

**Voluntary Report** – Voluntary - Public Distribution

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**Report Highlights:**

Fueled by Filipinos' fondness for food indulgences, rising disposable incomes, and increasing urbanization, the \$1.2 billion confectionery and ice cream market is expected to see robust growth of eight percent annually through 2028. Imports account for one-third of the market share. Of these imports, six percent originate from the United States with export sales in 2023 amounting to \$23 million. This growing market presents a significant opportunity for U.S. suppliers to expand their footprint, with niche opportunities for established brands, private labels, and "free-from" options.

# Philippine Market Brief

## Confectionery and Ice Cream



### Market Overview

The Philippine market for confectionery and ice cream, including both local and imported products, reached an estimated retail value of \$1.2 billion in 2023. Chocolate confectionery dominated the market, accounting for 38 percent of total sales, followed by ice cream (34 percent), sugar confectionery (25 percent), and gum (3 percent). Under a forecast of eight percent compound annual growth rate, this market will surpass Asia-Pacific's five percent growth, reaching \$1.8 billion by 2028.

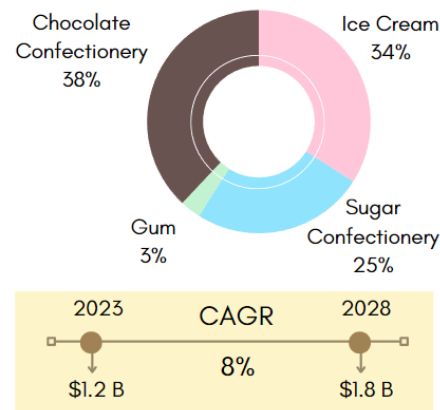
The market is well-established, with local processors capturing two-thirds of the market share. [Universal Robina](#) emerges as a dominant player across both chocolate and sugar confectionery segments. [Mondelēz](#) and [Delfi Foods](#) are significant competitors in the chocolate confectionery market, while [Columbia](#) also holds a strong position in sugar confectionery. The gum market is led by [Mars Wrigley](#) and [Columbia](#). [Unilever-RFM](#), [Froneri](#), and [San Miguel Foods](#) are the leading players in the ice cream market.

**Scope:** This report focuses on the Philippine market for imported confectionery and ice cream products. Snack foods are addressed in a separate report, "[Philippines: Snack Foods Market Brief](#)."

### Consumer Profile

Filipinos, particularly those in the upper and upper-middle income brackets, enjoy indulging in imported confectionery and ice cream, not only as after-meal treats but also as popular gift choices. Though price matters, they prioritize quality and unique flavors, and are willing to pay more for established brands and innovative offerings.

Figure 1. Philippine Confectionery and Ice Cream Market: Retail Value Shares by Category



Sources: FAS Manila interviews and Euromonitor.

Figure 2. Philippines: Quick Facts

## Philippines QUICK FACTS

### GROWING POPULATION

Young and growing population of 118 million (2024 est.); annual growth rate of 1.6 percent; 51 percent below 24 years old.



Urban population: 48 percent with a two percent annual growth rate.



Strong consumer preference for U.S. food and beverage products.

### RISING INCOMES

On track to achieving upper-middle income status by 2025; roughly 12 million people earn >\$15,000 annually.



### CONSUMER SPENDING

At least 30 percent of the population (35 million people) occasionally purchase imported products.

Retail sector: Thriving and seeking fresh offerings.



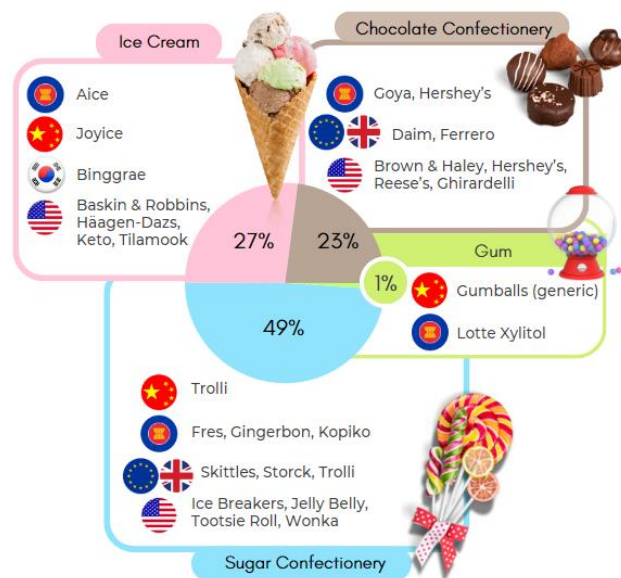
Sources: FAS Manila interviews, The World Factbook, and Philippine Statistics Authority.

