PHILIPPINES SPECIAL REPORT

Date: March 2002

Retailing in the Philippines

Contents of this Report
****

Overview

The Philippine retail market is a growing market. Despite the global economic downswing that depleted gross domestic product (GDP) of many Asian economies last year, the Philippine economy expanded by 3.4 percent YoY, thanks to a 3.5 percent growth in consumer spending. The government estimated that consumer spending, as measured by personal consumption expenditure (PCE), accounted for 79 percent of GDP in 2001.

The 3.5 percent growth in consumer spending last year was equivalent to about P89.6 billion or approximately US$1.75 billion. The fact that growth took place at a time the government limited its expenditure indicates the domestic market's potential for higher growth.

Over 90 percent of establishments in the Philippines employ less than ten persons each. Most large establishments are concentrated in Metro Manila, which covers only 636 square kilometers out of the country's total land area of 300,000 square kilometers.

The Philippine underground economy is very strong, depriving the government of huge potential revenues. Most owners of small stores, popularly known locally as "sari-sari" outlets, do not pay taxes. As a result, it is believed that the domestic economy is larger than what the government reports.

There was much debate prior to the enactment into law of Republic Act No. 8762, otherwise known as Retail Trade Liberalization Act, which opened the doors for foreign capital in distribution of food, healthcare, personal care, and lately, luxury items. Critics have described the law as a bane for small entrepreneurs. For example, the law allows foreign retailers to import up to 70 percent of their commodities for sale in the country. It is considered a blow against decades of protectionist policies that were borne out of nationalism that started at the end of Word War 2.

The government believes that RA No. 8762 is consistent with its liberalization policies, which seek to force local industries to become competitive, stimulate consumer spending and bring down prices of commodities. For example, rice in the Philippines costs three times as much as in Thailand.

Liberalization of retail trade is considered as a precursor to the country's eventual removal of barriers to foreign goods under the World Trade Organization (WTO) regime. While the government closed down foreign duty free shops in Subic and Clark in the past, the entry of foreign stores would revive appetite for foreign products, which attract Filipinos with their cheap costs.

Philippine Market Size

The Philippine population was estimated at 80.08 million in 2001, growing at over 2 percent annually. Almost half of the population lives in urban areas. The country has 79 provinces, 85 cities, and 41,940 barangays or villages. Manila is the capital city, which is one of 17 cities and municipalities of the 636-square-kilometer National Capital Region, also known as Metro Manila, where around 10 million Filipinos live and work.

Over one-fourth of retail establishments are located in Metro Manila. The region contributes almost half to the GDP, which is an indication of poor revenue collection in the provinces. Only a few farmers, fishermen and other self-employed individuals are believed to be paying their taxes.

Personal consumption expenditure (PCE) accounted for about 79 percent of the GDP in 2001 while government spending contributed only 7.5 percent. Gross investments accounted for a little over 20 percent of the GDP.

2001 Expenditures At Current Prices

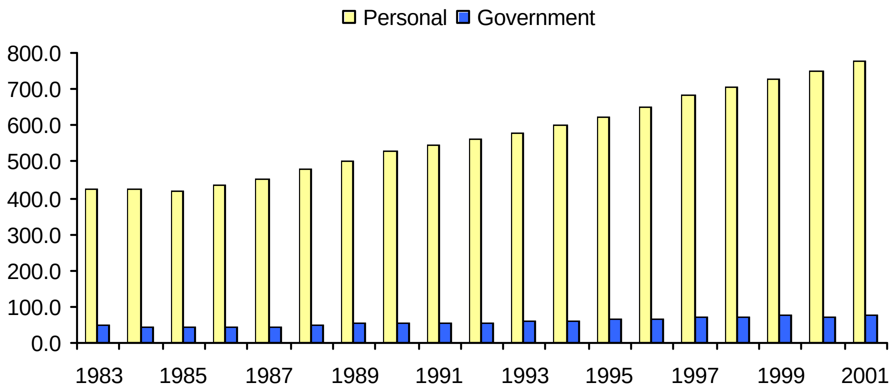
	Gross		Per Capita*	
	In Million Pesos	In Million US$	In Pesos	In US$
Personal Consumption Expenditure	2,561,225	50,018.06	31,983	624.59
Government Consumption	444,497	8,680.56		
GDP	3,642,820	71,140.49	45,490	888.37
GNP	3,860,260	75,386.87	48,205	941.39

*Note: Based on January 30 Foreign Exchange Rate at P51.206 Per US Dollar

In real value, GDP of the Philippines amounted to P3.643 trillion (US$71.1 billion) while the GNP reached P3.860 trillion (US$75.4 billion) last year. Total output of agriculture, fishery and forestry sectors grossed P554.4 billion (US$10.8 billion) while industrial production amounted to P1.149 trillion (US$22.4 billion). All services for the year were valued at P1.939 trillion (US$37.9 billion).

