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Food Service - Hotel Restaurant Institutional

The Bahamas HRI Food Service Sector Report

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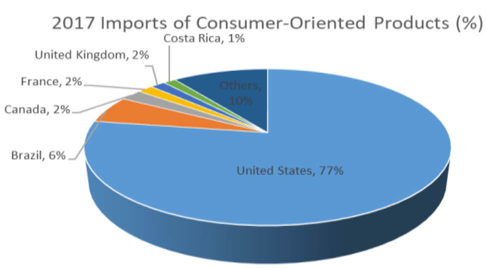
Report Highlights:
The Bahama’s strengthening tourism sector is good news for U.S. food exporters. With nearly 80 percent of tourists originating from the United States coupled with its close proximity to the U.S. telecommunications umbrella, The Bahamas is a prime market for U.S. food and agricultural products, catering to tourists and consumers alike. In 2017, the United States exported a record $230 million in consumer-oriented food products to The Bahamas, making it the top market in the CBATO region.

Market Fact Sheet: The Bahamas

Executive Summary

The Bahamas is among the wealthiest countries in the Caribbean region. Anually, over 1.4 million stop over tourists visit the island, of which 80 percent are from the United States. After a period of slow economic growth, The Bahamas is showing strong signs of recovery in 2018. Recent investments in tourism and in tourism infrastructure are fueling growth opportunities. Travel and tourim are the main drivers for the food service industry. In 2017, total imports of agricultural and related products reached $480 million, a 13 percent increase from 2016[1]. Imports of U.S. agricultural and related products amounted to $338 million in 2017, reflecting a 70 percent market share.

Consumer-Oriented Imports



The Bahamas is the second largest market for U.S. consumer-oriented products in the Caribbean region. Total imports of consumer products amounted to $308 million in 2017, with the United States capturing about 75 percent, or $230 million of this market segment.[2] About half of all consumer product imports are for The Bahamas' growing food service sector, with the remainder channeled to the retail sector.

Food Processing Industry

The Bahamas has about 20 food and beverage processors of notable size. Half of these processors are manufacturers of soft drinks and producers of mineral water, which account for most of the supply in their respective markets. Remaining processors specialize in poultry, fruit and vegetable products, fish products, dairy products, and sugar products. There is no domestic beef or pork production. The Bahamas uses import licenses to protect and promote domestic poultry and produce production.

Food Retail Industry

Quick Facts CY 2018

Global Imports of Consumer-Oriented Products
(USD million) - $308 million

List of Top 10 Growth Product Categories

Poultry	Snacks
Meat (Beef)	Breads
Pork	Pasta and Cereals
Live Plants	Dairy: Cheese
Wine and Beer	Non-Alcoholic Beverages

Food Industry by Channels (USD million) 2017

The Bahamas Food Exports	$1,177
The Bahamas Food Imports	$480
Retail Annual Sales (Modelled)	$1,555
Food Service Annual Sales (Modelled)	$193.6

Top Fast Food Outlets in The Bahamas

Kentucky Fried Chicken	McDonald's
Burger King	Wendy's
Domino's Pizza	Carl's Jr.
Dunkin Donuts	Subway

2017 GDP/Population
Population: 329,988
GDP: $11.6 billion
GDP per capita: $31,200

Sources: CIA the World Factbook; Euromonitor International; Global Trade Atlas; U.N. Trade Data World Integrated Trade Solution.

There are an estimated 146 grocery retailers in The Bahamas, mostly located on the islands of New Providence and Grand Bahama. Deli counters are present in most supermarkets, and some supermarkets have bakery and seafood departments. Although large-chain supermarkets are located in populated areas, smaller independent grocers maintain a strong presence in the market.

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pportunities/Challenges
e Bahamian government uses a licensing system for imports of goods, such as whole poultry and fresh produce, and may stop issuing licenses during
orate headquarters (the majority of which are located in the United States) to import products, making it difficult for new suppliers to penetrate the market.

[1,2] Source: Global Trade Atlas (GTAS). Based on reporting countries export statistics. Global Agricultural Trade System (GATS).

