

Country Market Profile: The Bahamas

Market Overview

The CIA World Factbook reports that the Bahamas, with US\$31,458, has the second highest per capita gross domestic product (GDP) in the English-speaking Caribbean and features an economy heavily dependent on tourism and financial services. Tourism accounts for approximately 50% of GDP and directly or indirectly employs half of the archipelago's labor force. Financial services constitute the second-most important sector of the Bahamian economy, accounting for about 15% of GDP. Manufacturing and agriculture combined contribute less than 7% of GDP and show little growth, despite government incentives aimed at those sectors.

In 2022, the GDP in Bahamas reached 14.3% in their post pandemic recovery. The GDP forecast for 2023 is 4.3% followed by a more muted 1.8% in 2024. The Bahamas is the only country in the Western Hemisphere that is not a member of the World Trade Organization, (WTO). The 2023 population of the Bahamas was 358,508, according to the World Factbook. The median age is 30.2, and 9.8% of the population is over 65 years, which is about 35,000 Bahamians.

FAS Post Miami reports that the Bahamas sources over 70% of its consumer-ready products from the U.S., creating an environment of opportunity for U.S. suppliers of retail products in practically all product categories. Bahamian demand for U.S. products and brands is driven by its proximity to the U.S. and familiarity with the American lifestyle and culture. Modest upticks in the economy and growth in private consumption should create new opportunities for U.S. suppliers in the retail sector.

The Bahamas is the second largest market in the Caribbean for processed food as well. In 2022, U.S. exports totaled US\$261.8 million, an increase of 38% and an all-time record high. In 2023 U.S. exports of processed foods were US\$266 million, a 2% increase over 2022, which is another record high.

Top 2023 U.S. exports of processed food products to Bahamas included:

- Non-Alcoholic Beverages – up 14%.
- Alcoholic Beverages – down 32%.
- Snack Foods – up 15%.
- Food Preparations & Ingredients – up 19%.
- Processed/Prepared Dairy Products – up 3%.
- Condiments, Sauces, Jams and Jellies – up 19%.
- Prepared/Preserved Meats – up 10%.
- Fats & Oils – down 6%.

Retail Sector Highlights:

Euromonitor has indicated that the market size of the packaged food retail business in The Bahamas was US\$502.1 million in 2023, an increase of 25.9% from 2019, or

US\$100.3 million. They also forecast growth of 19% to 2028, or another US\$101.2 million during the period for a total of US\$632.9 million from 2024.

High growth categories in the forecast include:

- Ready Meals
- Savory Snacks
- Cheese
- Confectionery
- Sweet Biscuits, Snack Bars & Fruit Snacks
- Edible Oils
- Sauces, Dips & Condiments

According to Euromonitor, grocery retail sales topped US\$1.2 billion in 2023. This was an increase of 13.7% and US\$150.4 million since 2019. Supermarkets account for US\$38.5 million of that amount, hypermarkets US\$229.4 million, discounters US\$214.9 million, and convenience stores US\$108.2 million. FAS Post Miami reports that the majority of supermarkets in the Bahamas are located in Nassau, on the island of New Providence, which is home to roughly 80% of the country's population. Supermarkets are also located in Freeport on Grand Bahama Island. Deli counters are present in most supermarkets, and a few supermarkets have bakeries and seafood departments.

Although large-chain supermarkets are located in populated areas, smaller independent grocers maintain a strong presence in the market. While these retail outlets carry a more limited inventory than the larger supermarkets, they are conveniently located throughout the main islands of the Bahamas and typically offer products at lower prices and a wide selection of ethnic condiments and spices.

Wholesale club stores in Nassau, Freeport, and Abaco are usually located in major shopping centers. These outlets carry a full line of food products in club and institutional-sized packs, in addition to apparel, appliances, and home furnishings. Gas marts obtain practically all their products from local importers/distributors. Seldom will convenience stores buy direct from overseas suppliers, as their limited product mix is usually readily available from local distributors. The best method of targeting gas marts is through local distributors.

The Bahamas has a wide variety of products available. However, importers and consumers are always interested in new food and beverage alternatives. Although not present in large quantities, the health food trend has recently been on the rise in the Bahamian food market. Some of the more affluent areas of the Bahamas, like Cable Beach, on New Providence Island, have witnessed a small surge in health and gourmet food stores openings. Supermarkets have widened their offerings of food and beverages for the health-conscious consumer and tourist.

Best Product Prospects:

FAS Post Miami reports that market opportunities exist for practically all high/value consumer-oriented foods and beverages and seafood products in the Bahamas. In 2021,

the following product categories had good growth levels: dairy products, beef, pork, soft drinks, vegetable oils, and soybean oil.

Foodservice Sector Highlights:

FAS Post Miami reports that the Caribbean hotel, restaurant institutional (HRI) foodservice sector is estimated to account for roughly 30% of consumer-oriented agricultural imports. According to Euromonitor, the sector is made up of over 6,900 outlets, with full-service restaurants, cafes, and bars accounting for three quarters of these. With only 13% of all outlets, limited-service restaurants (mainly fast-food chains) account for 54% of the sector's total sales, estimated at US\$1.6 billion in 2021. With continued growth in tourism expected, HRI foodservice sales could expand by 15% in 2022 and another 10% in 2023.

The larger hotels and resorts purchase roughly 40% of their food and beverage needs through local importers, while 60% is purchased directly from U.S. suppliers. Some hotels have even positioned offices in South Florida to facilitate shipment to the seaports of the Bahamas. Moreover, the chained foodservice establishments located in the Bahamas typically import directly from U.S. buying offices. Most restaurants turn to local importers, which also serve as wholesalers/distributors, to source their imported food and beverage supply, while the majority of the seafood, bottled beverages, and seasonal fruits and vegetables tend to be bought directly from vendors on the island.

The competition between the U.S. and other nations varies between product categories. It is also worth noting that many products from other countries are transshipped through the U.S., meaning the market share of other countries may be understated. The close proximity of the U.S. to the Bahamas allows for quicker and less expensive means of transport of U.S., as well as other foreign products. Nevertheless, it is assumed that the U.S. dominates in all major food categories.