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Report Name: Snack Foods Market Brief

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Post: Manila

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Report Highlights:

Fueled by a strong snacking culture, the Philippines' \$2.6 billion snack food market presents a prime opportunity for U.S. exporters. While imports currently occupy only 15 percent of shelf space, U.S. products account for more than 20 percent of that share. This dominance is noteworthy considering regional competitors benefit from zero-tariff trade agreements. The reputation of the United States as a trusted supplier, coupled with its diverse product range, gives U.S. exporters a significant edge in this attractive market.

Philippine Market Brief

Snack Foods

Market Overview

The Philippine snack food market, including both local and imported products, reached an estimated retail value of \$2.6 billion in 2023. Savory snacks dominated the market, accounting for 70 percent of total sales and outselling sweet snacks. The market is forecast to experience robust growth at a compound annual growth rate of eight percent through 2028, double the growth rate of the Asia Pacific region. Among individual products, potato chips were the most widely consumed, followed by savory biscuits, nuts and seeds, filled biscuits, and puffed snacks. Collectively, these five product categories captured 75 percent of the entire snack market.

Scope: Imported Pre-Packaged Snacks

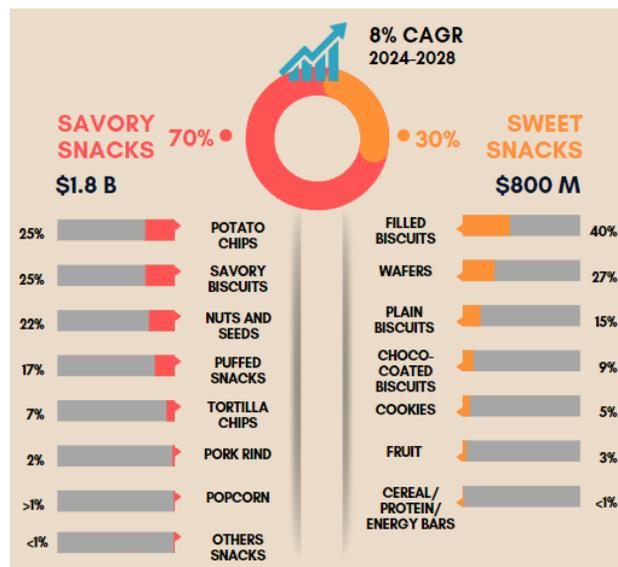
This report focuses on imported pre-packaged snacks, including baked snacks, dried fruits, nuts, and seeds, potato chips, and popcorn. It excludes chocolates, confectionery, and ice cream, as Filipinos typically categorize them as indulgences or special treats, often enjoyed as post-meal desserts or popular gifts. These products will be covered in a separate report. Additionally, for insights into the Philippine market for snacks made from pulses, please refer to the USDA GAIN report, titled "[Philippines: Pulses Market Brief](#)."

Local Players and Potential for U.S. Exports

Established local companies hold an estimated 85 percent share, dominating the Philippine snack food market. Key players include [Leslie](#), [Monde Nissin](#), [Republic Biscuit](#), and [Universal Robina](#). Despite this strong presence, however, significant potential for growth exists for U.S. snack foods. This is driven by various factors, including:

- **Consumers' constant demand for new and innovative products:** Filipinos, particularly younger generations, seek variety and flavorful snack options.
- **Rising disposable income:** As the Philippine economy continues to develop, consumers have more disposable income to spend on premium U.S. snacks.
- **Growing preference for healthy snacks:** Consumers' growing health consciousness presents an opportunity for U.S. companies offering "free-from" and "better-for-you" options.

Figure 1. Philippine Snack Food Market: Retail Value and Category Shares



Sources: FAS Manila interviews and Euromonitor.

Consumer Profile

Upper and upper-middle income classes are the primary consumers of imported snack foods. Accustomed to consuming three regular meals daily, these consumers also engage in two to three snacking episodes. Consequently, they seek diverse snack options. While seeking value for money, they exhibit a willingness to pay a premium for high-quality products and demonstrate openness to exploring novel flavors and experiences.