Personal consumption expenditure (PCE) totaled P2.561 trillion (US$50.02 billion) while government expenses amounted to P444.5 billion (US$8.68 billion). PCE covers expenditure of households and private nonprofit institutions on goods and services for current use. The country's GDP posted an average growth rate of 3.4 percent from 1988 to 2001 while PCE saw an average expansion of 4 percent during the period.

Personal and Government Expenditures (In Billion Pesos at 1985 Prices)



The trade sector, which is comprised of wholesale and retail, contributed 16.4 percent to GDP in 2001. It grew by 5.6 percent YoY to gross about P600 billion (US$11.6 billion) last year. As of October 2001, the trade sector was employing around 5.5 million Filipinos or 18.4 percent of the total labor force estimated at 30 million.

Introduction of liberalization policies under the Ramos administration caused excitement in the local trade sector in 1995 and 1996, which saw double-digit growths. The Asian financial crisis in 1997, however, snapped the brief boom period and brought another era of slowdown. In the year 2000, former President Joseph Estrada signed the Retail Trade Liberalization Act, which was aimed at recharging the wholesale and retail sector. Wholesale and retail sector expanded by 5.2 percent in 2000 and by 5.6 percent in 2001.

In its 2000 report, the National Statistical Coordination Board (NSCB) said that around 437,500 or 53 percent out of the country's 820,960 business establishments were in wholesale and retail trade. In comparison, only 15.3 percent of the establishments were involved in manufacturing. About 747,700 establishments or 91 percent were considered micro establishments or those that employ less than 10 workers.

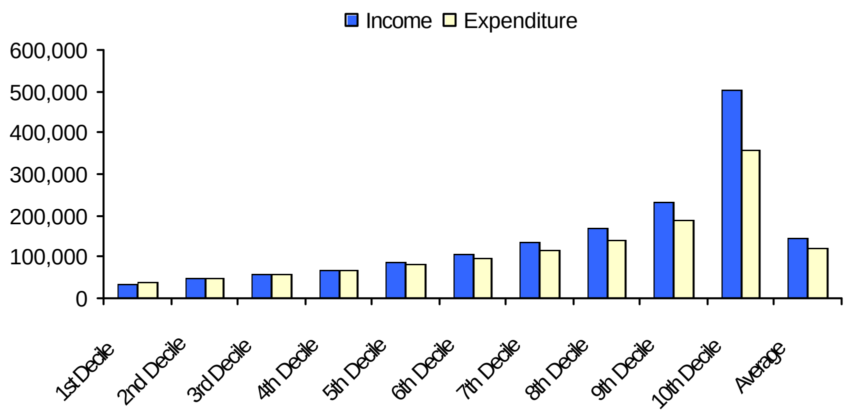
The NSCB counted 2,984 large establishments or 0.4 percent of all business establishments in the country in 2000. Large establishments refer to those employing 200 or more workers. About half of these large establishments were located in Metro Manila. Other regions, which have a high concentration of business establishments, are Southern Tagalog, where a number of industrial zones are located and Central Luzon, which covers Subic Freeport zone and Clark special economic zone.

Consumer Profile

In 2001, the country's per capita GDP was valued at P45,490 (US$888); per capita GNP, P48,205 (US$941); and per capita PCE, P31,983 (US$625). The figures, however, might be misleading, as the Philippines is known for its inequitable distribution of wealth.

In its 2000 survey of family income and expenditure, the National Statistic Office (NSO) noted that the average income of the population's 10th decile, representing the richest 10 percent, was 14 times higher than average earnings of the first decile, representing the poorest 10 percent. Each decile was representing about 8 million Filipinos. Poverty incidence, at 39 percent, affects the first four deciles.

