MARKET POTENTIAL IN THE PHILIPPINES

Atty. Paul A. Santos
Chairman, Philippine Retailers Association

OVERVIEW:

- Consumer Behavior and Trends in Philippines
- Profile of Filipino Consumers
- Consumer Landscape in the Philippines

Ph Retail Trade Growth has been Robust

5.9%

2018 Growth

Source: PSA

HOUSEHOLD SPENDING IN 2018

- Accounts 68.5% of total expenditure
- €109.42 billion in 2018
- 5.6% year-on-year increase in 2018

Proudly PRA PHILIPPINE RETAILERS ASSOCIATION

	CONSUMER CONFIDENCE	BUSINESS CONFIDENCE
Q3	**4.6%**	**37.3%**
Q2	-1.3%	40.5%

Consumers expect:

(a) improvements in the peace and order situation
(b) availability of more jobs
(c) additional and high income, and
(d) good governance

Proudly PRA PHILIPPINE RETAILERS ASSOCIATION

PROFILE OF THE FILIPINO CONSUMERS

100.98 M

Total Population (2015)

49.9 MILLION WOMEN

51.1 MILLION MEN

MEDIAN AGE

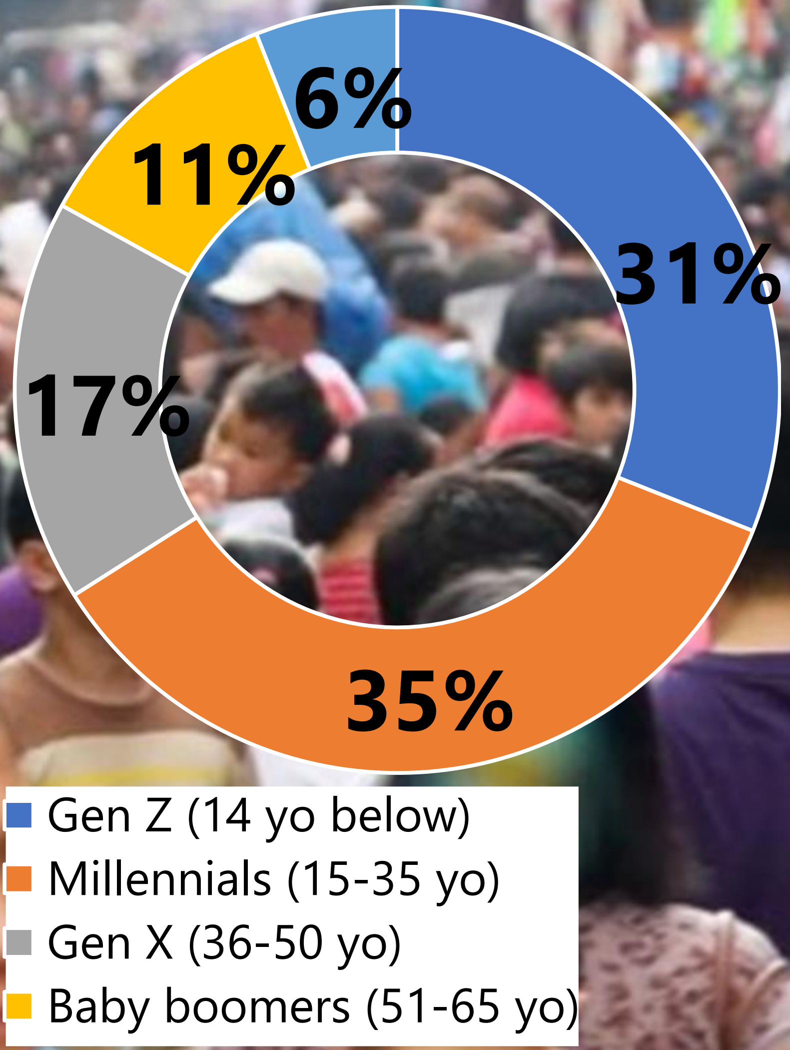
24.3 Y/O

MILLENNIALS

*Want fast response and instant gratification
*Embrace limited time-only products, flash sales, pop-ups, and self service checkouts