Preferences

- **School Lunchboxes vs. Home Consumption:** On busy mornings, pre-packaged snacks, such as cookies and crackers, become a convenient substitute for traditional options like sandwiches. Interestingly, the selection often leans towards sweet snacks, perhaps because savory options are associated with "junk food." Conversely, at home, savory snacks like popcorn and potato chips are more commonly consumed.
- **Office Lunchboxes:** Consumers show no clear preference for sweet or savory snacks. Familiar brands continue to be a major consideration.

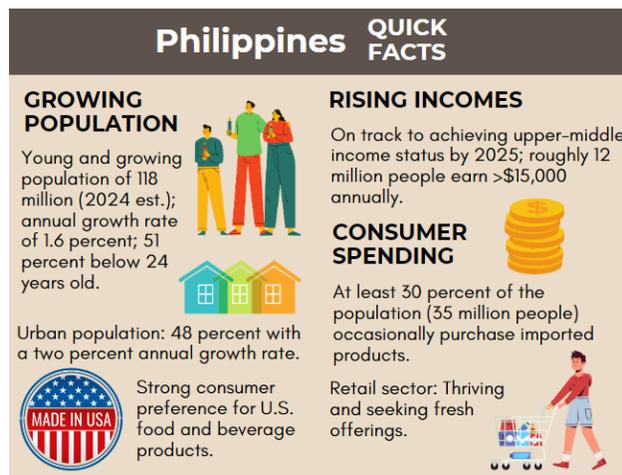
Imported Snack Foods

The Philippines imported an estimated \$380 million worth of snack foods in 2023. Baked snacks constituted the largest share (70 percent), followed by dried fruit, nuts, and seeds (15 percent), potato chips (12 percent), and popcorn (three percent). Despite regional competitors benefiting from zero-tariff trade agreements, more than 20 percent of these imports originated from the United States.

Note: This report aims to provide informational insights and does not endorse any specific brand.

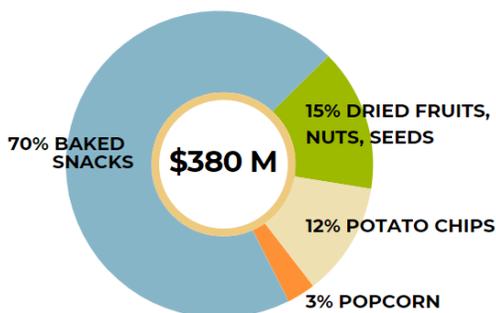
Distribution Channels: Traders identify brick-and-mortar retailers as the dominant distribution channel for snack foods. Supermarkets and hypermarkets capture a substantial market share, estimated at

Figure 2. Philippines: Quick Facts



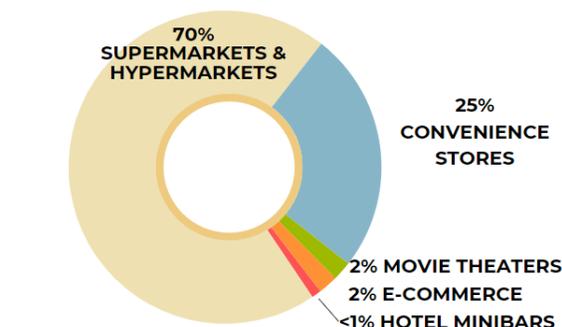
Sources: FAS Manila interviews, The World Factbook, and Philippine Statistics Authority.

Figure 3. Imported Snack Food Categories and Market Shares



Sources: FAS Manila interviews and Trade Data Monitor.

Figure 4. Shares of Distribution Channels



Sources: FAS Manila interviews.

around 70 percent, by providing a wide variety of snack options. Convenience stores, with their ubiquitous presence, hold an estimated 25 percent share. They serve as a complementary channel, offering immediate and late-night purchasing options. Due to limited shelf-space, convenience stores typically only stock high-turnover products. Movie theaters contribute a smaller share of two percent. E-commerce, though experiencing recent growth, maintains a similar two percent share, highlighting significant potential for online expansion. Hotel minibars, while a niche channel, often feature a selection of premium snacks.

