

Voluntary Report – Voluntary - Public Distribution

Date: August 23, 2023

Report Number: RP2023-0052

Report Name: Market Brief on B2C Cross-border E-commerce for US Food and Beverage Products

Country: Philippines

Post: Manila

Report Category: SP1 - Expand International Marketing Opportunities, Retail Foods, Market Development Reports, Product Brief

Prepared By: Ramona Singian

Approved By: Mark Hanzel

Report Highlights:

Recent developments in cross-border e-commerce expanded Filipino consumers' access to imported food and beverage products, rising from zero in 2019 to almost \$1 million in purchases in 2022. Filipino consumers are constantly on the lookout for new and unique products, and have a strong affinity for U.S. products. These factors present an excellent opportunity for U.S. exporters to cater to this growing demand by promoting food and beverage products online.

Philippine Market Brief

Cross-border E-commerce



The unprecedented growth in B2C cross-border e-commerce (CBE) purchases of food and beverage products can be traced back to the aftermath of the pandemic, which inadvertently spurred new ways for Filipino consumers to acquire a variety of imported goods directly.

Overall e-commerce sales in the Philippines are expected to grow at a compound annual growth rate of nine percent, reaching \$24 billion by 2025. Half of the more than 70 million online users in the country participate in CBE, with purchases (mostly non-food products) accounting for a fourth of the e-commerce market.¹

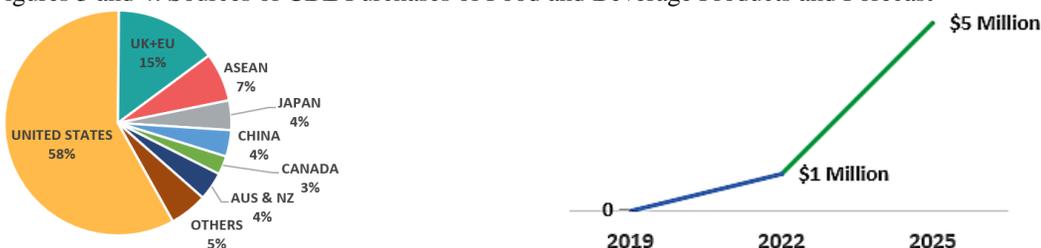
Developments in CBE over the past two years, such as the emergence of freight forwarders and virtual platforms, have encouraged Filipino consumers to import food and beverage products for personal consumption. Purchases amounted to almost \$1 million in 2022. CBE local service providers estimated that there were more than 12,000 individual shipments with an average net weight of 2.2 kg, and an average FOB value of \$70. Almost 60 percent of purchases were shipped from the United States.

Fast Facts: Philippine Market

- Young and growing population: 116 million (2023 est.), annual growth rate of 1.6 percent, 51 percent below 24 years old.
- Urban population: 48 percent; growing at two percent annually.
- At least \$100,000 is earned annually by roughly seven million people, with an additional 26 million people earning at least \$25,000 each year.
- Strong consumer preference for U.S. food and beverage products.
- Steady growth in retail, food service and food processing sectors.

Sources: The World Factbook and PSA [2020 Census of Population and Housing](#).

Figures 3 and 4. Sources of CBE Purchases of Food and Beverage Products and Forecast



Sources: FAS Manila research and interviews, and Philippine Bureau of Customs data.

As more Filipino consumers become aware of CBE, the number of purchases could quadruple within two years. FAS Manila forecasts purchases of food and beverage products through CBE will increase to \$5 million in 2025. The top products in 2022 were food supplements, baked goods, chocolates, confectionery, whey protein powder, pet food, coffee and tea, flavored energy drink, wine, beer, and spirits, prepared vegetables, fruits, nuts, dairy products (infant milk, flavored milk, and cheeses), honey, and olive oil.

¹ DTI Assistant Secretary Penaranda (2023, June 7). Keynote speech. Philippine Global E-commerce Summit.

Import Regulations

The following import regulations apply to CBE purchases of food and beverage products:

1. [Joint Circular No. 1 of the Philippine Food and Drug Administration \(FDA\) and the Bureau of Customs \(BOC\)](#)

- a. FDA allows certain food and beverage products to be brought into the Philippines without prior clearance, on the condition that the items are for personal use, such as:
- Processed foods (including cooked foods): up to 10 kilograms
 - Vitamins and health supplements: up to 500 grams
 - Wines and liquor: up to two bottles not exceeding a total of 1.5 liters

Any importation that exceeds the specific limits and does not have prior clearance will be seized by BOC.

- b. Fresh and frozen, unprocessed food products, including fruits, meat, fish, even in quantities for personal consumption, may not be brought into the Philippines without prior clearance from the respective Philippine Department of Agriculture regulatory agency.
- c. Dangerous drugs are subject to the regulations of the Dangerous Drugs Board of the Philippines and the Philippine Drug Enforcement Agency.

Note: Under Philippine laws, “hemp,” “marijuana,” and “cannabis” are terms that are interchangeably used, and refer to prohibited products. FAS Manila foresees no change in the regulatory environment that would allow hemp trade in the next four years or through 2027. For more information, see the GAIN report entitled "[Philippines: Industrial Hemp Report.](#)"

2. [Republic Act No. 10863 Customs Modernization and Tariff Act](#)

- a. De minimis rule under Section 423 - No duties and taxes shall be collected on goods with a Free on Board (FOB) or Free Carrier (FCA) value of ten thousand pesos (equivalent to \$178) or below.

Note: Refer to the [Philippine Tariff Finder](#) for goods valued above ten thousand pesos.

- b. Section 118 - The importation of any adulterated or misbranded food for human consumption is prohibited.

Consumer Practices: Ordering and Shipping

A growing number of Filipino consumers are turning to online stores and platforms to order U.S. food and beverage products that are not available locally. Among the popular stores, Amazon offers free shipping to the Philippines on eligible items with a total value of at least \$49, while iHerb, a platform specializing in supplements and natural products, has gained significant attention. These and other similar platforms provide door-to-door shipping. Delivery typically takes 12 days from the time of ordering.

Filipino consumers are familiar with FedEx and DHL, but find their rates too high, especially when purchasing from multiple online stores. Several freight forwarders offer a low-cost consolidation service, where consumers are assigned a PO Box in the United States to receive and consolidate their online purchases.

Promoting Online

U.S. suppliers looking to expand their reach can leverage online platforms that promote directly to Philippine consumers through social media and email campaigns. For those who want to promote independently, however, social media platforms such as Instagram and Facebook can prove to be highly beneficial. These platforms are extremely popular in the Philippines and have a large user base. By having a strong presence on social media, U.S. suppliers can establish themselves as trusted and reliable brands and gain a competitive edge in the Philippine CBE market.

Assistance and Further Information

USDA-FAS Manila is ready to assist U.S. exporters expand their reach in the Philippine market.

Contact: USDA Foreign Agricultural Service
U.S. Embassy in Manila, Philippines
Phone: (+63) 2 5301-2000
Email: AgManila@usda.gov

For general information on exporting U.S. food and agricultural products to the Philippines, please see the following GAIN reports through USDA-FAS Manila's [webpage](#):

- Philippines: Exporter Guide
- Philippines: FAIRS Report
- Philippines: Food Processing Ingredients
- Philippines: Food Service - Hotel Restaurant Institutional
- Philippines: Retail Foods

Attachments:

No Attachments.