GEN Zs

*Difficult to impress
*Heavy users of social media



2015 DATA FROM PSA | NIELSEN

mage: McKinsey

Shifting Gender Roles

15 MILLION FEMALE WORKERS OR
39% OF THE TOTAL WORKFORCE
53.7% OF OFWS ARE FEMALE

MORE WORK
= LESS TIME WITH THE FAMILY

MORE WOMEN IN THE WORKFORCE
=LESS QUALITY FAMILY TIME WITH KIDS

PSA/NIELSEN

The Rise of the Middle Class

THERE WILL BE

8.4 MILLION MIDDLE CLASS

BY 2030

MIDDLE CLASS

- BETTER EDUCATIONAL ATTAINMENT
- HIGHER PURCHASING POWER
- WILLING TO SPEND FOR BETTER QUALITY PRODUCTS & SERVICES

The Rise of the Middle Class

Threshold	GNI/Capita (current US$)	Philippines GNI/Capita
Low-income	< 995 (€891.73)	
Lower-middle income	**996 - 3,895 (€892-3,491)**	**$3,660 (€3,280)**
Upper-middle income	3,896 - 12,055 (€3492-10,804)	
High-income	> 12,055 (€10,804)	

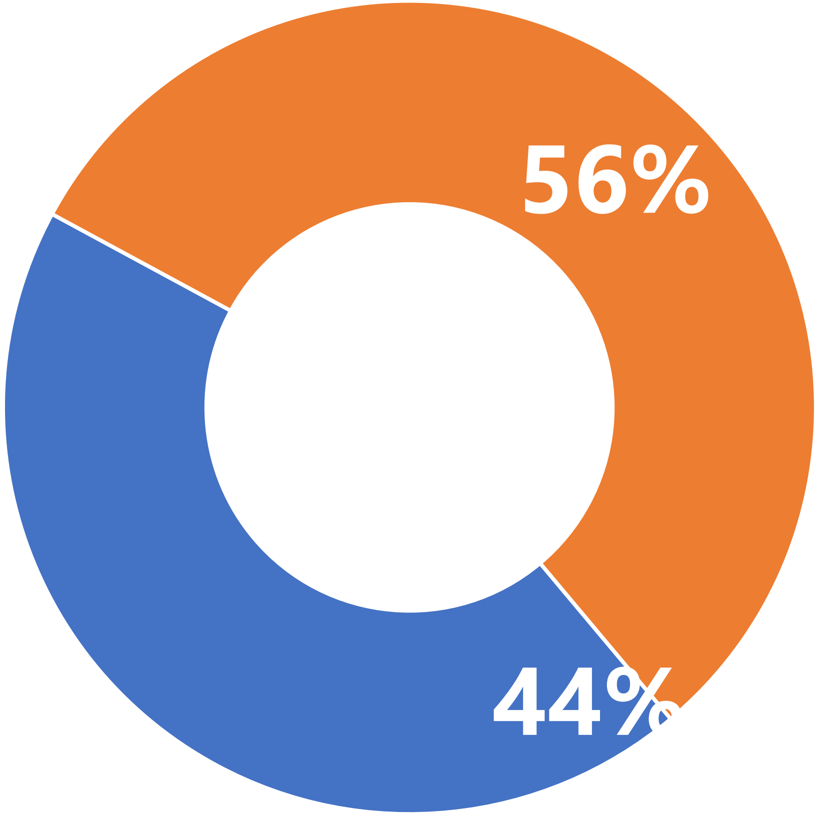
OFW REMITTANCES

Contributes to nearly **70%** of country's GDP.