Baked Snacks

Imports of baked snacks reached \$265 million, encompassing a diverse range of products like crackers and biscuits, cookies, puffs (extruded snacks), tortilla chips, and wafers. The United States was the fourth-largest supplier, holding a seven percent market share. Notably, 80 percent of baked snack imports originated from regional sources. These include ASEAN member countries alongside PRC, Hong Kong, Taiwan, Japan, and South Korea, all of which benefit from zero-tariff trade agreements.

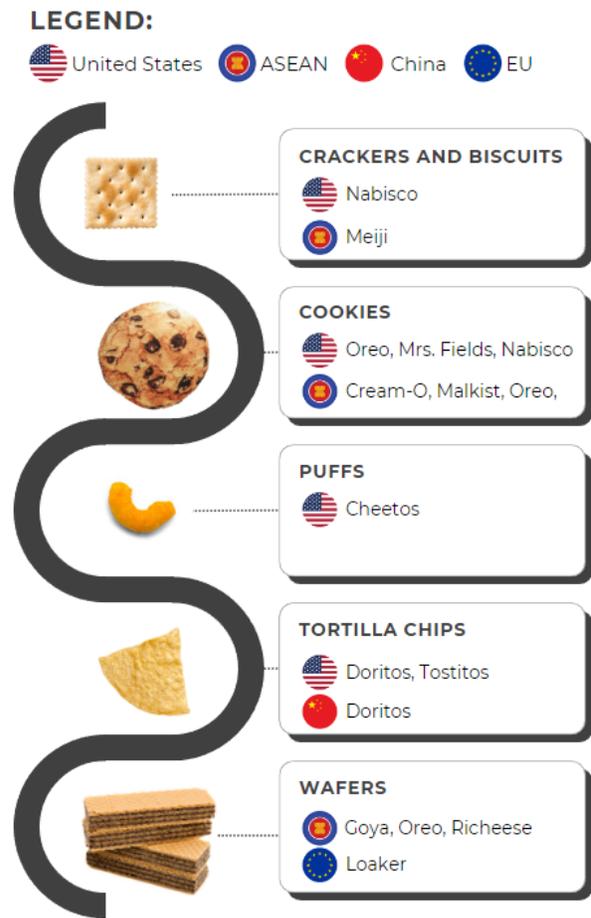
Dried Fruits, Nuts, and Seeds

Dried fruits, nuts, and seeds imports for use as snack foods totaled \$57 million, with the United States holding the top supplier position and capturing a 45 percent market share. Despite facing stiff competition from regional players, the United States dominated certain product categories like raisins and organic offerings (almonds, cranberries, dates, pumpkin seeds), solidifying its reputation as a trusted source.

Potato Chips

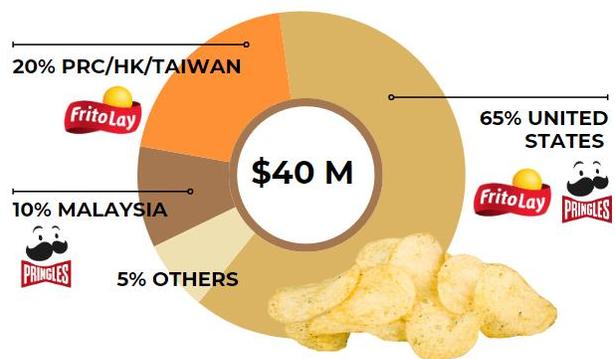
A top 10 global market for potato chips, and ranked as the fourth-largest U.S. customer for the product, the Philippines saw potato chip imports surge 42 percent year-on-year to nearly \$40 million. Fueled by strong consumer demand, this impressive import value growth was accompanied by a 30 percent increase in import volume.

Figure 5. Leading Brands and Sources of Baked Snack Foods



Sources: FAS Manila interviews and Trade Data Monitor.

Figure 6. Market Shares of Leading Potato Chip Brands



Sources: FAS Manila interviews and Trade Data Monitor.

