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## 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

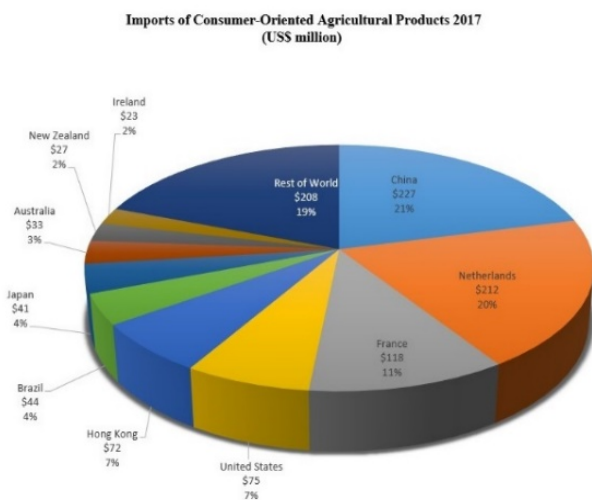
## Market Fact Sheet: Macau

### 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 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

### 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 New Yaohan. Major convenience stores include 7-11 and Circle K.

### Quick Facts CY 2017

#### 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 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

#### GDP/Population

Population: 653,000

GDP: US\$50.4 billion

GDP per capita: US\$77,596

#### Strengths/Weaknesses/Opportunities/ Challenges

Strengths	Weaknesses
<ul style="list-style-type: none"> <li>- Free and fast-growing market with affluent customers</li> <li>- U.S. products are perceived as high quality products</li> </ul>	<ul style="list-style-type: none"> <li>- Cost of shipment from the U.S. is high</li> <li>- Order size of importers is small</li> </ul>
Opportunities	Challenges
<ul style="list-style-type: none"> <li>- Macau customers are open to new products</li> <li>- Macau is major trading tourist destination in Asia</li> </ul>	<ul style="list-style-type: none"> <li>- Keen competition from other food supplying countries</li> <li>- Strengthening U.S. dollar will make U.S. products less price competitive</li> </ul>

**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

#### Contact:

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## **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<sup>1</sup>. 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<sup>2</sup> 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<sup>3</sup>, 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<sup>4</sup> of Macau's total revenue.

According to Macau government's five-year development plan<sup>5</sup> (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<sup>6</sup>**

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 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

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<sup>1</sup> Government of Macao SAR Statistics and Census Service

<sup>2</sup> - ditto -

<sup>3</sup> - ditto -

<sup>4</sup> - ditto -

<sup>5</sup> Macao Trade and Investment Promotion Institute

<sup>6</sup> Global Trade Atlas

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<sup>7</sup>**

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**

Advantages	Challenges
Macau’s per capita GDP was over US\$77,500 in 2017, one of the highest in the world.	Order size of importers is small
Macau is a major tourist destinations in Asia. In 2017, Macau received over 32 million tourists.	Strengthening U.S. dollar will make U.S. products less price competitive.
U.S. food products enjoy an excellent reputation among Macau consumers and visitors, as they are renowned for high-quality and food safety standards.	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.
Macau is a quality and trend driven market so price is not always the most important factor for food and beverage purchases.	The importance of Hong Kong as a transshipment point and buying center for Macau is not widely known to U.S. exporters.

**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

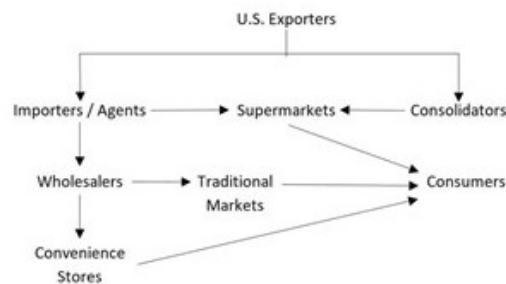
<sup>7</sup> Government of Macao SAR Statistics and Census Service

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<sup>8</sup>**

Name of Retailer	Description	No. of Outlets
<a href="#">Royal</a>	Supermarket	33
<a href="#">San Miu</a>	Supermarket	20
<a href="#">ParknShop</a>	Supermarket	16
<a href="#">Cheang Chong Kei</a>	Supermarket (Frozen Food)	4
<a href="#">Vang Kei Hong</a>	Supermarket	2
<a href="#">New Yaohan</a>	Supermarket	1
<a href="#">7-Eleven</a>	Convenience Store	49
<a href="#">Circle K</a>	Convenience Store	28

**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)<sup>9</sup>  
(Value in US\$ million)**

Category	2013	2014	2015	2016	2017	Percentage of Gross Imports	Growth 17 v 16
Gross Imports	781	1,050	1,135	1,034	1,080	100%	4%
Re-exports	29	27	24	44	91	8%	108%
Retained Imports	752	1,023	1,111	990	989	92%	0%

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](#) for more details on the Macau Food Service Sector.

<sup>8</sup> Websites of the retailers

<sup>9</sup> Global Trade Atlas

**Table 4 – Top 10 Macau Imports of Consumer-Oriented Agricultural Products and Competition<sup>10</sup>**

Product Category	Gross Import 2017		1st Supplier	2nd Supplier	U.S. Ranking
	US\$ million	Quantity			
Dairy Products	284.73	22,267 Tons	Netherlands (70%)	Ireland (7%)	17 (0.23%)
Food Preps. & Misc. Bev	154.27	33,325 Tons	China (25%)	Hong Kong (17%)	4 (7%)
Wine & Beer	153.18	23 million Liters	France (67%)	China (8%)	6 (3%)
Fish Products	148.10	25,859 Tons	China (31%)	Japan (12%)	8 (3%)
Pork & Pork Products	65.24	24,991 Tons	China (34%)	Brazil (34%)	5 (4%)
Poultry Meat & Prods. (ex. eggs)	56.88	24,821 Tons	China (69%)	Brazil (17%)	3 (6%)
Fresh Fruit	42.80	38,449 Tons	U.S. (30%)	China (20%)	1 (30%)
Beef & Beef Products	39.17	7,480 Tons	Brazil (28%)	U.S. (27%)	2 (27%)
Snack Foods NESOI	38.45	7,691 Tons	China (24%)	Japan (16%)	4 (9%)
Chocolate & Cocoa Products	33.72	2,873 Tons	Italy (29%)	China (12%)	9 (5%)

**SECTION IV. BEST PRODUCT PROSPECTS CATEGORIES**

**Table 5 – Best Growths of Macau’s Imports of Consumer-Oriented Agricultural Products<sup>11</sup>**

Category	2013 (US\$ million)	2017 (US\$ million)	Average Annual Growth
Dog & Cat Food	2.94	8.91	31.9%
Chocolate & Cocoa Products	16.34	33.72	19.9%
Food Preps. & Misc. Bev	83.23	154.27	16.7%
Poultry Meat & Prods. (ex. eggs)	32.72	56.88	14.8%
Dairy Products	172.32	284.73	13.4%
Fresh Fruit	26.46	42.80	12.8%
Fresh Vegetables	20.26	32.18	12.3%
Beef & Beef Products	25.61	39.17	11.2%
Condiments & Sauces	20.02	29.70	10.4%
Processed Vegetables	18.69	25.31	7.87%

<sup>10</sup> - ditto -

<sup>11</sup> Global Trade Atlas

## SECTION V. KEY CONTACTS AND FURTHER INFORMATION

### Post Contact

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### Other Macau Government / Semi-Government Contacts

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