CASH REMITTANCES
€8.69 BILLION
April 2019

OFWs POPULATION
2.3 MILLION
2018

Small Households in Fast-paced Urban Areas



■ urban population ■ rural population

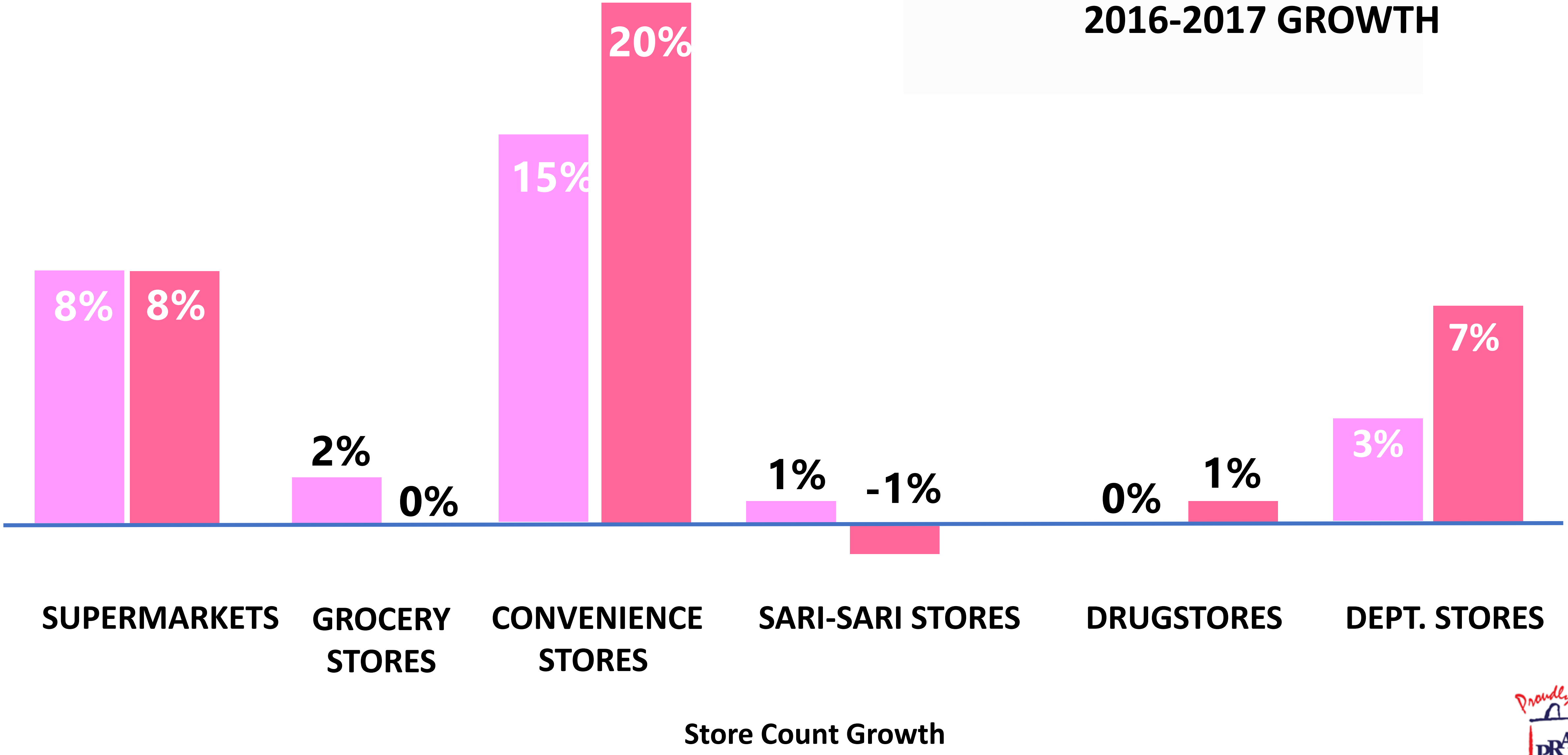
100.98 M

Total Population (2015)