I. MARKET SUMMARY

The Bahamas is an archipelago of over 700 islands located off the southeast coast of Florida. Although only about thirty of the islands are populated, approximately 330,000 people permanently reside in The Bahamas. Most of the population lives on the island of New Providence where Nassau, the capital, is located, and on Grand Bahama Island. Top tourist destinations include Nassau, Freeport, and several of the Out Islands[3]. A favorable climate, along with numerous beaches, year-round attractions and close proximity to the United States, make tourism the engine of the Bahamian economy.

According to the World Travel and Tourism Organization, travel and tourism contributed about $4.3 billion (or 47.8 percent) to The Bahamas GDP in 2017. In 2017, travel and tourism represented about 56 percent of total employment (11,500 jobs). During the first quarter of 2018, stopover visitors increased by 18 percent and hotels reported a twenty-five percent increase in room nights sold.[4] Tourists from the United States accounted for 80 percent of the 1.4 million stopover visitors in 2017.

Recent investments in new hotels and tourism infrastructure has solidified The Bahamas' position as a leading tourist destination in the region. Additional direct flights from major U.S. cities, the completion of the megaresort of Baha Mar[5], and the growth in popularity of the Out Islands, have further fueled tourism growth. Travel and tourism are the main drivers for the food service industry. According to Euromonitor International, The Bahamas' total consumer food service sector was valued at $193.6 million dollars in 2017, up nearly 5 percent from 2016.

TABLE 1. ADVANTAGES AND CHALLENGES

Advantages	Challenges
The United States supplies over 90 percent of food products imported for the HRI sector.	In effort to promote use of local agricultural and food products, the Bahamian government uses a licensing system on imports of poultry and fresh produce and may stop issuing licenses during harvest.
Nearly 80 percent of all stopover tourists are from the United States.	Importers already carry many major U.S. brands and some market segments may be saturated.
Locals are familiar with U.S. culture and media.	Although the United States has a dominant market share, Canada, Europe, and Brazil offer competitive prices for similar quality products.
A wide range of restaurants and menus, to meet demands of tourists, requires a wide variety of products.	Large resorts and restaurant chains typically go through their corporate headquarters (the majority of which are located in the United States) to import products, making it difficult for new suppliers to penetrate the market.

Source: FAS Miami

[3] The Out Islands or Family Islands are the smaller, outer islands of The Bahamas, and they include the islands of Abacos, Acklins and Crooked Islands, Andros, Berry Islands, Bimini, Cat Island, Eleuthera, Harbour Island, Exumas, Inagua, Long Island, Mayaguana and San Salvador.

[4] Bahamas Information Services. June 26, 2018. http://www.bahamas.gov.bs

[5] Baha Mar is a $4.2 billion tourism development with over 2,300 new rooms on the island of New Providence. Marred by construction delays and bankruptcy over the last few years, the three-luxury hotel brand (Grand Hyatt, SLS and Rosewood) development opened in stages in 2017 and as of spring 2018 is now operational. The development includes a Jack Nicklaus-designed 18-hole golf course, the only ESPA (a line of Natural Skincare & Luxury Beauty Products) branded luxury spa in the Caribbean, the region's largest casino, a 200 sq. ft. performing arts center and convention center, and over 20 restaurants and bars.

II. ROAD MAP FOR MARKET ENTRY

A. ENTRY STRATEGY

The Bahamas offers good opportunities for U.S. exporters interested in entering the market. Due to the geographic proximity to the United States, U.S. food products represent the majority of the foreign food products imported into the Bahamas. Bahamian importers have considerable experience working with U.S. companies and have extensive knowledge of the U.S. food export system. Importers hold U.S. products in high regard with respect to quality, price, and packaging.

The Bahamas food and beverage importers are primarily located on New Providence and Grand Bahama Islands. While there are approximately 30 importers of food and beverage products on these two islands, a handful of major importers dominate the distribution chain in the HRI sector.

U.S. companies interested in entering the HRI food service market in the Bahamas should begin by contacting local importers (which also typically serve as wholesalers/distributors). Local importers have well-established distribution channels for imported products, have relatively large warehouse facilities which are computerized and mechanized, and possess their own fleets of trucks and vans for distribution. Most importers carry a full line of fresh, frozen, and dry products, while several specialize in providing fresh produce, seafood, and alcoholic beverages.

