revenge spending ends.

Strong domestic demand anchored to sustained food and beverage spending should lead to increased food and beverage retail sales. With lower unemployment rates this year, household income growth is set to outpace consumer price inflation. Except for an uptick in May 2023, elevated food inflation has diminished since January 2023. The Department of Trade and Industry maintained its [suggested retail prices for basic necessities and prime commodities](#) since February 2023.

Based on research, consumers overall want new product offers that provide value, while more price-sensitive consumers purchase smaller stock keeping units (SKUs). As tourism, events, and dining-in thrive, more hotels and restaurants buy bulk purchases than do households from retail stores. While most consumers have returned to buying from brick-and-mortar stores, food and beverage e-commerce sales continue to grow as a niche market, showing potential for imported products.

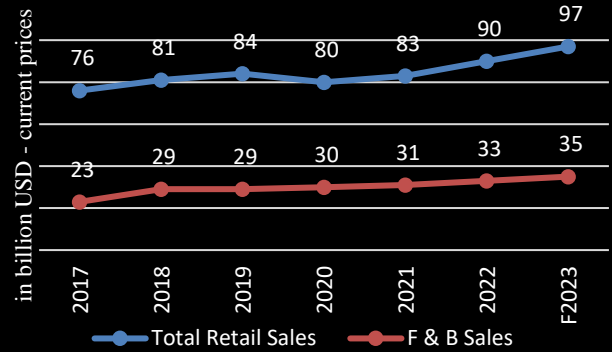
**Figure 3. Household Final Consumption Expenditure on Food and NAB**



Source: [Philippine Statistics Authority](#)

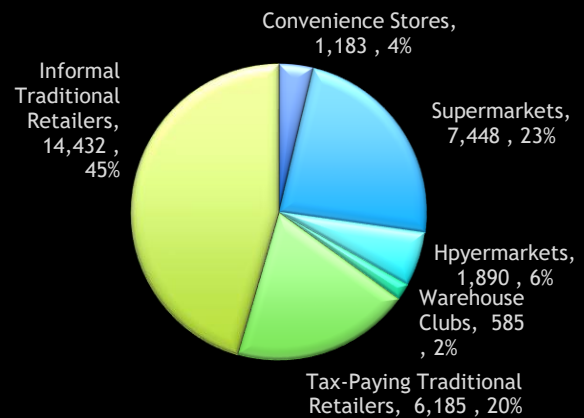
\*Note: HFCE is retail output less expenditures of non-residents in the Philippines plus expenditures of residents abroad and services

**Figure 1. Food & Beverage Sales vis-a-vis Total Retail Sales**



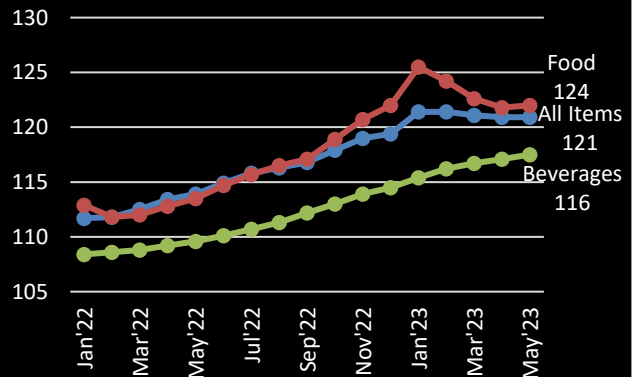
Source: [Euromonitor International](#) and FAS

**Figure 2. Food Sales by Million and % Share in 2022**



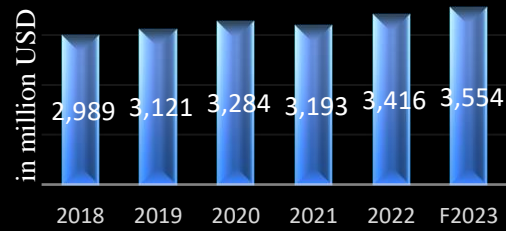
Source: [Euromonitor International](#) and FAS

