Macau

Retail Foods

Retail Foods - Macau Food Retail Industry

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Report Highlights:
In 2017, Macau’s retail food sector sales rose 4.4 percent to US$553 million, a positive growth trend forecast to continue, especially in segments where U.S. products have strong prospects, such as pet food, chocolates, food preparations, poultry and eggs, dairy products, fresh fruit, fresh vegetables, beef, condiments, and processed vegetables.

Post:
Hong Kong
Market Fact Sheet: Macau

Executive Summary

Macau is located at the entrance of the Pearl River Delta, about 90 miles southeast of Guangzhou, China and 37 miles southwest of Hong Kong. It covers 18.3 square miles, around one-sixth the size of Washington, D.C. and has a population of 653,000. Macau’s per capita GDP was over US$77,500 in 2017, one of the highest in the world. Macau is a major tourist destination in Asia, and received over 32 million tourists in 2017. Due to limited arable land, most foods in Macau are imported. In 2017, imports of agricultural and related products reached US$1.46 billion.

Imports of Consumer-Oriented Products

Macau imports of Consumer-Oriented Products reached US$1.08 billion in 2017, or 74 percent of overall agricultural imports. The more popular products imported were beef, pork, poultry, fruits, tree nuts, dairy products, wines and prepackaged products. China, the Netherlands, France, the United States, and Hong Kong were the top five suppliers.

Food Industry by Channels

Consumer-Oriented Ag. Products:
- Gross imports US$1.08 billion
- Re-exports US$91 million
- Retained Imports US$989 million
- Retail food sales US$553 million
- Restaurant receipts US$1.33 billion (2016)

Top Retailers (by no. of stores)
Royal, San Miu, ParknShop, Cheang Chong Kei, Vang Kei Hong, and New Yaohan

Food Retailing Industry

In 2017, Macau’s retail food sector sales rose 4.4 percent to US$553 million. The Macau food retail market is made up of supermarkets, convenience stores, and traditional markets.

Major supermarkets include Royal, San Miu, ParknShop, Cheang Chong Kei, Vang Kei Hong, and

Strengths/Weaknesses/Opportunities/Challenges

<table>
<thead>
<tr>
<th>Strengths</th>
<th>Weaknesses</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Free and fast-growing market with affluent customers</td>
<td>- Cost of shipment from the U.S. is high</td>
</tr>
<tr>
<td>- U.S. products are perceived as high quality products</td>
<td>- Order size of importers is small</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Opportunities</th>
<th>Challenges</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Macau customers are open to new products</td>
<td>- Keen competition from other food supplying countries</td>
</tr>
<tr>
<td>- Macau is major trading tourist destination in Asia</td>
<td>- Strengthening U.S. dollar will make U.S. products less price competitive</td>
</tr>
</tbody>
</table>

Food Processing Industry

Land is limited and expensive in Macau. Therefore, the local food processing sector is small. Imports of bulk and intermediate agricultural commodities were US$27 million and US$103 million respectively, representing 1.9 percent and 7.1 percent of overall agricultural imports.

Imports of Consumer-Oriented Agricultural Products 2017 (US million)

GDP/Population

Population: 653,000
GDP: US$50.4 billion
GDP per capita: US$77,596

Imports of Consumer-Oriented Ag. Products

US$1.08 billion

Top 10 Consumer-Oriented Ag. Imports

Dairy products, food preparations, wine and beer, fish, pork, poultry and eggs, fresh fruit, beef, snack foods, and chocolates

Top Growth of Consumer-Oriented Ag. Imports

Dog and cat food, chocolates, food preparations, poultry and eggs, dairy products, fresh fruit, fresh vegetables, beef, condiments, and processed vegetables

Food Processing Industry

Imports of bulk and intermediate agricultural commodities were US$27 million and US$103 million respectively, representing 1.9 percent and 7.1 percent of overall agricultural imports.

Data and Information Sources: U.S. Census Bureau Trade Data, Global Trade Atlas, Euromonitor International, Government of Macao Special Administrative Region Statistics and Census Service
SECTION I. MARKET SUMMARY

Macau is located at the entrance of the Pearl River Delta, about 90 miles southeast of Guangzhou, China and 37 miles southwest of Hong Kong. It covers 18.3 square miles, around one-sixth the size of Washington, D.C. and has a population of 653,000\(^1\). Formerly a Chinese territory under Portuguese administration, Macau became a Special Administrative Region (SAR) of the People’s Republic of China on December 20, 1999. Pursuant to a 50 year transition period, the Macau SAR (MSAR) maintains a high degree of autonomy in all matters except foreign, defense, and security affairs.