The preferred method of contact is through e-mail. If the importer is interested in your product, they will usually schedule an in-office appointment to talk in person. Another preferred method is through various trade shows that attended by Bahamian importers as well as restaurant and hotel management/buyers. Among the most frequented shows are the Americas Food and Beverage Show (AFB) in Miami and the National Restaurant Association Show (NRA) in Chicago. Chefs also attend these shows, presenting another opportunity to market U.S. products. Larger hotels usually import directly, as well as purchase from a distributor, due to the specific request of the head chef. In some cases, the head chef will refer a potential U.S. supplier to their local importer. Negotiations usually take place with an importer or purchasing manager, depending on the circumstances. An important deciding factor for the food service industry is quality and reliability of supply.

B. MARKET STRUCTURE AND DISTRIBUTION

The Bahamas hotel, restaurant, and institutional (HRI) sector is comprised of over 308 hotels and 450 restaurants. The Hotel sector makes up about 65 percent of the total HRI market, while restaurants represent about 32 percent. The institutional sector represents only about 3 percent of the HRI market. Hotels, restaurants and institutions generally purchase goods from a local importer or from a distributor based in the United States. Import strategies can vary slightly depending on the type of establishment, location, and products imported.

Smaller restaurants and hotels rely on local importers for most products. Through local importers, these establishments can source a variety of products in small quantities. Most often, importers in the Bahamas will use suppliers located in South Florida to consolidate shipments that are less than a full container.

The larger hotels and resorts purchase about 60 percent of their food and beverage needs directly from U.S. suppliers. Some of the larger hotels have offices in south Florida to facilitate the purchasing and shipment process. Food service chains typically import directly from U.S. buying offices. Products for restaurants and hotels located on the Out Islands are shipped from New Providence Island by "mail boats," or government operated barges that provide service once or twice a week. Pricing and consistency in deliveries are a factor when doing business with hotels and restaurants located in the Out Islands.

C. SUB-SECTOR PROFILES

a. HOTELS

There are currently 308 hotels with nearly 17,000 rooms in The Bahamas. Hotels vary from mega-resorts such as Atlantis and Baha Mar, to small boutique hotels. The popularity of large resorts has risen in recent years, spurring construction of new hotels and the renovation and expansion of older properties. In addition, several large resorts are beginning to offer optional all-inclusive packages.

Despite the great buying power of the larger establishments, local importers, which also serve as wholesalers/distributors, remain an important supplier due to both the ever-changing needs and limited storage space for dry and refrigerated goods. Moreover, by using local importers for perishable products such as fresh produce, these establishments do not need to worry as much about spoilage as they would by importing directly from the United States.

TABLE 2. 2017 NUMBER OF HOTELS AND HOTEL ROOMS

Island	No. of Hotels	No. of Hotel Rooms
Nassau, New Providence	42	5,401
Paradise Island	15	5,094
Grand Bahama	25	1,244
Out Islands	229	4,396
Total	308	16,135

Source: Ministry of Tourism. Tourism Today
http://www.tourismtoday.com/services/statistics/hotels

TABLE 3. SELECTED HOTELS AND RESORTS IN THE BAHAMAS

Name	Location	Rooms	Purchasing Agent
Atlantis Resort	Paradise Island	4,000	Direct Import/ Local Importers
Grand Hyatt at Baha Mar	Cable Beach	1,800	U.S. Buying Office/Local Importers
SLS at Baha Mar	Cable Beach	300	U.S. Buying Office/Local Importers
British Colonial Hilton	Nassau	291	U.S. Buying Office/Local Importers
Four Seasons	Exuma	350	U.S. Buying Office/Local Importers
Our Lucaya Beach and Golf Resort	Freeport	1,271	U.S. Buying Office/Local Importers
Rosewood Hotel at Baha Mar	Nassau	185	U.S. Buying Office/Local Importers
Sheraton Cable Beach	Cable Beach	700	Direct Import/Local Importers
RIU	Paradise Island	400	Local Importers
Sandals Royal Bahamian Resort	Cable Beach	405	U.S. Buying Office/Local Importers
SuperClubs Breezes	Cable Beach	400	Local Importers
Wyndham Resort & Crystal Palace	Cable Beach	743	U.S. Buying Office/Local Importers