44.4 M

Urban dwellers

RETAIL STORE FORMATS 2016-2017 GROWTH



Source: Nielsen 2017 Wave 1 Retail Establishment Survey

No. of convenience stores in the country

2013

1, 620

2018 Q1

4,300

METRO MANILA RESIDENTS EAT OUT **2X** A DAY

—Nielsen Report

Accessibility **Convenience** **Value For Money**

Source: Nielsen, Rappler

Top 5 Out-of-Home Dining Channels

Quick service restaurants

Convenience stores

Neighborhood bakeries

Neighborhood eateries

Donut shops

E-COMMERCE IN THE PHILIPPINES

76 M

People connected to the internet

10 Hrs. 2 Mins.

Ave. internet usage

4 Hrs. and 12 Mins.

Ave. social media use

37.7 million

E-commerce users

€753 million

E-commerce market revenue

---

3 main reasons why Filipinos like to go online:

Convenience, Deals, and Choices

TOP E-COMMERCE SEGMENTS IN THE PHILIPPINES

Travel & Accommodation	Electronics & Physical Media	Fashion & Beauty	Furniture & Appliances
€3.17 billion	**€209.71 million**	**€182 million**	**€ 133 million**

-Online shopping comprises just about 2% of the total retail sales

-Expected to grow by 5-7% in the next few years.

Role of the Malls

Filipinos love to get together with their friends and malls are not only a place to make purchases, but a place to socialize, eat and get some entertainment.

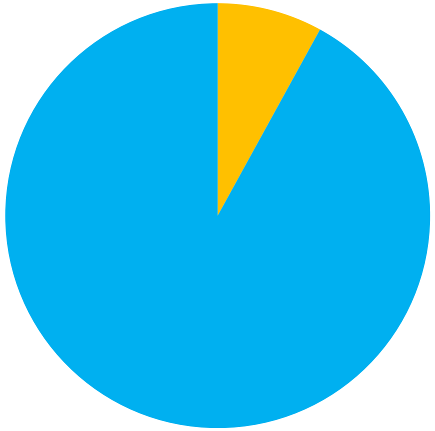
TOP 3 largest mall developers in PH:

SM Supermalls	=	76 malls
Robinsons Malls	=	51 malls
Ayala Malls	=	47 malls.