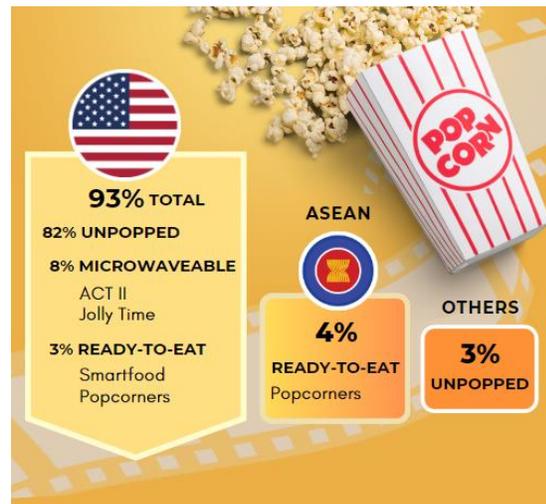
The United States dominated the imported potato chip market, capturing a commanding 65 percent share. This success can be largely attributed to the established reputation of American brands like Frito-Lay and Pringles. PRC/Hong Kong/Taiwan (20 percent) and Malaysia (10 percent) follow, driven by Frito-Lay and Pringles, respectively.

Retailers attribute the strong consumer preference for U.S.-made Frito-Lay and Pringles potato chips to perceived differences in taste and texture, despite the price advantage offered by regional alternatives due to lower shipping costs and zero tariffs. This underscores an opportunity for other established U.S. brands to enter the market. Additionally, the growing interest in "free-from" and "better-for-you" options presents an area for U.S. brands to explore.

Popcorn

- Unpopped popcorn kernels, sourced primarily from the United States, are sold to movie theaters, and repackaged for distribution through supermarkets and online stores.
- American brands dominate the microwaveable popcorn market, led by familiar names like ACT II and Jolly Time.
- Imported from the United States, Smartfood is the most popular ready-to-eat popcorn brand. This is followed by Frito-Lay's Popcorners, a hybrid popcorn snack manufactured in the region (although some are imported from the United States).

Figure 7. Shares of Popcorn Categories and Leading Brands



Sources: FAS Manila interviews and Trade Data Monitor.

Industry reports estimate that the Philippines imported \$12 million worth of popcorn in 2023, with more than 90 percent originating from the United States. U.S. popcorn is recognized for its high quality across all three subcategories (unpopped, microwaveable, and ready-to-eat). Consumers' preference for established U.S. brands suggests strong opportunities for additional U.S. brands to enter and build their presence in the market.

Consumers are seeking novel flavor experiences beyond the classic popcorn combination of butter and salt. This trend is driving the market towards a wider range of offerings, including hot and spicy options like sriracha, habanero, and chili cheese. Additionally, sweet and savory blends like kettle corn, caramel and cheddar, and maple bacon are gaining traction. Regional flavors, such as Korean barbecue and Thai curry, also cater to specific consumer preferences. Limited-edition and seasonal flavors linked to holidays, special events, or popular trends are proving successful in capturing consumer interest. Even health-conscious consumers are being enticed with options featuring superfood ingredients, like almonds, blueberries, cranberries, and dark chocolate.

Market Entry Strategies

The Philippine archipelago consists of three major island groups: Luzon, Visayas, and Mindanao. This fragmented geography creates unique challenges for distributing snack foods. To navigate these challenges, there are two primary market entry strategies to consider:

- **Partnering with an Importer:** Luzon, the most populated island group, is home to most national importers. These importers typically have satellite offices in Cebu (Visayas) and Davao (Mindanao) or dedicated regional distributors, allowing for broader reach. Although a few regional importers operate in Cebu and Davao, their reach is limited to the southern part of the Philippines.

It is important to note that listing fees imposed by some retailers can hinder achieving true national coverage. These fees are typically quoted per Stock Keeping Unit (SKU) per retail store. With an average listing fee of \$100, a single, nationally distributed SKU across 6,000 stores (supermarkets, hypermarkets, convenience stores) would incur a significant cost of \$600,000.