With its unique blend of European and Chinese cultures, Macau’s economy is growing steadily with a per capita GDP that reached US$77,596\(^2\) in 2017. Macau has enjoyed an influx of international investment over the last decade to develop its casino resorts as it is the only legal gambling site in Mainland China. The pace of its economic growth has far surpassed expectations. The gaming industry’s gross revenue in 2017 amounted to US$33 billion\(^3\), significantly exceeding total gaming revenue of Nevada. Gaming by itself is the largest source of direct tax in Macau. The tax revenue from gaming represented around 85 percent\(^4\) of Macau’s total revenue.

According to Macau government’s five-year development plan\(^5\) (2016-2020) released in April 2016, the government intends to expand Macau’s attraction as a tourist and leisure hub including the growth of hotels, family-friendly mega resorts and accompanying HRI outlets. The opening of the US$4.1 billion Wynn Palace, Sands’s US$2.7 billion Parisian casino resorts in the fall of 2016, and MGM’s US$3.4 billion Cotai resort in February 2018 provided opportunities for Macau’s gaming and non-gaming recreational sectors to expand as Macau looks to diversify into a multi-platform entertainment destination. Meetings, Incentives, Conferences, and Exhibitions (MICE) is another area that the Macau government is targeting for development.

U.S. Food and Beverage Exports to Macau\(^6\)

Due to production limitations, virtually all of Macau’s food requirements are imported. In 2017, Macau’s total global imports of agricultural, food, and fisheries reached US$1.46 billion. Among them, US$1.08 billion, or 74 percent, were consumer-oriented agricultural products. The vast majority of Macau’s imports were transshipped via Hong Kong as Macau lacks a deep water port. In 2017, Hong Kong exported US$916 million in

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\(^1\) Government of Macao SAR Statistics and Census Service
\(^2\) - ditto -
\(^3\) - ditto -
\(^4\) - ditto -
\(^5\) Macao Trade and Investment Promotion Institute
\(^6\) Global Trade Atlas
consumer-oriented agricultural products to Macau, US$91 million of which were U.S. origin.

Macau’s food market is expected to grow. For the first four months of 2018, Macau gross imports of consumer-oriented agricultural products reached US$411 million, a growth of 22 percent over the same period in 2017.

In late 2018, the Hong Kong-Zhuhai-Macau Bridge project, consisting of a series of bridges and tunnels crossing the Lingdingyang channel will connect southern China, Macau and Hong Kong for vehicular and freight movement which will greatly shorten the transport time currently achieved primarily by ship. Spanning 34 miles, the bridge will be the longest sea-crossing bridge ever built.

Food and Beverage Retail Sales in Macau

In 2017, retail sales in Macau reached US$8.3 billion, among them US$553 million, or 6.7 percent were goods in supermarkets. That represented a 4.4 percent growth compared with 2016.

“Supermarket/Department Stores” includes sales of supermarkets, convenience stores, and food and beverage sections at department stores. They are the modern grocery outlets that provide consumers with convenient and high-quality options. In addition to groceries, these stores are offering a more comprehensive shopping experience with increased items of fresh food, bread and pastry, organic options, and hot takeout meals.

Table 1 – Major Advantages and Challenges in the Macau Markets

<table>
<thead>
<tr>
<th>Advantages</th>
<th>Challenges</th>
</tr>
</thead>
<tbody>
<tr>
<td>Macau’s per capita GDP was over US$77,500 in 2017, one of the highest in the world.</td>
<td>Order size of importers is small</td>
</tr>
<tr>
<td>Macau is a major tourist destinations in Asia. In 2017, Macau received over 32 million tourists.</td>
<td>Strengthening U.S. dollar will make U.S. products less price competitive.</td>
</tr>
<tr>
<td>U.S. food products enjoy an excellent reputation among Macau consumers and visitors, as they are renowned for high-quality and food safety standards.</td>
<td>Transportation time, costs, and product seasonality for U.S. food and beverage products to Macau can make them less competitive than products available from regional suppliers such as China, Australia, and New Zealand.</td>
</tr>
<tr>
<td>Macau is a quality and trend driven market so price is not always the most important factor for food and beverage products.</td>
<td>The importance of Hong Kong as a transshipment point and buying center for Macau is not widely known to U.S. exporters</td>
</tr>
</tbody>
</table>

7 Government of Macao SAR Statistics and Census Service
SECTION II. Road Map for Market Entry

Entry Strategy
Food retail sales in Macau were US$553 million in 2017, much smaller when compared with US$12.28 billion for neighboring Hong Kong (please refer to GAIN Report #1817 for more details on the Hong Kong Food Retail Market). Therefore, U.S. exporters rarely sell directly to Macau food retailers.

