

**Voluntary Report** – Voluntary - Public Distribution

**Date:** December 14, 2022

**Report Number:** RP2022-0066

**Report Name:** Non-Alcoholic Beverages Market Brief

**Country:** Philippines

**Post:** Manila

**Report Category:** SP1 - Expand International Marketing Opportunities, Food Processing Ingredients, Food Service - Hotel Restaurant Institutional, Retail Foods, Product Brief

**Prepared By:** Ramona Singian

**Approved By:** Mark Hanzel

**Report Highlights:**

The United States is the second largest supplier of non-alcoholic beverages to the Philippines and holds a 12 percent market share. In 2021, U.S. export sales of non-alcoholic beverages reached a record \$11.4 million, despite strong competition from within the Philippines and from Asian countries that benefit from zero-tariff trade. FAS Manila forecasts U.S. export sales of non-alcoholic beverages in 2022 will increase 20 percent to \$13.6 million. Prospects for growth are exceptionally bright due to the strong presence of U.S. brands and a general preference among consumers for U.S. food and beverage products.

## Philippine Market Brief

### Non-Alcoholic Beverages



**Continued growth in imported non-alcoholic beverage consumption is underscored by the country's young, fast growing, and highly urbanized population, and the still relatively low consumption. Imported non-alcoholic beverages comprise less than two percent of total non-alcoholic beverage consumption in the Philippines.**

Exports of non-alcoholic beverages (NAB) to the Philippines in 2021 amounted to \$96 million (67 million liters), down eight percent from the pre-pandemic level. Thailand topped the list of exporting countries, with a 36 percent market share, followed by the United States (12%), China (11%), South Korea (10%), Belgium (5%), and Indonesia (4%).<sup>1</sup> Exports from these countries account for almost 80 percent of total NAB exported to the Philippines in 2021. The demand for non-alcoholic beverages is set to rise as the hospitality and foodservice sectors recover from COVID-19 pandemic restrictions. Traders forecast exports of NAB to the Philippines in 2021 will climb to \$120 million, up 25 percent year-on-year. Below is a list of the top exporting countries, brands, and types of NAB exported to the Philippines in 2021.

#### Fast Facts: Philippine Market

- Young and growing population: 115 million (2022 est.), annual growth rate of 1.6 percent, 51 percent below 24 years old
- Urbanized: 48 percent live in urban areas
- At least 20 million people earn \$12,700 annually
- Strong preference for U.S. food and beverage products
- Steady growth in retail, food service and food processing sectors

Sources: The World Factbook and Philippine Statistics Authority, 2020 Census of Population and Housing

#### 2021 Top Exporting Countries and the Brands/Types of Non-Alcoholic Beverages

#1 Thailand	<b>Blue Diamond Almond Breeze</b> almond milk <b>Dutch Mill</b> probiotic drink (milk, yoghurt, and fruit juice) with prebiotic fiber <b>MineShine</b> milk tea <b>Mogu Mogu</b> fruit juice with coconut gel <b>Red Bull</b> energy drink <b>Vitamilk</b> soy milk
#2 United States	<b>A&amp;W</b> root beer <b>Arizona</b> tea <b>Blue Isle</b> soy milk <b>Canada Dry</b> ginger ale

<sup>1</sup> At least \$4 million worth of NAB exported to the Philippines in 2021.

	<b>California Sunshine</b> milk <b>Dr. Pepper</b> soft drink <b>Master of Mixes</b> cocktail mixes (i.e., margarita, mojito, and piña colada) <b>Monster</b> energy drink <b>Starbucks</b> soy milk <b>Westsoy</b> soy milk
#3 China	<b>Pocari Sweat</b> sports drink <b>Mountain Snow</b> sparkling soda <b>Starbucks</b> coffee drink <b>Unif</b> Assam milk tea <b>Youngfun</b> flavored milk
#4 South Korea	<b>Bingrrae</b> flavored milk <b>Pororo</b> milk drink <b>Wang</b> aloe juice <b>Yonsei</b> flavored milk
#5 Belgium	<b>Inex</b> flavored milk
#6 Indonesia	<b>Kopiko</b> coffee drink <b>Pocari Sweat</b> sports drink

Source: Philippine Customs data as reported by Trade Data Monitor and interviews with the trade.

### Local Manufacturing

The top manufacturers are Coca-Cola Bottlers Philippines with an estimated 40 percent market share, followed by Pepsi Cola Products Philippines (19%), Asia Brewery (10%), ARC Refreshments (4%), Universal Robina (4%), Del Monte Philippines (2%), Zest-O (1%), and Cosmos Bottling (1%).<sup>2</sup>

An estimated 4,800 million liters of ready-to-drink, non-alcoholic beverages, including carbonates, juice, tea, and sports and energy drinks, were manufactured locally in 2021.<sup>3</sup> Below are the volume breakdown of the top categories, the top brands, and market shares.

Volume of Local Non-Alcoholic Beverages and Top Brands in 2021		
Categories	Volume	Top Brands <sup>4</sup> and Market Share
Carbonates	3,904 ML	Coca-Cola – 32% Mountain Dew – 14% Royal Tru Orange – 14% Sprite – 13% Pepsi – 12% RC Cola – 8%
Juice	409 ML	Del Monte – 33% Zest-O – 12% Tropicana – 8% Minute Maid – 6%

<sup>2</sup> FAS Manila trade interviews.

<sup>3</sup> Derived by FAS Manila from Euromonitor International reports.

<sup>4</sup> Ibid.

