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Report Highlights:

For the past two decades, the United States has been the leading supplier of wines to the Philippines. In 2021, U.S. wine exports to the Philippines soared to a record \$20 million (3.8 million liters at an average cost of \$5.20 per liter) as consumers temporarily traded up to more expensive wines during the coronavirus lockdown. FAS Manila forecasts U.S. wine export sales in 2022 will level off at \$17 million (4.8 million liters at an average cost of \$3.50 per liter), two percent higher than export sales in 2019, before the pandemic. Prospects for growth are exceptionally bright due to the strong presence of U.S. brands and consumers' familiarity with U.S. wine regions.

Philippine Market Brief

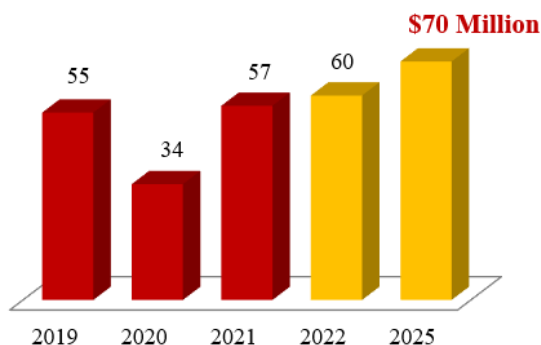
Wine



Continued growth in wine consumption is presaged by the country's young, fast growing, and highly urbanized population, with increasingly sophisticated tastes and ever-growing access to supermarkets and online stores. At least 20 million people have sufficient income to purchase wines occasionally.

Wine's increasing popularity and relatively low consumption (less than one percent of roughly 2.7 billion liters¹ of alcohol consumed annually) create an extraordinary profile that makes the Philippines one of the most exciting wine markets in the world. Despite tariffs and taxes that inflate the final price by 75 percent, the weak peso, and supply chain setbacks, traders forecast total wine exports to Philippines will reach \$60 million in 2022, and will increase five percent annually over the next three years to \$70 million.

Wine Exports to the Philippines
CY 2019 to 2021 and Forecast for 2022 & 2025
in Millions of Dollars



Source:

1. Historical data from U.S. Customs as reported in Trade Data Monitor.
2. Forecast for CY 2022 and 2025 are based on interviews with the trade.

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

United States: The Leading Supplier

The U.S. has long been the leading supplier of wines to the Philippines, surpassing France in 2002. In 2021, the United States held a 36 percent market share, followed by France (20%), Australia (17%), Spain (7%), Italy (6%), and Chile (5%).

Philippines: The Largest U.S. Wine Market in Southeast Asia

In 2021, the Philippines was the largest U.S. wine market in the region, surpassing major transshipment destinations, such as Singapore and Vietnam.

¹ Derived from trade interviews conducted by FAS Manila; however, wine sales comprise a significantly larger percentage of total alcohol sales in upscale hotels, restaurants, supermarkets, and other channels.

Market Trends

Growth Expected Across All Price Ranges

While traders report that 70 percent of “value-priced” wines marketed in the Philippines are from the United States, growth is taking place across all price ranges. The trade estimates a combination of higher prices and increased sales in mid-priced and premium wines will raise the average price by 20 to 30 percent in the coming years. At the same time, brisk sales of entry-level, value-priced U.S. wines are expected to continue as more consumers become interested in wine and the hospitality and foodservice sectors ease into post-pandemic recovery mode.

Growing Health-Awareness

Traders are capitalizing on the growing health-awareness among consumers by emphasizing the reported health benefits of moderate wine consumption. The industry is reporting a shift in consumer preference from beer and spirits to wine. While the Philippines produces almost no wine, it is a major producer of relatively inexpensive beer and spirits.