New-to-market exporters may consider several approaches to enter the Macau retail market:

- Establishing a representative office in Macau or Hong Kong: A good method to build trade relationships and implement marketing programs, but operating expenses can be high.

- Working with a U.S. trading company: Some companies serve U.S exporters and Macau importers so both sides can benefit through expanded options and cost-effective shipping.

- Developing a relationship with an agent in Hong Kong or Macau: Well-established companies have extensive distribution networks to supermarkets, other retail outlets, and many also cover non-retail sectors. Many Hong Kong agents also cover Macau.

Market Structure

- U.S. exporters intending to sell to retail outlets can utilize one of the above channels. Some supermarkets source through U.S. consolidators as well as Hong Kong or Macau agents and importers.

A. Supermarkets and Convenience Stores
Royal, San Miu and ParknShop are the three largest supermarket chains in Macau. The largest convenience store chains are 7-Eleven and Circle K.
Table 2 – Major Supermarkets / Food Retailers

<table>
<thead>
<tr>
<th>Name of Retailer</th>
<th>Description</th>
<th>No. of Outlets</th>
</tr>
</thead>
<tbody>
<tr>
<td>Royal</td>
<td>Supermarket</td>
<td>33</td>
</tr>
<tr>
<td>San Miu</td>
<td>Supermarket</td>
<td>20</td>
</tr>
<tr>
<td>ParknShop</td>
<td>Supermarket</td>
<td>16</td>
</tr>
<tr>
<td>Cheang Chong Kei</td>
<td>Supermarket (Frozen Food)</td>
<td>4</td>
</tr>
<tr>
<td>Vang Kei Hong</td>
<td>Supermarket</td>
<td>2</td>
</tr>
<tr>
<td>New Yaohan</td>
<td>Supermarket</td>
<td>1</td>
</tr>
<tr>
<td>7-Eleven</td>
<td>Convenience Store</td>
<td>49</td>
</tr>
<tr>
<td>Circle K</td>
<td>Convenience Store</td>
<td>28</td>
</tr>
</tbody>
</table>

B. Traditional Markets – Wet Markets and Independent Grocery Stores
Traditional markets include wet markets and mom-and-pop shops. They are widespread throughout Macau. They are favored for daily, neighborhood shopping primarily especially amongst an older consumer base. Due to size restrictions, many of these stores work with importers to buy smaller batches.

SECTION III. COMPETITION
Due to land constraints, Macau produces a minimal amount of its food requirements, depending on global sources to meet most of its needs. Macau Imports of Consumer-Oriented Agricultural Products reached US$1.08 billion in 2017. Major suppliers included China (24%), the Netherlands (20%), France (11%), and the United States (7%).

Table 3 – Macau Imports of Consumer-Oriented Ag. Products (2013-2017) (Value in US$ million)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross Imports</td>
<td>781</td>
<td>1,050</td>
<td>1,135</td>
<td>1,034</td>
<td>1,080</td>
<td>100%</td>
<td>4%</td>
</tr>
<tr>
<td>Re-exports</td>
<td>29</td>
<td>27</td>
<td>24</td>
<td>44</td>
<td>91</td>
<td>8%</td>
<td>108%</td>
</tr>
<tr>
<td>Retained</td>
<td>752</td>
<td>1,023</td>
<td>1,111</td>
<td>990</td>
<td>989</td>
<td>92%</td>
<td>0%</td>
</tr>
</tbody>
</table>

8 Websites of the retailers
9 Global Trade Atlas
As seen at Table 3, Macau retained most of its food and beverage imports, partly for food retail consumption and more for their stronger food service sector which includes their over 32 million tourists each year. Please refer to [GAIN Report #1632](#1632) for more details on the Macau Food Service Sector.