## Confectionery and Ice Cream Imports

The Philippines' imported confectionery and ice cream market reached an estimated \$390 million in 2023. Sugar confectionery accounted for the largest share (49 percent), followed by ice cream (27 percent), chocolate confectionery (23 percent), and gum (one percent).

Six percent of imports across all categories originated from the United States and amounted to \$23 million. Notably, the United States captured a 15 percent share of chocolate confectionery imports. This highlights the potential for growth in other categories, where U.S. market share currently sits at three percent or less. Achieving growth will require navigating competition from regional players who benefit from zero-tariff trade agreements, as well as competitors from the EU and UK.

Figure 3. Value Shares by Category and Popular Brands of Imported Confectionery and Ice Cream



Sources: FAS Manila interviews and Trade Data Monitor.

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

## Opportunities and Key Trends for U.S. Exports

U.S. suppliers are well-positioned to gain market share and achieve success by capitalizing on the following opportunities and key trends:

- **The American Edge:** Filipinos' strong preference for American-made goods, fostered by historical and cultural ties with the United States, presents a unique opportunity for U.S. suppliers. By leveraging labeling that consumers can easily identify as American-made alongside strategic point-of-sale merchandising and targeted marketing campaigns, U.S. suppliers can effectively leverage this connection.
- **Rising Disposable Income:** Upscale Filipino consumers, with growing disposable income, are driving demand for premium confectionery and ice cream. U.S. suppliers can meet this demand by introducing high-quality products made with premium ingredients.
- **Novelty and Sensory Appeal:** Filipino consumers' adventurous palates crave constant novelty and exciting sensory experiences. U.S. suppliers can capture their attention by offering unique flavor combinations, featuring gourmet ingredients popular in other regions, and developing visually striking and inventive product formats, such as popping candy centers, colorful ice cream swirls, or dual/triple flavor combinations.
- **Indulgence vs. Health:** Filipino consumers enjoy sweet treats, but a growing health consciousness is driving a shift in preferences. This is evident in the increasing demand for "free-from" and "better-for-you" options, particularly those formulated with natural ingredients, superfoods, and functional components.
- **Gift-Giving Culture:** The Philippines boasts a vibrant gift-giving culture, making confectionery products a mainstay for birthdays, holidays, and family reunions. This enthusiasm for gifting

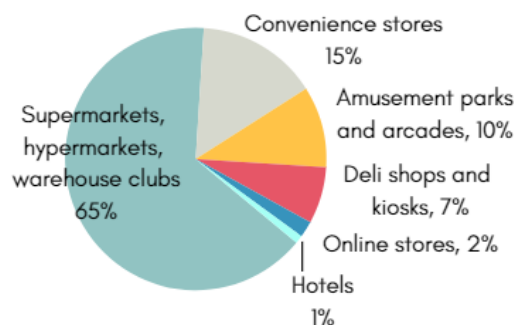
translates into early stocking by retailers, who typically place orders in July to ensure ample inventory for the upcoming "ber months" (September to December) – the period when the Philippines embraces the holiday season. Valentine's Day and Mother's Day are additional key gift-giving occasions, contributing to a year-round demand for confectionery items. Notably, Halloween is also widely celebrated, further boosting confectionery sales during this period.

- **Miniaturization of Popular Snacks:** Bite-sized versions of popular snack foods (e.g., cookies, brownies) typically weighing five grams cater to a growing consumer preference for portion control and convenience.
- **Power of Familiar Brands:** Filipinos' strong brand loyalty, particularly for established brands, presents a powerful opportunity. U.S. suppliers can capitalize by introducing innovative mash-up products that leverage this loyalty. Imagine iconic candy bars reborn as irresistible ice cream flavors!
- **Private Labels:** Filipinos are receptive to private label versions of familiar brands, especially when offered by established retailers.
- **Premium, Functional, and Innovative Packaging:** Attractive and eye-catching packaging plays a significant role in influencing purchasing decisions. High-quality materials like embossed boxes and metallic canisters paired with elegant design elements (clean lines and sophisticated color palettes) elevate perceived value. User experience can be enhanced through easy-to-open and reseal features. To address the hot and humid climate, heat-resistant materials can ensure product freshness. Eco-friendly packaging with multiple uses caters to sustainability concerns, while interactive features like QR codes for recipes and games can increase consumer engagement.