Average Family Income & Expenditure (At 2000 Prices)

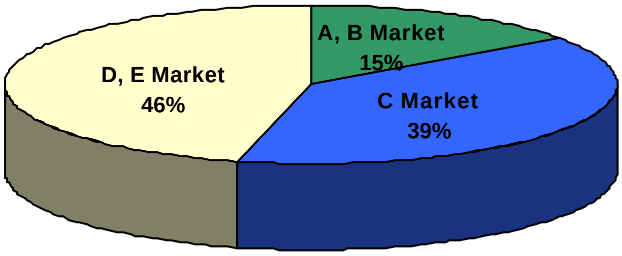


In comparison, average expenditure of the population's 10th decile was 9 times higher than average spending of the first decile. It is believed that the first decile spends most of their income on food and grocery, while the tenth decile has the capacity to spend for cars, electronics, healthcare and personal care products, and luxury items.

Average family income was valued at P144, 506 (US$2,850) while average expenditure amounted to P119,276 (US$2,350). Average savings rate was 17.5 percent or equivalent to P25,230 (US$500).

In a survey about Metro Manila's consumption pattern last year, market research firm AC Nielsen Philippines Inc. reported D and E social classes, representing the poorest segments of society and comprising 74 percent of households polled, accounted for 46 percent of total grocery spending in items like laundry bars, beverages, shampoos and instant noodles. In comparison, the C or middle class, representing 22 percent of the households surveyed, accounted for 39 percent of grocery spending while A and B or rich social classes, representing 4 percent of the respondents, accounted for only 15 percent of grocery purchases.

Grocery Spending



The survey, using AC Nielsen's latest methodology – its home panel service, was conducted among 4,200 households in Metro Manila in six weeks from July to September, 2001. Other results of the survey are:

- C, D and E households made an average of 4 trips to stores each week.
- A and B households did their groceries once a week.
- C, D and E markets consider sari-sari stores as very important outlets.
- Most frequented establishments are sari-sari stores, 40 percent; Mercury drugstore, with a mini grocery, 30 percent; SM supermarket, 18 percent and 7-Eleven Store, 12 percent.
- Members of A and B households dine out more often.
- There is a noted surge in consumption of instant noodles among C, D and E households.
- Youth market is more sophisticated, as young Filipinos are exposed to technologies.

Consumption Patterns

While government figures show that wholesale and retail sector expanded by 5.6 percent YoY in 2001, results of a survey conducted by local poll firm Social Weather Stations (SWS) last December show that the global economic slowdown made Filipinos to party less, buy less new clothes, dine out less, and skimp long-distance telephone calls to relatives.

It is hard to dispute government figures or results of private surveys, but the country's shopping malls show no indication of slowing down in their expansion plans. Earnings of SM Prime Holdings, Inc. (SMPH), the holding company for the SM chain of department stores, have been growing at a steady rate of 13 percent annually. The company opened two shopping malls in 2001 and is about to inaugurate three more this year.

The country's personal consumption expenditure (PCE), which serves as barometer of the Filipino consumers' spending pattern, expanded by 3.5 percent in 2001, at par with growth in 2000. In particular, expenditure for food rose 2.6 percent YoY in 2001; miscellaneous outlays, 4.7 percent; household operations, 2.5 percent; transportation and communication, 10.8 percent; fuel, light and water, 3.3 percent; clothing and footwear, 2.3 percent; beverage, 2.8 percent; and tobacco, 1.6 percent.

Miscellaneous outlays cover expenses for education, personal, medical and healthcare, recreational and emergency.

On the average, Filipinos allocated 53.5 percent of their total expenditure for food; 9.6 percent for household operations; 6.2 percent for transportation and communication; 4.6 percent for fuel, light and water; 3.5 percent for clothing and footwear; 2.9 percent for household furnishings; 2.3 percent for beverage; 2.3 percent for tobacco; and 15 percent for miscellaneous outlays.

Personal Consumption Expenditure(in Million Pesos at Constant 1985 Prices)						
	2001	% Share	2000	1999	Growth (%)	
					2000-2001	1999-2000
Food	416,263	53.5%	405,588	395,150	2.6%	2.6%
Beverage	17,518	2.3%	17,049	16,458	2.8%	3.6%
Tobacco	18,182	2.3%	17,896	17,588	1.6%	1.8%
Clothing and footwear	27,357	3.5%	26,736	25,994	2.3%	2.9%
Fuel, light and water	35,790	4.6%	34,630	32,966	3.3%	5.0%
Household furnishings	22,866	2.9%	21,956	20,808	4.1%	5.5%
Household operations	74,710	9.6%	72,894	71,234	2.5%	2.3%
Transportation/comm.	48,543	6.2%	43,813	39,809	10.8%	10.1%
Miscellaneous	116,730	15.0%	111,504	106,571	4.7%	4.6%
Total	777,959	100.0%	752,066	726,578	3.4%	3.5%

A 10.8 percent growth was noted in expenses for transportation and communication last year, mainly due to expansion in subscribers base of fixed and wireless telephone lines. More Filipinos were also exposed to the Internet in 2001.