### Table 4 – Top 10 Macau Imports of Consumer-Oriented Agricultural Products and Competition

<table>
<thead>
<tr>
<th>Product Category</th>
<th>Gross Import 2017</th>
<th>1st Supplier</th>
<th>2nd Supplier</th>
<th>U.S. Ranking</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>US$ million</td>
<td>Quantity</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dairy Products</td>
<td>284.73</td>
<td>22,267 Tons</td>
<td>Netherlands (70%)</td>
<td>Ireland (7%)</td>
</tr>
<tr>
<td>Food Preps. &amp; Misc. Bev</td>
<td>154.27</td>
<td>33,325 Tons</td>
<td>China (25%)</td>
<td>Hong Kong (17%)</td>
</tr>
<tr>
<td>Wine &amp; Beer</td>
<td>153.18</td>
<td>23 million Liters</td>
<td>France (67%)</td>
<td>China (8%)</td>
</tr>
<tr>
<td>Fish Products</td>
<td>148.10</td>
<td>25,859 Tons</td>
<td>China (31%)</td>
<td>Japan (12%)</td>
</tr>
<tr>
<td>Pork &amp; Pork Products</td>
<td>65.24</td>
<td>24,991 Tons</td>
<td>China (34%)</td>
<td>Brazil (34%)</td>
</tr>
<tr>
<td>Poultry Meat &amp; Prods. (ex. eggs)</td>
<td>56.88</td>
<td>24,821 Tons</td>
<td>China (69%)</td>
<td>Brazil (17%)</td>
</tr>
<tr>
<td>Fresh Fruit</td>
<td>42.80</td>
<td>38,449 Tons</td>
<td>U.S. (30%)</td>
<td>China (20%)</td>
</tr>
<tr>
<td>Beef &amp; Beef Products</td>
<td>39.17</td>
<td>7,480 Tons</td>
<td>Brazil (28%)</td>
<td>U.S. (27%)</td>
</tr>
<tr>
<td>Snack Foods NESOI</td>
<td>38.45</td>
<td>7,691 Tons</td>
<td>China (24%)</td>
<td>Japan (16%)</td>
</tr>
<tr>
<td>Chocolate &amp; Cocoa Products</td>
<td>33.72</td>
<td>2,873 Tons</td>
<td>Italy (29%)</td>
<td>China (12%)</td>
</tr>
</tbody>
</table>

**SECTION IV. BEST PRODUCT PROSPECTS CATEGORIES**

### Table 5 – Best Growth of Macau’s Imports of Consumer-Oriented Agricultural Products

<table>
<thead>
<tr>
<th>Category</th>
<th>2013 (US$ million)</th>
<th>2017 (US$ million)</th>
<th>Average Annual Growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dog &amp; Cat Food</td>
<td>2.94</td>
<td>8.91</td>
<td>31.9%</td>
</tr>
<tr>
<td>Chocolate &amp; Cocoa Products</td>
<td>16.34</td>
<td>33.72</td>
<td>19.9%</td>
</tr>
<tr>
<td>Food Preps. &amp; Misc. Bev</td>
<td>83.23</td>
<td>154.27</td>
<td>16.7%</td>
</tr>
<tr>
<td>Poultry Meat &amp; Prods. (ex. eggs)</td>
<td>32.72</td>
<td>56.88</td>
<td>14.8%</td>
</tr>
<tr>
<td>Dairy Products</td>
<td>172.32</td>
<td>284.73</td>
<td>13.4%</td>
</tr>
<tr>
<td>Fresh Fruit</td>
<td>26.46</td>
<td>42.80</td>
<td>12.8%</td>
</tr>
</tbody>
</table>

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10 - ditto -
11 Global Trade Atlas
<table>
<thead>
<tr>
<th>Fresh Vegetables</th>
<th>20.26</th>
<th>32.18</th>
<th>12.3%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Beef &amp; Beef Products</td>
<td>25.61</td>
<td>39.17</td>
<td>11.2%</td>
</tr>
<tr>
<td>Condiments &amp; Sauces</td>
<td>20.02</td>
<td>29.70</td>
<td>10.4%</td>
</tr>
<tr>
<td>Processed Vegetables</td>
<td>18.69</td>
<td>25.31</td>
<td>7.87%</td>
</tr>
</tbody>
</table>

SECTION V. KEY CONTACTS AND FURTHER INFORMATION

Post Contact
Agricultural Trade Office, Consulate General of the United States, Hong Kong and Macau
18th Floor, St. John’s Building
33 Garden Road, Central, Hong Kong
Tel: (852)-2841-2350
Fax: (852)-2845-0943
Email: Atohongkong@fas.usda.gov
Website: http://www.usconsulate.org.hk
http://www.usfoods-hongkong.net

Other Macau Government / Semi-Government Contacts

Macao Government Tourism Office
Alameda Dr. Carlos d’Assumpção, n.os 335-341
Edificio "Hot Line", 12º andar, Macau
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Fax: (853) 2851-0104
Email: mgto@macaotourism.gov.mo
Website: http://www.macaotourism.gov.mo

Macau Hotel Association
Tel: (853)2870 3416
Email: mhaymo@macau.ctm.net
Website: http://www.macauhotel.org/

The American Chamber of Commerce in Macau
Alameda Dr. Carlos d’ Assumpção No 263
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Fax: (853) 2857-5060
Email: info@amcham.org.mo
Website: http://www.amcham.org.mo/

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Website: http://www.acm.org.mo/index.php/en/

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Website: http://www.ipim.gov.mo/

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