**Figure 4. Consumer Price Index (2018=100)**

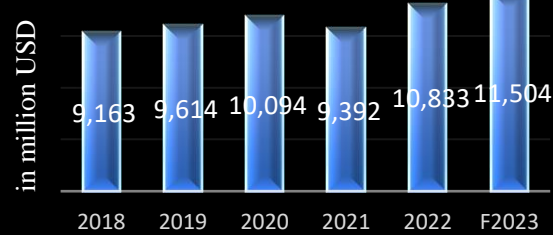


Source: [Philippine Statistics Authority](#)

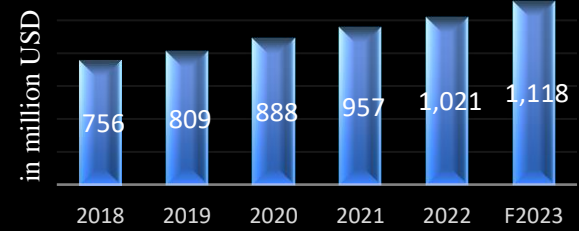
**Figure 5. Sales of Hypermarkets**



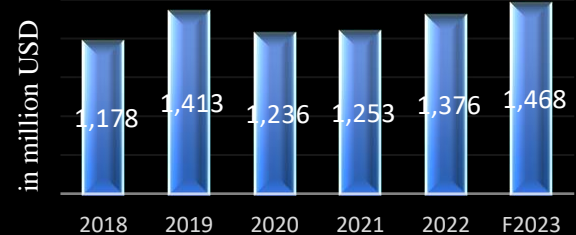
**Figure 7. Sales of Supermarkets**



**Figure 6. Sales of Warehouse Clubs**



**Figure 8. Sales of Convenience Stores**



Source: [Euromonitor International](#)

**ADVANTAGES**

- The Philippines has remained the top Southeast Asian destination for U.S. consumer-oriented products since 2006. Filipinos seek U.S. products for quality, food safety standards, and health-driven and sustainable practices.
- Filipinos purchase familiar U.S. brands seen in movies and seen during travel to the United States.
- Buyers of retail chains frequently visit regional and U.S. trade shows to import new products or specific U.S. brands.
- U.S. trade associations, state and regional trade groups, and the State Departments of Agriculture extend support to U.S. exporters and Philippine importers.
- The United States launched the Indo-Pacific Economic Framework for Prosperity (IPEF) to stimulate sustainable economic growth and investment in 14 countries, including the Philippines.
- Interviews showed more consumers in key cities have accepted frozen products as having high-quality standards, especially the imported brands.

**CHALLENGES**

- Despite being the top consumer-oriented market in Southeast Asia, Philippine retailers still rely on U.S. consolidators for container load shipments.
- U.S. products compete with Asian export products having more affordable prices and shorter delivery lead times.
- Food and beverage retailers took time to deplete inventory during the first half of the year.
- U.S. exporters may think U.S. products are disadvantaged by the Regional Comprehensive Economic Partnership, though it has no impact on U.S. exports to the Philippines.
- The government sought to regulate imported products by increasing the number of regulations in the food industry, e.g., pre-inspection requirement, banning of trans-fatty acids, and single-use plastics.

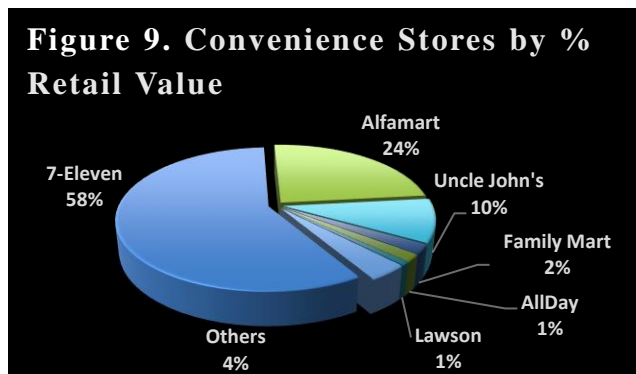
## SECTION II. ROAD MAP FOR MARKET ENTRY

### ENTRY STRATEGY AND MARKET STRUCTURE

The [Exporter Guide](#) and the [Philippines Country Commercial Guide](#) provide market entry strategies and information, while the [Philippines: FAIRS Annual Country Report](#) outlines importation regulations and procedures.

