

The Bahamas Appeal to U.S. Tourists' Dollars

By Joanna Apergis

Its proximity to the United States not only affects island culture, but also provides the Bahamian Island group with a major proportion of its largest industry—tourism. It is not surprising that \$128 million, or 85 percent, of the islands' agricultural imports each year come from the United States.

Tourism Leads Island Industries

The Bahamas' 700 islands and 2,000 cays support a population of 308,000. Last year, 4.4 million tourists visited the islands, accounting for 60 percent of the national GDP (gross domestic product) and two-thirds of all jobs.

Offshore banking lends another 15 percent to the country's GDP, and ship-building also buoys the economy.

With the third highest number of tourist stopovers in the Caribbean and two other strong industries, Bahamians enjoy high per capita income.

Most residents live on the islands of New Providence (around the nation's capital, Nassau) or Grand Bahama (around Freeport).

Characteristics of the Retail Sector

Between 65 and 80 percent of the islands' retail food supply is imported from the United States. Most significant U.S. food products and labels are already represented in the market and compete favorably with local goods.

Bahamians usually buy their basic foods from supermarkets. And they tend to adhere to their traditional diet that



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includes rice, beans, evaporated milk, corned beef, flour for conch fritters and homemade macaroni and cheese.

Trendy retail items include processed chicken pieces, hot dogs and salty snacks. Individually packaged cookies and candies are popular in school lunch programs.

Two major supermarket chains, more than 200 small independent grocers, two hypermarkets, two club stores, several mom-‘n’-pop chains and a growing number of gas marts make up most of the retail sector.

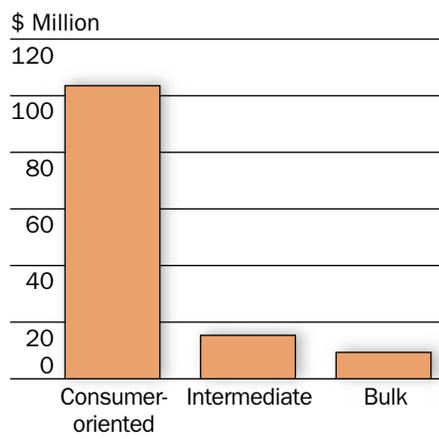
Although larger chain supermarkets are slowly gaining numbers, independent grocers will likely always maintain a pres-

ence on the islands in areas where market demand is insufficient for large-scale investment. However, as disposable income increases and spare time becomes more limited, more consumers are purchasing convenience foods at gas marts.

While convenience foods and meals are gradually increasing in popularity, organic and health foods have been slow to catch on. But this may change as consumers' incomes rise and their health consciousness grows. For now, tofu and soy milk lead health food sales.

The only food items consistently coming from countries other than the United States are: flour from Canada,

In Fiscal 2003, Consumer-Oriented Products Dominated U.S. Agricultural Sales to the Bahamas



lamb from New Zealand, pork from Venezuela, canned beef from Argentina and certain jams and cookies from the United Kingdom.

In fiscal 2003, even with competition from other countries and local production, the United States had almost all of the market share for fresh fruits and vegetables, poultry, red meats, processed fruits

and vegetables, salmon and several other food and beverage products.

Entry Strategy

With many U.S. products claiming an entrenched clientele, new entrants should search for a niche market, develop a customized marketing plan and work with an established local distributor. Many local wholesalers and distributors have proven track records.

Travel to the Bahamas is highly recommended, with Nassau being a good place to start as it is home to the highest number of retail outlets.

It is likely that distributors will continue to dominate the retail import industry, due to the limited population it serves. The club warehouse stores and two largest supermarket chains do, however, buy directly from U.S. suppliers.

Independent grocers, mom-‘n’-pop stores and wet market vendors, with limited purchasing power, buy mostly from local wholesalers and farms, and sometimes grow their own products.

Market Opportunities

Products with the strongest sales potential in the Bahamas include:

- Beef
- Poultry
- Pork
- Dairy products
- Produce
- Fruit juices
- Specialty and seafood products

Products with good potential include:

- Soymilk
- Tofu
- Other soy-based products

Import Policies

U.S. suppliers find Bahamian import policies and procedures similar to those in the United States.

However, in an effort to protect local industry, the Bahamian government imposes tariffs and/or stamp taxes on fruits and vegetables, soft drinks, bottled water, juices, fresh poultry meat, eggs, live fish, nuts, some seafood, prepared meats and spirits.

As local production of these commodities falls short of meeting demand, consumers often must buy higher priced imports. ■

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