Taste, Varietal and Labeling Preferences

- Although the Philippine climate is tropical, about 60 percent of wines sold in the market are red. Aside from its perceived health benefits, traders report that consumers who have shifted from hard liquor prefer red wine because of its robust and oaky taste profile. Despite the general preference for reds, FAS Manila projects strong growth in white and rosé wines.
- All common U.S. wine varieties have found acceptance in the Philippine market.
 - Reds: Cabernet Sauvignon, Malbec, Merlot, Pinot Noir, Shiraz, and Zinfandel
 - Whites: Chardonnay, Sauvignon Blanc, Pinot Gris, Chenin Blanc, and Riesling
 - Rosés: White Zinfandel and White Merlot
- There is room for other varieties to gain acceptance and popularity as Filipino consumers are always willing to try something new.
- While Filipinos generally have a sweet palate, the trade reports the market for drier wines is expanding rapidly as tastes mature.
- According to retailers, consumers prefer varietal over appellation labels. That said, some wine brands have found success with nothing more than the word “red” or “white” written on the label.
- Food service establishments report that consumers will readily try sparkling wines from regions other than Champagne.

Wine Events and Education

- To demystify wine and make it more accessible to many, marketers conduct a mix of wine tastings and educational programs.
- The popularity of wine is also boosted by the growing number of culinary organizations and private groups of wine connoisseurs whose regular wine and food gatherings often appear in the press.

- FAS Manila joins the trade in hosting regular events to expose hotels, restaurants, retailers, culinary professionals, and consumers to high-value U.S. food and beverage products, including wines. At wine events, it is common to pair wine with Filipino and other mainstream cuisines to encourage more wine consumption at home.

Ready Market for U.S. Wines

Advantages

- Filipinos have a high awareness and strong preference for U.S. food and beverage products.
- Travel agents report that a typical Filipino traveler's bucket list includes a visit to California's wine regions.
- More and more U.S. wines are earning international recognition and awards, which wine brands can leverage on social media and through in-store and on-premise merchandising.

Opportunities

- There are more than 20 seasoned wine importers in the Philippines. Some already represent well-known wineries from California, the Pacific Northwest, and other regions around the world, while others are on the look-out for big brands to represent. In addition, new importers are being drawn into the growing market. Some wine aficionados who passionately collect wines have ventured into the wine importation business as a serious hobby. High-end wines are pre-sold to a network of wine consumers even before shipments arrive.
- Importers have expressed interest in sourcing wines from all over the United States.
- The Philippines is a market where wines and other products are subject to trends. For example, wine importers report the sudden and unprecedented popularity of Zinfandel.
- Traders report an untapped potential for boxed wines, dessert wines, and private-label wines.

Possible Limiting Factors

- While income is growing, wine is still considered a luxury product by most Filipino consumers. Locally produced beer and spirits enjoy a strong price advantage.
- Cold chain facilities are limited in some parts of the Philippines, as is knowledge of proper storage conditions for wine.
- Most supermarkets charge a one-time shelving fee of about \$100 per stock-keeping unit (SKU) per-store, and a year-round marketing support fund that ranges between \$1,000 to \$3,000 per annum.
- Most hotels and restaurants also require a marketing support fund before listing new wines. As with supermarkets, the fund typically ranges from \$1,000 to \$3,000 and is used to defray the cost of promotional events and materials.
- Online platforms collect three to 15 percent commission on sales.

Tariff and Taxes

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

Tariff Rates

Description	Most Favored Nation	ASEAN-Australia-New Zealand Free Trade Area
Sparkling wines	5%	0%
Still wines	7%	0%

Notes:

1. Source: [Philippine Tariff Finder](#).
2. The Philippines is a party to ASEAN's free trade agreement with Australia and New Zealand. Wines from both countries enter the Philippine market tariff-free.

Excise Tax

Beginning on January 1, 2022, the excise tax on wines is ₱53.00 per liter. Based on [Republic Act No. 11467](#), the excise tax on wines will increase six percent at the beginning of each year and every year thereafter. The law does not include a sunset provision.

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.