If there was one sector that held back spending last year, it is public infrastructure. Burdened with a burgeoning budget deficit, the government saw its expenditure barely grow by 0.1 percent in 2001.

It is also important to note that consumer spending in the Philippines varies from one month to another. The Philippines has two major climatic seasons, namely: rainy and dry. Obviously, consumption of beverage increases during dry months, usually from November to May in Metro Manila. Other areas have different weather patterns.

About 20 to 25 percent of annual sales in shopping malls are recorded in the months of November and December, particularly during the Christmas holiday. Bonuses, benefits and 13th month pay are awarded to Filipino employees in December. Gift giving is a customary practice among Filipino Christians, who comprise 95 percent of the population.

Retail Sector

As mentioned earlier, domestic trade sector, which includes wholesale and retail, employs 5.5 million Filipinos and contributes about 16 percent to GDP. The retail sector accounts for about three-fourths of trade sector's income, with wholesale accounting for the rest.

Establishments

A study prepared by the Philippine Institute for Development Studies (PIDS) shows that retail and wholesale trade is largely concentrated in six of the country's 14 regions. Over a quarter of retail and wholesale trade income comes from Metro Manila. The combined income of retail and wholesale in Southern Tagalog (Calabarzon) and Central Visayas (Cebu) account for another quarter while pooled trade earnings in Western Visayas, Southern Mindanao and Central Luzon contribute another quarter. The other eight regions account for the remaining quarter.

Wholesale trade differs from retail trade in the sense that wholesale establishments sell goods to retail establishments in the same way that retail establishments sell goods to end-consumers. Both are the same in the sense that they only sell or resell the goods, without transforming them.

In particular, the retail sector involves distributing new and used goods for personal or household consumption. Retail establishments are usually classified according to the goods or items they distribute. The National Statistics Office (NSO) classified them according to these products:

- books, office and school supplies, publications;
- food, beverage, and tobacco;
- dry goods, textiles and wearing apparel;
- construction materials and supplies;
- office and household furniture, furnishings, and appliances and wares;
- transportation, machinery and equipment, accessories and supplies;
- medical supplies and equipment stores;
- petroleum and other fuel products;

A more specific classification would have the following types of retail establishments: shopping malls, department stores, appliances centers, electronic accessories retailers, convenience stores, drug stores, medical supplies and pharmaceutical retailers, optical goods retailers, industrial chemical dealers, photographic equipment and supplies retailers, agricultural products retailers; car dealers, gasoline stations, liquefied petroleum gas (LPG) retailers,

Groceries, bakery products retailers, ice cream retailers, leather goods retailers, wine and beverage retailers, handicraft shops, wet and flea markets, rice and grain retailers, hardware and lumber stores, textile fabrics etailers, computer shops, music and video stores, fashion boutiques, gift shops, sports equipment and toy stores, arts shops, fruit stalls, flower shops, and others.

In terms of number of establishments, retailers of food, beverages and tobacco are topping the list, followed by retailers of dry goods, textiles and wearing apparel. Hardware stores, which distribute construction materials and supplies come in third.

Shopping malls are different in the sense that they contain individual stores selling specific products listed above, except construction materials and supplies. Most large retail establishments are in the control of rich Filipino-Chinese traders, who own about three quarters of non-land capital in the country. Among these retail establishments are SM chain of department stores, Rustan's department stores, Robinson's shopping malls and Gotesco department stores.

While *sari-sari* outlets dominate distribution in the countryside, these small stores also source their commodities from larger establishments, such as grocery stores, many of which are located inside shopping malls.

Branded retail establishments dominate distribution in urban areas. These include SM department stores, which are into clothing and footwear; Mercury Drugstores, medicines and healthcare products; National Bookstore, books, office supplies and school items; Eastman Kodak, photographic supplies; Gift Gate, gift items; Abenson, appliances; and Seven Eleven stores (convenience stores).