#### CONVENIENCE STORES

Most convenience retailers order products from Philippine manufacturers and importers. Rapid opening of new stores portends sales growth. In 2022, Alfamart opened almost one store per day and offered various frozen meat products and cuts. While 7-Eleven started featuring meals and products from Japan and Korea, All Day offered imported cheese and deli platters. Ministop, now owned by Robinsons, renamed its stores Uncle John's. Food sales, forming two-thirds of total sales, are expected to reach \$1.5 billion in 2023.



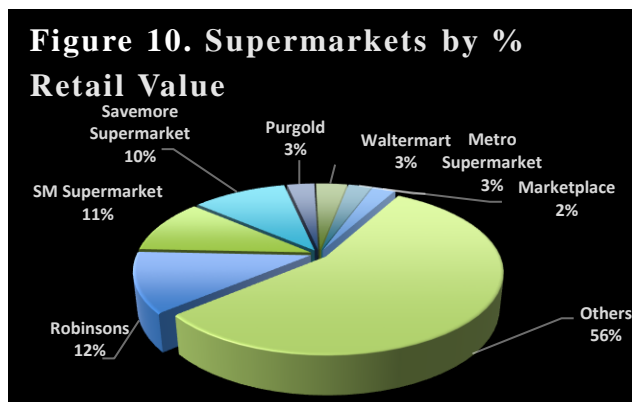
Key Convenience Stores	2021 Store No.	2022 Store No.	2022 Mil Sales*
1 <a href="#">7-Eleven</a>	3,073	3,323	\$797
2 <a href="#">Alfamart</a>	1,207	1,400	\$330
3 <a href="#">Uncle John's</a>	456	443	\$135
4 <a href="#">Family Mart</a>	77	79	\$29
5 <a href="#">AllDay</a>	72	80	\$23
6 <a href="#">Lawson</a>	71	69	\$11

Source: [Euromonitor International](#)

\*Note: Sales are derived from the percentage of brand share. Forex rate \$1=P56

#### SUPERMARKETS

Retail chains were less affected by supply and logistical challenges during the pandemic. While some stores run U.S. food and beverage promotions, other supermarket chains allot areas for Japanese, Korean, and Australian foods, to name a few. On the other hand, Robinsons Supermarket supplies Fast Moving Consumer Goods (FMCG) to mom-and-pop stores through a mobile application, [Growsari](#). Food sales contribute approximately 60 percent of total sales, an estimated \$12 billion in 2023.



Key Supermarkets	2021 Store No.	2022 Store No.	2022 Mil Sales*
1 <a href="#">Robinsons Supermarket</a>	145	145	\$1,278
2 <a href="#">SM Supermarket</a>	61	63	\$1,148
3 <a href="#">Savemore Supermarket</a>	214	222	\$1,116
4 <a href="#">Puregold</a>	100	99	\$325
5 <a href="#">Waltermart Supermarket</a>	73	78	\$368
6 <a href="#">Metro Supermarket</a>	35	31	\$282
7 <a href="#">The Marketplace</a>	34	35	\$271

Source: [Euromonitor International](#)

## WAREHOUSE CLUBS

Warehouse clubs offer the largest selection of imported brands, especially U.S. products, with food and beverages representing 70 percent of total store sales. While S&R enjoys most of the market share, Landers opened more stores last year. Stores sell larger SKUs for restaurants and hotels, while large households buy products in packs of 12 or 24. Warehouse clubs frequently offer product tastings, discounts, and incentives to members. Retailers tap online platforms for additional sales, given their limited number of stores. Post sees warehouse club sales reaching more than \$1 billion in 2023, with half attributed to food and beverage sales.