Tea	260 ML	C2 – 83% Lipton – 6% C2 Sugar-Free Green Tea – 5%
Sports Drinks	133 ML	Gatorade – 90% Powerade – 5%
Energy Drinks	41 ML	Cobra – 74% Sting – 24%

## Market Trends

- The Philippines’ headline inflation accelerated further to 8.0 percent in November 2022, from 7.7 percent in October 2022. Most Filipinos are watching their budgets more closely and opting for low-cost products.
- [Philippine Statistics Authority](#) data showed that diabetes mellitus is the fourth-leading cause of death in the Philippines. Consumers seeking to limit sugar intake now have more products to choose from. Pepsi-Cola Products Philippines added Gatorade No Sugar to its Gatorade sports drink range and positioned the product as a “healthier option.” Meanwhile, ARC Refreshments added more flavors to its “No Sugar, No Carbs, No Calories” carbonates brand [Rite ‘n Lite](#). Marketed as “limited-edition,” the new Rite ‘n Lite flavors [Lychee + Rose](#), [Calamansi + Ginger + Honey](#), and [Green Apple + Tea](#) contain functional ingredients, such as collagen and glutathione, MK7 for bone health, and green coffee extract.
- Dole Philippines, which holds a one percent share of the juice market, entered the lucrative carbonates category with its Dole Sparkling range of [sparkling fruit-based drinks](#).
- After four decades in the Philippines, American fast-food chain A&W closed its last store in 2004, leaving fans craving for A&W root beer to this day. Burger King leveraged the affinity consumers have with the A&W brand by introducing [A&W Root Beer Float](#). The product is widely promoted as “exclusive to Burger King.”
- The demand for sports and energy drinks is picking up as gyms and fitness studios reopen, and sports events resume.
- Supported by a growing awareness and adoption of global trends, plant-based beverages have taken hold of a recognizable niche market. When the Manila Vegan Facebook group began in 2014, only 70 people joined. The group now has more than 53,000 members composed of vegans, vegan curious, vegetarians, and flexitarians nationwide. The rise in membership reflects a growing interest in plant-based food and beverage products.
- There is growing support for the organic food and beverage movement in the Philippines. [Healthy Options](#) is the first and largest all-natural and organic products retailer in the Philippines. The company started in 1995 and has since grown to 33 brick-and-mortar stores nationwide and an online store.

- With kids at home all day during the COVID-19 lockdowns, homemakers shifted to buying beverages in larger packs (i.e., one liter). Now that most Filipino students have returned to face-to-face classes, homemakers have reverted to buying beverages in smaller packs (i.e., 250 ml) for lunch boxes.
- Filipinos’ heavy use of the internet and social media enables marketers to introduce new products more easily. The results of a survey conducted by Spire Research and Consulting for FAS Manila show that 64 percent of respondents indicated social media and sharing platforms, such as Facebook and YouTube, as their top sources of information.
- There has been greater adoption of e-commerce since the start of the COVID-19 pandemic. Consumers can access almost all leading brands of imported and locally manufactured NAB through e-commerce platforms, such as Shopee and Lazada. For more information, see [eCommerce section of the Philippines – Country Commercial Guide](#).

## Tariff and Taxes

This overview is not a comprehensive guide. Regulations are subject to change.

### Tariff Rates

ASEAN Harmonized Tariff Nomenclature (AHTN) Code	Description	Most Favored Nation
2202.1	- Waters, including mineral waters and aerated waters, containing added sugar or other sweetening matter or flavored:	
2202.10.20	- - Energy drink whether or not aerated	10%
2202.10.30	- - Other sparkling mineral waters or aerated waters, flavored	10%
2202.10.90	- - Other	10%
	- Other:	
2202.91.00	- - Non-alcoholic beer	10%
2202.99.10	- - - Flavored UHT milk-based drinks	7%
2202.99.20	- - - Soya milk drinks	3%

Notes:

1. Source: [Philippine Tariff Finder](#).
2. The Philippines is a party to [ASEAN’s free trade agreements](#).

## Excise Tax

The Philippine Bureau of Customs [Revenue Regulations No. 20-2018](#) provides the implementing rules on the imposition of excise tax on sweetened beverages pursuant to the provisions of [Republic Act \(RA\) No. 10963](#), otherwise known as the “Tax Reform for Acceleration and Inclusion (TRAIN) Law.”

Sweetened beverages refer to non-alcoholic beverages of any constitution (liquid, powder, or concentrates) that are pre-packaged, sealed and contain caloric and/or non-caloric sweeteners added by the manufacturers, and shall include, but not be limited to sweetened juice drinks; sweetened tea; all carbonated beverages; flavored water; energy and sports drinks; other powdered drinks not classified as milk, juice, tea, and coffee; cereal and grain beverages; and other non-alcoholic beverages that contain added sugar. The specific taxes on the different types of sweetened beverages are as follows:

Sweetened Beverages	Specific Tax per Liter
Using purely caloric sweeteners, and purely non-caloric sweeteners, or a mix of caloric and non-caloric sweeteners	₱6.00
Using purely high fructose corn syrup or in combination with any caloric or non-caloric sweetener	₱12.00
Using purely coconut sap sugar and purely steviol glycosides	Exempt

Source: [Philippine Bureau of Customs](#).

## Assistance and Further Information

USDA-FAS Manila can assist U.S. exporters in identifying potential importers in the Philippines.

For information on import regulations, see [Philippines: FAIRS Country Report](#).

Access other reports on the Philippine market:

- [Philippines: Exporter Guide](#)
- [Philippines: Food Service - Hotel Restaurant Institutional](#)
- [Philippines: Retail Foods](#)
- [Philippines: Food Processing Ingredients](#)



**Attachments:**

No Attachments.