## Distribution Channels

Brick-and-mortar retailers, including supermarkets, hypermarkets, and warehouse clubs, are the dominant distribution channel for imported confectionery and ice cream products, capturing a substantial 65 percent market share. Convenience stores, with their ubiquitous presence and round-the-clock operation, hold an estimated 15 percent share. They serve as a complementary channel, offering convenience and catering to impulse buying. Due to limited shelf-space, convenience stores typically stock only high-turnover products. Theme parks and amusement arcades account for 10 percent of the market, while specialty kiosks and deli shops capture seven percent. Online stores hold a two percent share, indicating significant potential for expansion. Upscale hotels, catering to a niche market, offer a selection of premium chocolates and sugar confectionery in minibars, as well as during seminars and conferences. Occasionally, airline catering may include ice cream in small containers on their menus.

Figure 4. Shares of Distribution Channels



Sources: FAS Manila interviews and Trade Data Monitor.

## B2C Cross-border E-commerce

Brand awareness for certain confectionery items is sometimes established through Filipinos traveling abroad and bringing these products back as gifts. When these items are not available locally, consumers

increasingly turn to booming B2C cross-border e-commerce platforms to satisfy their cravings. The recent surge in the popularity of these platforms presents an avenue for U.S. suppliers to explore further. For additional details, refer to the GAIN report: "[Philippines: Market Brief on B2C Cross-border E-commerce for US Food and Beverage Products.](#)"

### **Market Entry Strategies**

The Philippine archipelago consists of three major island groups: Luzon, Visayas, and Mindanao. This fragmented geography creates unique challenges for distributing confectionery and ice cream products. 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 best suited for broad-appeal products, while focused distribution through select retailers can suffice for niche offerings 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. 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 engage in direct import activities.

The archipelago's fragmented geography and warm climate necessitate complex logistics for maintaining cold chain integrity. To ensure successful distribution of temperature-sensitive confectionery and ice cream products in the Philippines, U.S. suppliers are encouraged to verify cold chain capabilities with importers and retailers.

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. If U.S. suppliers choose to partner with retailers, however, 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](#).

The Philippine Department of Education has issued guidelines (DepEd Order No. 13, Series of 2017) encouraging healthy food choices in schools, though enforcement primarily targets public schools. While some cities have similar ordinances, no national legislation with similar restrictions is currently in place.

## 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](#). Despite the higher prices resulting from this disadvantage, however, Filipino consumers have a general preference for U.S. food products due to their superior quality, variety, and availability.

MFN tariff rates for confectionery and ice cream range from three to 15 percent.

Table 1. Tariff Rates of Confectionery and Ice Cream Products

HS Codes	Products	MFN Tariff Rate	FTA Partners' Tariff Rate
	Sugar Confectionery		
170410	Chewing gum	15%	0
17049010	Medicated pastilles and drops	15%	0
17049020	White Chocolate	10%	0
17049091	Soft, containing gelatin	15%	0
17049099	Other	15%	0
	Chocolate confectionery		
180631	Filled	7%	0
180632	Not filled	7%	0
18069010	In tablets or pastilles	7%	0
18069030	Food preparations of flour, meal, starch or malt extract, containing 40 to 50 percent cocoa	3%	0
210500	Ice cream, whether or not containing cocoa	10%	0

Source: [Philippine Tariff Finder](#).

### Import Value Added Tax

The Philippines has a Value Added Tax (VAT) system that applies to both local and imported processed food products. 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.

### **Assistance and Further Information**

U.S. suppliers seeking to enter the Philippine market can leverage the support and market information offered by the U.S. Department of Agriculture's Foreign Agricultural Service (FAS) office at the U.S. Embassy in Manila (Phone: +632 5301-2000, Email: [AgManila@usda.gov](mailto: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.