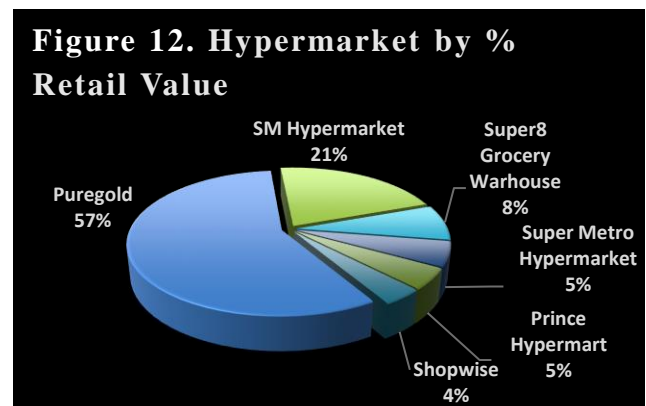
Key Warehouses	2021 Store No.	2022 Store No.	2022 Mil Sales*
1 <a href="#">S&amp;R</a>	20	22	\$839
2 <a href="#">Landers</a>	6	10	\$182

Source: [Euromonitor International](#)

\*Note: Sales are derived from the percentage of brand share. Forex rate \$1=P56

## HYPERMARKETS

Retailers owning supermarkets and convenience stores purchase large volumes of local products but are keen on increasing their imported section. Many mom-and-pop stores, large and institutional households, and small groceries purchase from hypermarket chains for lower prices. Though hypermarket stores offer more non-food items than supermarkets, retail sales are estimated to reach \$3.5 billion in 2023, with half belonging to food and beverages.



Key Hypermarkets	2021 Store No.	2022 Store No.	2022 Mil Sales*
1 <a href="#">Puregold</a>	263	271	\$1,947
2 <a href="#">SM Hypermarket</a>	52	52	\$717
3 <a href="#">Super8 Grocery Warehouse</a>	75	75	\$270
4 <a href="#">Super Metro Hypermarket</a>	13	13	\$188
5 <a href="#">Prince Hypermart</a>	52	54	\$161
6 <a href="#">Shopwise</a>	16	16	\$126

Source: [Euromonitor International](#)

## TRADITIONAL FOOD AND BEVERAGE RETAILERS

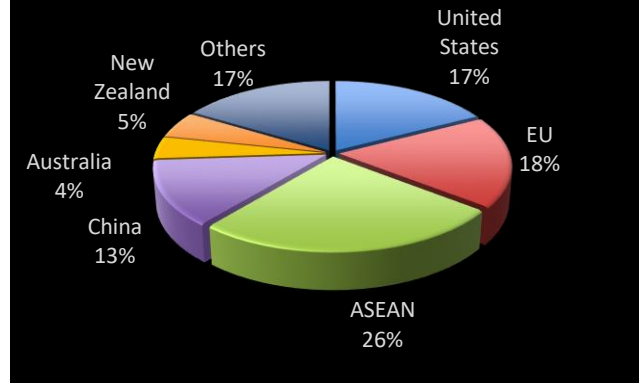
Imported fruits, vegetables, pork, beef, poultry, and fish present potential sales in traditional food and beverage retailers. Most consumers in the provinces prefer buying from wet markets and sari-sari stores (traditional neighborhood mom-and-pop stores). As more consumers return to wet markets for fresh products, sari-sari stores provide smaller SKUs, credit terms, and proximity to villages. Although a majority of the traditional retailers are known to operate informally, based on FAS' knowledge, tax-paying traditional retail is an estimated six-billion-dollar market, with half of the sales belonging to food.

### SECTION III. COMPETITION

Philippine retailers depend on U.S. food products for quality and for healthier, sustainable options. As the [seventh-largest market](#) for U.S. consumer-oriented exports in 2022, the Philippines presents a substantial opportunity for U.S. food and beverages, especially for [processed food](#). In the same year, U.S. consumer-oriented exports to the Philippines, valued at [\\$1.6 billion](#), ranked the highest in Southeast Asia.

ASEAN, China, Australia, and New Zealand benefit from proximity, preferential market access, and trade agreements. The United States and European Union export premium products but face high logistics costs and limited market access. With local food production covering less than 80 percent of the market, food and beverage exports to the Philippines help ensure food security.

