



Wine to the Philippines.

Trends and opportunities

The market

The Philippines, with a population of 85 million, has traditionally been a beer consuming country, however, **wine appreciation and consumption has shown reasonable growth over the past years**. Ten to 15 per cent of this market (mostly the upper and middle income class) is Australian producers target market and this demographic are primarily located in the two main Philippine cities of Manila and Cebu.

A decade ago, there were approximately 150,000 bottles of wine consumed by Filipinos and since then, wine consumption is estimated to be posting low double-digit growth per annum. Being a tropical country, Filipinos prefer chilled white wine; however, red wine's popularity surged following its low introductory prices compared to white wines.

The Philippines' total red and white still wines importation is 98 per cent of total wines imported. Moreover, Asia's wine imports from Australia consist of 95 per cent still red and white grape based wines while sparkling wines are only three per cent.

From 2000 to 2004, the import volume of sparkling wine, red and white still wines posted an average growth of 14 per cent. Import values posted a lesser eight per cent growth during the same period due to the very price sensitive nature of the Philippine consumer.

Australia can further improve its ranking as a supplier of wine to the Philippines. The advantages of Australian wines are affordability and good value for money, consistent quality and distinctive robust taste.

Local Philippine importers also indicate that Australian wines have less intimidating labels, unlike the French wines that are available in the market.

Retail prices of still wines range from a low of PhP200 to a high of more than PhP12,500 per 750ml bottle. The most expensive are the French vintage wines and the cheapest are the Bulgarian wines.

Market share estimates in terms of volume

Type	Price range (750 ml bottle)		Share
	Philippine Peso	Australian dollar	
Budget wines	PhP 250 and below	A\$6.25	60%
Mid priced wines	PhP 250 to 500	A\$6.30-12.50	25%
Premium wines	PhP 501-999	A\$12.52-24.98	10%
Ultra premium wines	PhP 1000 and above	A\$25.00	5%

(Source: Industry contacts)

Opportunities

While the wine market in the Philippines is small in comparison to other Asian countries, demand is continually growing. **Budget to mid-range price wines are more popular**, as price is an issue for the majority of consumers.

There's always a ready market for Australian wines due to Australia's widely held reputation as a 'clean and green' supplier of quality products. In addition, there is a small but active expatriate community that seek wine for their own consumption.

Opportunity areas in the Philippines wine industry include:

- ≠ still wines (one varietal or blended) – white and red
- ≠ sparkling wines

- ✍ mass wines
- ✍ flavoured alcoholic beverages

Local manufacturers of wine and flavoured alcoholic beverages are now expanding their market to women and young urban professionals as they increasingly have the predisposition, the money and the inclination to spend on alcoholic drinks. The rising number of young consumers and women joining the workforce makes Australian wine promising in the Philippines.

Wines with labelling and taste profiles appealing to female palates should consider the Philippines.

Competitive environment

Ninety eight per cent of the Philippines alcoholic beverages are supplied by domestic producers. This figure includes the ubiquitous San Miguel beer products and domestically produced liquors such as gin. The Philippines is one of the cheapest sources of alcoholic beverages in the region due to powerful local producers, who are not subject to high import tariffs, setting alcoholic beverages at affordable prices. However, imported alcohol is still a big developing market.

There are no domestically produced grape wines in the Philippines. It relies heavily on imported wines from USA (36%), France (13%), Spain (12%), Australia (11%) and Italy (5%) to name a few. However, it is important to note that Australia's market share is increasing over the years.

As is widely known, France remains the country of choice for premium and ultra premium wines although the USA (California) is also highly regarded in higher priced categories. **Australia is well positioned in the budget to mid-priced category with growing awareness of premium capabilities**, while Spain, Italy, Chile and recently Argentina and Bulgaria all compete for the budget end of the market.

More information

For further information please contact Austrade on 13 28 78 or email info@austrade.gov.au

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