RETAIL SPACE PERCENTAGE

LOCAL BRAND

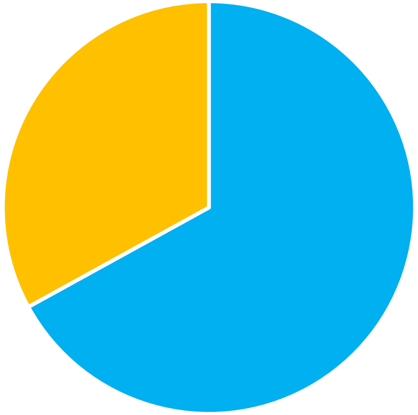
FOREIGN BRAND



HOME FURNISHING

8%

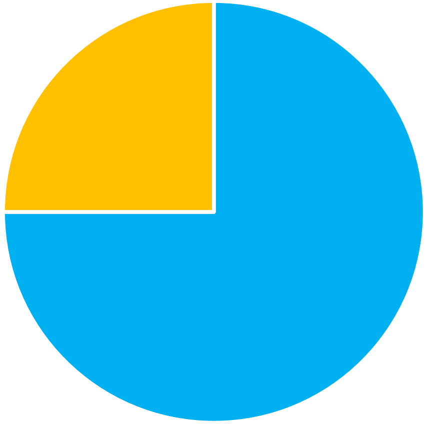
92%



FOOD & BEVERAGE

33%

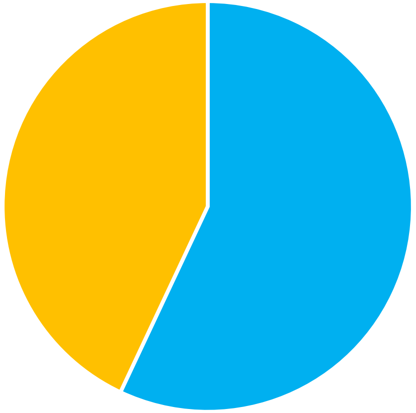
67%



JEWELRY, WATCHES & ACCESSORIES

25%

75%



BAGS & LUGGAGE

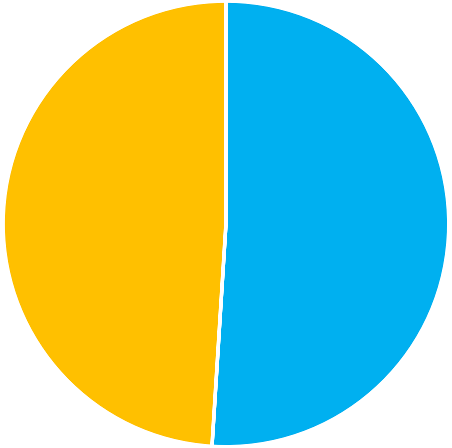
43%

57%

RETAIL SPACE PERCENTAGE

LOCAL BRAND

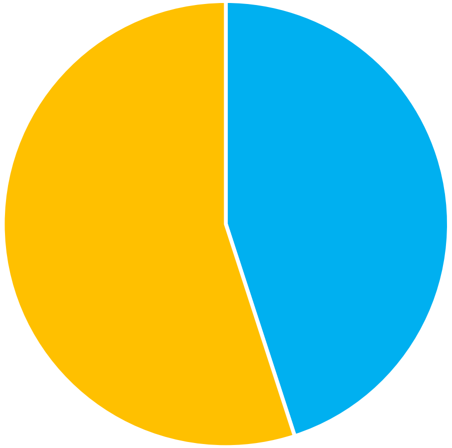
FOREIGN BRAND



HEALTH & BEAUTY

49%

51%



SPORTING GOODS

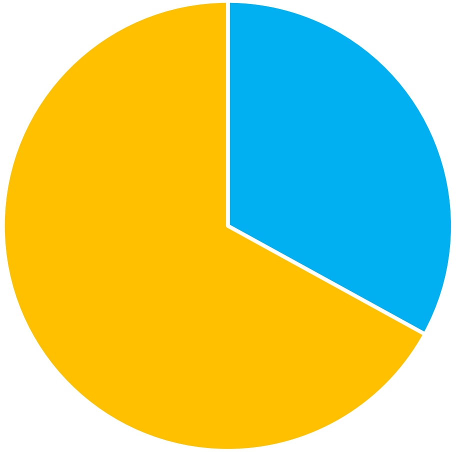
55%

45%

APPAREL

51%

49%



SHOES

67%

33%

OPPORTUNITIES IN THE PHILIPPINE CONSUMER MARKET

- Strong Retail Industry
- Young workforce with disposable income
- Consumption-driven economy
- Women’s purchasing power
- Love for Online, but strong attachment to Physical stores

PHILIPPINE RETAILERS ASSOCIATION

- Is the country's **recognized national trade organization of retailers and suppliers** whose primary objective is to **promote the growth and development** of the retail industry and become a driving force of Philippine economy, as well as to help the Filipino retailers become globally-competitive.

- Represents **over 400 member companies**, covering the gamut of the distribution chain, in its fold — from retailers, mall and shopping center operators to traders/suppliers, manufacturers, distributors, and wholesalers, among others.




PHILIPPINE RETAILERS ASSOCIATION

- For the last 40 years, it continues to provide **significant programs and initiatives** such as seminars and workshops, regional roadshows, international study tours and business missions, national retail conference and expo, newsletter and other publications.

- As the **“Pulse and Voice of the Philippine Retail Industry,”** the PRA has also been in the forefront of major issues and concerns that impact the retail sector.




Thank you!

Philippine Retailers Association (PRA)
Unit 2607 Jollibee Plaza F. Ortigas Jr. Road (formerly Emerald Ave.) Ortigas Center, Pasig City, Philippines

(+632) 8687-4985, (+632) 8687-4180, (+632) 8687-4181
Fax No.: (+632) 8636-0825

ebbs@philretailers.com

www.philretailers.com

https://www.facebook.com/PRAOFFICIAL/