**Figure 13. 2022 Consumer-oriented Ag Exports to the Philippines**



Source: [Trade Data Monitor](#)

### SECTION IV. BEST PRODUCT PROSPECTS CATEGORIES

Table 1. Best Products Categories

PRODUCTS PRESENT IN THE MARKET WHICH HAVE GOOD SALES POTENTIAL	PRODUCTS NOT PRESENT IN SIGNIFICANT QUANTITIES BUT WHICH HAVE GOOD SALES POTENTIAL	PRODUCTS NOT PRESENT BECAUSE THEY FACE SIGNIFICANT BARRIERS
<ul style="list-style-type: none"> <li>- dairy products</li> <li>- meat products</li> <li>- fruits/vegetables</li> <li>- dog and cat food</li> <li>- bakery products</li> <li>- chocolate and sugar confectionery</li> <li>- soups</li> <li>- condiments, sauces, jams, and jellies</li> <li>- snack foods and nuts</li> <li>- juices</li> <li>- wine</li> </ul>	<ul style="list-style-type: none"> <li>- breakfast cereals</li> <li>- margarine</li> <li>- olive oil</li> <li>- vegetable oil</li> <li>- dried and frozen eggs</li> <li>- distilled spirits</li> <li>- beer</li> </ul>	<ul style="list-style-type: none"> <li>- seafood</li> <li>- onions</li> </ul>

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

## SECTION V. KEY CONTACTS AND FURTHER INFORMATION

### PHILIPPINE EVENTS

<a href="#">Philippine Food Expo</a> SMX Convention Center, Manila April 28-30, 2023	<a href="#">International Food Exhibition (IFEX) Philippines Next Food Asia</a> World Trade Center, Manila May 26-28, 2023	<a href="#">Manila Food and Beverage Expo</a> World Trade Center, Manila June 14-18, 2023
<a href="#">Cold Chain Philippines 2023</a> World Trade Center, Manila July 12-14, 2023	<a href="#">World Food Expo</a> SMX Convention Center, Manila World Trade Center, Manila August 2-5, 2023	<a href="#">National Retail Conference and Expo</a> SMX Convention Center, Manila August 10-11, 2023

### REGIONAL EVENTS

<a href="#">FHA-Food &amp; Beverage</a> Singapore Expo, Singapore April 22-28, 2023	<a href="#">Asia Fruit Logistica</a> AsiaWorld-Expo, Hong Kong September 6-8, 2023	<a href="#">Seafood Expo Asia</a> Sands Expo and Convention Centre September 11-13, 2023
<a href="#">FOODEX JAPAN</a> Tokyo Big Sight, Japan March 5-8, 2024	<a href="#">THAIFEX–Anuga Asia 2022</a> Impact Muang Thong Thani Bangkok, Thailand May 28 - June 1, 2024	<a href="#">FHA-HoReCa</a> Singapore Expo, Singapore October 22-25, 2024

### KEY CONTACTS AND INFORMATION

<a href="#">USDA FAS Manila</a> <a href="mailto:AgManila@usda.gov">AgManila@usda.gov</a> Tel: (632) 5301-2000	<a href="#">USDA APHIS IS Manila</a> <a href="mailto:IS.Manila.Philippines@usda.gov">IS.Manila.Philippines@usda.gov</a> Tel: (632) 5301-2000	<a href="#">Foreign Commercial Service</a> <a href="mailto:businessphilippines@trade.gov">businessphilippines@trade.gov</a> Tel: (632) 5301-4249
<a href="#">Department of Trade and Industry (DTI)</a>	<a href="#">Philippine Chamber of Commerce (PCCI)</a>	<a href="#">American Chamber of Commerce of the Philippines (AMCHAM)</a>
<a href="#">Philippine Retailers Association (PRA)</a>	<a href="#">Center for International Trade Expositions and Missions (CITEM)</a>	<a href="#">Philippine Exporters Confederation, Inc. (PHILEXPORT)</a>

#### Attachments:

No Attachments