

U.S. Foods Help Cater the Bermuda Experience

By Angel F. González-Trápaga

A lot of fancy food is served on this 21-square-mile paradise just 600 miles east of Cape Hatteras, North Carolina.

Not surprisingly—due to proximity, U.S. tourists and a blitz of media advertising—\$55.6 million worth of U.S. agricultural exports helped fill many plates served on the island in fiscal 2003 (according to the United Nations trade database).

The U.S. share makes up more than 75 percent of the \$74 million worth of agricultural imports. Bermuda's other significant agricultural trading partners include the United Kingdom, the Netherlands, France, New Zealand, Italy and Canada.

Tourism Benefits U.S. Suppliers

In 2003, visitors spent over \$75 million on food and beverage products. The

Value-added Sales Potential

Affluent islanders appreciate quality food items and are willing to pay a premium for them.

Popular convenience foods include:

- Specialty and gourmet foods
- Diabetic foods
- Low-carbohydrate foods
- Meat products
- Premium jams, jellies and honey

Products with good potential include:

- Organic and health foods
- Ethnic foods



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health of the Bermudian tourist economy directly affects U.S. agricultural sales to the island.

Second to the financial industry, tourism still employs the largest number of Bermudians (3,224 in 2001) and accounts for close to 10 percent of the island's \$3.57-billion gross domestic product.

However, 55-65 percent of imports are destined for the more stable retail sector, with the rest channeling mostly through the more volatile HRI (hotel, restaurant and institutional) sector.

Hospitality Industry Renewing Appeal

Bermuda's hospitality industry is reinventing itself to compensate for the fall-off of air traffic since 1999. Three large new hotels are planned, to add to the existing 63 major establishments. Additional flights are being considered to accommodate tourists. Also, the island's booming international financial business is expected to attract commercial travel.

The island currently attracts 77 per-

cent of its tourists from the United States, with British and Canadian visitors making up most of the rest.

Bermuda caters to affluent tourists and business vendors. The typical tourist is 35 or older, college-educated and white-collar. Over half are repeat visitors who stay an average of six nights, mostly between April and October. Air travelers (257,000 in 2003) spent an average of \$240 on meals and beverages; cruise passengers (226,097) spent an average of \$25.00.

But it's not just Bermuda's tourists who enjoy fine dining. Bermuda's 65,000 residents, with one of the world's highest per capita incomes of \$36,000, enjoy eating out year-round. They also appreciate well-prepared meals made from premium ingredients.

Besides many ethnic cuisines, over 150 restaurants provide dining experiences ranging from chic international venues to roadside cafés.

The institutional sector does not play a significant role in food product imports.

Retail Sector Largest

The island nation's food retail sector is composed of 22 supermarkets and grocery stores, and over 35 convenience stores including gas marts. All are locally owned. Supermarkets commonly range between 20,000 and 30,000 square feet.

Smaller groceries usually support villages and towns, but a supermarket is only a short distance away. Prices can top 350 percent over those in the United States, but Bermuda has no sales tax.

Full-Service Supermarkets

Island supermarkets are very similar to their U.S. counterparts. Large, full-service outlets may have delis, salad bars, bakeries and specialty products. They carry an extensive range of meats, seafood, fruits, vegetables and other products. Most import some items directly, which average about 25 percent of their sales. Supermarkets usually purchase other goods from local wholesalers who offer convenience and reliability.

Smaller groceries, which account for 15-20 percent of Bermuda's retail sales, tend to carry only the most in-demand brand name products but often try to carry specialty items not found in supermarkets.

Convenience stores and gas marts purchase over 90 percent of their inventory from local wholesalers. While convenience stores are usually concentrated near tourist attractions, gas marts are spread out more, on main roads and in urban pockets.

Health, Convenience Items Popular

Though affluence brings demand for high-end specialty items, certain trends are helping shape the retail market. Organic and health goods that sell well in the United States are rapidly catching on,

Import Duties Provide Major Revenues for Bermuda

Product Imported	Duty Rate (%)*
Beef, poultry and pork	5
Fish	5
Shellfish	10
All other seafood	10
Dairy products	5
Ornamental plants	33.5
Fruits and vegetables	5
Sugars and confectionery	22.25
Prepared foods	5-22.5
Pet foods	22.25
Fruit juices	10
Coffee, tea and spices	5
Mineral water	15-35
Wines	\$2.63 per bottle
Spirits	\$24.15 per liter

*A further 1.3-percent levy is added to all imports to cover fees and services.

while convenience foods appeal to islanders short on time, such as women who work outside the home.

Popular brand names have gathered momentum as island-wide delivery and Internet sales have caught on. Private labels have surfaced just recently as a viable alternative.

There is a high degree of brand loyalty among food retailers, which can make it difficult for newcomers to the marketplace. Niche products offer the best immediate prospects.

Local importers and wholesalers distribute 70 percent of food retail imports by value, while larger retailers purchase 30 percent. Supermarkets and grocery stores will order mixed container loads if they can get a better price than local distributors can offer.

Local Production Limited, Protected

Only 6 percent of the island's land is

arable. Local production consists of bananas, citrus and other fruits, vegetables, flowers, honey, eggs and dairy products; lobster is harvested from September to March. When certain domestic foods are in season, temporary embargoes are placed on imports of competing products.

In mid-2003, Bermuda formally joined CARICOM (the Caribbean Community) as an associate member. However, no air or sea cargo services exist between Bermuda and other CARICOM members—all of Bermuda's imports must transit the United States or Canada.

Experience the Island

As with any new market, newcomers are urged to conduct market research and develop a market entry plan. A trip to the island is recommended to get a feel for the market and establish personal relationships with key distributors. Some large hotels and chains import directly.

Send product literature and samples to both targeted restaurants and importers. If interest is sparked, a designated food importer or distributor will contact the supplier. ■

The author is a USDA public service leader scholar and cooperative student with FAS. For more information on this market, contact the FAS Caribbean Basin Agricultural Trade Office in Miami, FL. Tel.: (1-305) 536-5300; Fax: (1-305) 536-7577; E-mail: cbato@cbato.net

For details, see FAS Reports C14008 and C14009. To find them on the Web, start at www.fas.usda.gov, select **Attaché Reports** and follow the prompts.