b. RESTAURANTS

According to Euromonitor International, fast food restaurants accounted for the largest percentage of consumer food service sales in the Bahamas in 2017, representing 56 percent of the market, followed by full-service restaurants at 30 percent, cafes and bars at 7 percent, home delivery/takeaway at 4 percent, and street stalls/kiosks at 3 percent of the market. Most restaurants rely on local importers, which also serve as wholesalers/distributors, to source their imported food and beverage supply. The majority of seafood, bottled beverages, and seasonal fruits and vegetables are purchased directly from vendors on the island.

TABLE 4. SELECTED RESTAURANTS IN THE BAHAMAS

Name	Location	Type Of Cuisine	Purchasing Agent
Cally's Restaurant	Port Lucaya	Greek	Local Importer
Capriccio	Cable Beach	Italian	Local Importer
Cricket Club	Nassau	Bahamian/English	Local Importer
Europe Restaurant	Nassau	German	Local Importer
Flying Fish Restaurant	Port Lucaya	Contemporary/Bahamian	Local Importer
Gaylord's	Nassau	Indian	Local Importer
Graycliff Hotel and Rest.	Nassau	French	Local Importer
Harbour Lobster & Fish Co.	Port Lucaya	Caribbean	Local Importer
House of Wong	Nassau	Chinese	Local Importer
Ruby Swiss	Freeport	Seafood/ Bahamian	Local Importer
The Poop Deck	Nassau	American/Bahamian	Local Importer

Nassau and Freeport offer a wide variety of restaurants, ranging from upscale to fast food, with cuisine influenced by Bahamian, American and international cultures. Local chains mainly serve Bahamian and

Chinese cuisine. Independent restaurants in Nassau do not experience lower sales during the low tourist season (April to August) because local residents frequent these establishments. Even for centrally located restaurants, about 40 percent of their clients are residents. The increase in per capita GDP and increasing employment of women in the workforce has facilitated the spread of fast food eateries across urbanized areas. Kentucky Fried Chicken, McDonald's, Burger King, Wendy's Domino's Pizza, Carl's Jr., Dunkin Donuts, and Subway, typically import directly from U.S. buying offices. Shopping center developments near resorts like Atlantis and Our Lucaya also provide prime locations for independently owned restaurants. For these restaurants, about 70 percent of their clients are tourists, and they rely on local importers to provide their food and beverage supplies.

c. INSTITUTIONAL

The institutional sector involves distribution to prisons, hospitals, nursing homes, schools, and entertainment facilities such as arenas and stadiums. This sector accounts for about 3 percent of the HRI trade and is mainly supplied by local importers and to a lesser extent, a wholesale club outlet in Nassau. Many local importers also supply banks, hospitals, and other institutions with coffee programs. In addition, over twenty companies provide catering services. These businesses primarily buy food from local wholesalers and seafood from local markets. The exception however, are airline caterers, which import food and beverage products directly from the United States.

III. COMPETITION

The Bahamas is one of the largest markets for U.S. agricultural products in the region covered by the CBATO. In 2017, the United States exported $338 million in agricultural and related products to The Bahamas, a 3 percent increase from 2016. U.S. exports are on pace to increase by 2 percent in 2018 based on January to July trade data.

Although the United States is the main supplier of food and beverage products to The Bahamas, competition is increasing for some products such as dairy, food preparations, fruit and vegetable juices, meat (NESOI), processed fruits, wine and beer, and snack foods. It is also important to note that many foreign products are transshipped through the United States, possibly understating competitor market share. Nevertheless, the United States is the dominate supplier in all major food categories.