National distribution is ideal for broadly appealing snacks. On the other hand, focused distribution to select retail stores is sufficient for niche products like premium-priced or better-for-you options.

- **Selling Direct to Retailers:** Supermarket and hypermarket chains are generally interested in both established brands and private labels, with some open to direct imports, allowing U.S. suppliers to bypass listing fees. However, this approach often requires upfront investments to support promotional activities. Additionally, securing shelf space in these establishments typically comes with the requirement of brand exclusivity.

Note: Convenience store chains in the Philippines generally source their products through established importers and do not typically import directly.

For more information, see the GAIN report "[Philippines: Connecting Port to Plate amid Evolving Food Preferences.](#)"

Building Brand Awareness

Partnering with experienced importers who have successfully launched and established food brands in the Philippines is crucial for U.S. suppliers that aim to enter this market. However, if U.S. suppliers choose to partner with retailers, they should understand that retailers typically prioritize product distribution rather than brand development. Consequently, investing in independent brand-building activities through local strategic communications firms becomes essential for long-term success.

Regulations

The regulation of processed foods and packaging in the Philippines falls under the Department of Health, particularly its regulatory arm, the Food and Drug Administration (P/FDA). To learn more about general import requirements, access the USDA GAIN report, "[Philippines: Food and Agricultural Import Regulations and Standards \(FAIRS\) Report.](#)"

The P/FDA prohibits the use of on-pack claims, such as "TFA Free" and "Zero Trans Fat," and requires even trace amounts of trans fat to be declared on labels. For details, refer to Item 5 D and E of [FDA Circular No. 2021-028](#) and its update, [FDA Circular No. 2021-028-A](#).

Tariff and Value Added Tax

Tariff Rates

The United States faces strong competition due to a tariff disadvantage, as the Philippines applies a Most Favored Nation (MFN) tariff rate on imported products that are not sourced from any of the country's [free trade agreement partners](#). However, despite the higher prices resulting from this disadvantage, Filipino consumers have a general preference for U.S. food products due to their superior quality, variety, and availability.

MFN tariff rates for snack food products range between seven to 15 percent.

Import Value Added Tax

The Philippines has a Value Added Tax (VAT) system that applies to both local and imported goods. The standard VAT rate is 12 percent. For imported goods, VAT is calculated based on the total value of the imported product, customs duties, and other applicable taxes and fees. The importer is responsible for paying VAT to the Bureau of Internal Revenue.

All unprocessed products are VAT-exempt, including unprocessed fruits and vegetables that are whole, cut, sliced, broke, dried, fresh, chilled, frozen, shelled, skinned, or split. For more information, see the USDA GAIN report entitled "[Philippines: All Imported Fresh Fruits and Vegetables Now VAT Free.](#)"

Table 1. Tariff Rates and Value Added Tax of Various Bakery Ingredients

HS Codes	Products	MFN Tariff Rate	FTA Partners' Tariff Rate	VAT
081350, 200600, 200819, 200892	Packaged dried fruits, nuts, and seeds, including mixes	7-15%	0	Applicable
100590	Packaged popcorn	7%	0	Not applicable
190410	- unpopped - popped	15%	0	Applicable
190510, 190520, 190531, 190532, 190540, and 190590	Baked and extruded snack foods	15%	0	Applicable
200520	Potato chips	7%	0	Applicable

Source: [Philippine Tariff Finder](#).

Assistance and Further Information

U.S. exporters interested in entering the Philippine market are encouraged to contact the U.S. Department of Agriculture's Foreign Agricultural Service office in Manila for support and market information. Contact: USDA FAS Manila, U.S. Embassy in Manila, Philippines (Phone: +632 5301-2000, Email: AgManila@usda.gov)

The following GAIN reports are available for download on USDA FAS Manila's [webpage](#):

- Philippines: Exporter Guide
- Philippines: Food and Agricultural Import Regulations and Standards (FAIRS) Report
- Philippines: Food Service - Hotel Restaurant Institutional
- Philippines: Retail Foods

Attachments:

No Attachments.