TABLE 5. PRODUCT AND COUNTRY MARKET SHARES

Product Category and Total Imports (2017)	Total Bahamian Imports 2017 [million $]	U.S. Exports [million $]	Major Supply Sources (2017)	Strengths of Key Supply Countries	Advantages and Disadvantages of Local Suppliers
Food Preps. & Misc. Bev	$49.67	$41.96	**1. United States (84%)** 2. Costa Rica 3. United Kingdom	The United States has a dominant market share in all consumer-oriented and seafood product categories. Key U.S. advantages include: - Proximity - Exposure to US media as well as language, cultural, and commercial ties with the United States all contribute to consumers having a positive attitude toward U.S. products. - The United States is the source of over 80 percent of tourists visiting The Bahamas	Very limited land resources preclude most farm activity. Food processing is also quite limited.
Poultry Meat & Prods. (ex. eggs)	$41.90	$26.64	**1. United States (64%)** 2. Brazil 3. Finland		
Dairy Products	$30.86	$21.17	**1. United States (69%)** 2. Peru 3. Ireland		
Beef & Beef Products	$25.71	$22.01	**1. United States (86%)** 2. Brazil 3. Argentina		
Wine and Beer	$21.85	$13.94	**1. United States(64%)** 2. France 3. Italy		
Processed Vegetables	$15.60	$8.35	**1. United States(54%)** 2. Canada 3. Belgium		
Pork & Pork Products	$19.93	$15.27	**1. United States(77%)** 2. Denmark 3. Brazil		
Meat Products NESOI	$14.62	$8.41	**1. United States(57%)** 2. Australia 3. Canada		
Fresh Fruit	$12.77	$12.70	**1. United States(99%)** 2. Greece 3. Costa Rica		
Fruit & Vegetable Juices	$11.52	$9.21	**1. United States(80%)** 2. Thailand 3. Mexico		

Source: Global Trade Atlas. Based on reporting countries export statistics.

IV. BEST PRODUCT PROSPECTS

The Bahamas imports most of its foods needs to supply both local consumers and the 1.4 million stop over tourists that visit the country annually. U.S. brands and products are popular and well recognized, and consumers have a positive perception of U.S. products. In restaurants and hotels, customers normally do not inquire about the brands used in their dishes; nevertheless, they expect the quality of products to be on par with those offered in the United States.

A. Products Present in the Market which have Good Sales Potential

The hotel and restaurant industry in The Bahamas demands high quality products. According to U.S. Census Trade Data, the following U.S. agricultural exports had record export levels in 2017: Beef and Beef Products, Pork and Pork Products, Poultry Meat and Products, Fresh Fruit, Tree Nuts, Condiments and Sauces, Non-Alcoholic Beverages, and Other Consumer Oriented Products.

B. Top Consumer-Oriented Products The Bahamas Imported from the World and from the United States.

Consumer Goods Product Categories	World Exports (2017, millions of US$)	U.S. Exports (2017, millions of US$)	U.S. Average 5 Year Growth (2013-2017)	% U.S. Market Share
Food Preps. & Misc. Bev	$ 49.7	$ 42.0	0%	85%
Poultry Meat & Prods. (ex. eggs)	$ 41.9	$ 26.7	1%	64%
Beef & Beef Products	$ 25.7	$ 22.1	3%	86%
Dairy Products	$ 30.9	$ 21.2	3%	69%
Pork & Pork Products	$ 19.9	$ 15.3	5%	77%
Wine & Beer	$ 21.9	$ 14.0	10%	64%
Fresh Fruit	$ 12.8	$ 12.7	2%	99%
Condiments & Sauces	$ 10.8	$ 10.5	6%	97%
Fresh Vegetables	$ 10.2	$ 9.9	1%	97%
Fruit & Vegetable Juices	$ 11.5	$ 9.2	-1%	80%

C. Products not present in significant quantities but which have good sales potential.

The Bahamas has a wide variety of products available. However, importers and consumers are always interested in new food and beverage alternatives.

D. Products Not Present Because They Face Significant Barriers:

While there are no significant barriers for U.S. food products, The Bahamas does attempt to limit imports of poultry and produce by requiring import licenses, the issuance of which may be suspended during seasonal harvest times.

V. KEY CONTACTS AND FURTHER INFORMATION

If you have questions or comments regarding this report, or need assistance exporting to The Bahamas, please contact the Caribbean Basin Agricultural Trade Office in Miami, Florida. Importer listings are available from the Foreign Agricultural Service for use by U.S. exporters of U.S. food and beverage products.

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