In terms of employment, the retail sector is known for providing jobs to women, most of whom serve as cashiers and salesladies at department stores. Nearly two-thirds of employed individuals in retail sector are women. About one-fourth of employed women in the country are in retail sector.

Trade Policies

As a result of its commitments to the World Trade Organization (WTO), an economic forum that seeks to transform the world into a common marketplace, the Philippines has been opening a number of its industries to foreign capital.

One of these industries is the retail sector. It must be noted, however, that the Philippines was just following the lead of developed countries, which have first opened their domestic markets. Liberalization in European markets came about in different channels such as foreign branches, foreign acquisitions, joint ventures, management contracts, licensing and franchising.

The Philippine government chose to follow the lead of European countries in opening retail sector because it believes that this would result in increased competitive pressure in the entire distribution network. This means that local retail companies would be forced to become more efficient, in terms of pricing and service, to the advantage of Filipino consumers.

Other benefits of allowing foreign retail establishments into the country are new job opportunities, higher revenues resulting from foreign direct investments and technology transfer including human resource development. The government believes that local retailers can compete with foreign establishments since retail margins in the country are lower than developed countries. Retail margins serve as indicators of competitive pressure and/or efficiency in trade sector. A lower margin means tighter price competition.

Prior to the passage of Retail Trade Liberalization Act in 2000, a public hearing at the Philippine senate showed that the country's retail margin was about 20 to 25 percent, lower than the 40 to 50 percent in other Asian countries and 60 to 80 percent in the United States and Canada. This meant that Filipino retailers would be more prepared to compete with foreign retailers, price-wise.

The Philippine government also believes that retail density in the country is still low, meaning there is still a room to accommodate new retail establishments. There was also the notion that retail trade liberalization would spur economic growth, since other East Asian economies with higher growth were ahead of the Philippines in terms of opening their retail market.

The Philippines has been colonized by Spain, the United States and Japan. Actual freedom from foreign rule was enjoyed only in 1946. Before this, most of the country's wealth and businesses were foreign-owned. Chinese traders controlled distribution at the lower level.

A nationalist and protectionist policy began in the 1950s while the country was rising from the ruins of World War II. In 1954, Ramon Magsaysay, the country's seventh president, signed into law Republic Act No. 1180 or the "Retail Trade Nationalization Law," which effectively put retail businesses in the hands of Filipino traders.

The nationalist policy reached its peak under the administration of President Carlos Garcia (1957-1961) who implemented the Filipino First Policy. While such social movement stopped the flow of foreign capital into the country, this did not prevent enterprising Filipino-Chinese traders from making their mark. It was during this time that Henry Sy, as a young poor man from China, began building his empire of shopping malls (SM chain) that would change the retail business in the country.

Trade Liberalization

Despite almost four decades of nationalist policies, the Philippine economy failed to jolt its position out of stagnancy. Economists began thinking that such protectionist policies were outdated and in fact keeping the domestic economy from expanding. Such mode of thinking was normal in the 1990s because other Asian economies, which opened their doors to foreign capital, were growing more rapidly.

Beginning 1995, the Philippine government began liberalizing several industries and formulated special laws to allow foreign capital in power generation, banking, insurance, telecommunications and information technology. In 2000, former President Joseph Estrada signed into law RA 8762 or Retail Trade Liberalization Act, which allows foreigners to own up to 100 percent of enterprises in Philippine retail sector. The law effectively repealed RA 1180 or the Retail Trade Nationalization Law.

Under the law, a foreign investor shall form and organize a retail enterprise (corporation, association or partnership) in the country subject to its laws and register it with the Securities and Exchange Commission (SEC) and Department of Trade and Industry (DTI). It can own up to 100 percent of the enterprise if its investments (in peso equivalent) amount to at least US$7.5 million.

Foreign investor, with investments amounting to US$2.5 million but less than US$7.5 million can own 60 percent of the enterprise within the first two years after the effectivity of the law and up to 100 percent after the period.

Each store in both categories should not be less than US$830,000. Its parent corporation must have a minimum of US$200 million net worth and maintain at least five retailing branches or franchises in operation anywhere around the world unless such retailer has at least one store capitalized at a minimum of US$25 million.

It must have a five-year track record in retailing and comes from a country, which also allows the entry of Filipino retailers. Retail trade enterprises whose capital exceeds 80 percent of the equity must offer a minimum of 30 percent of their equity to the public through any stock exchange in the Philippines within eight years from the start of their operations. At least 30 percent of the aggregate cost of the stock inventory of foreign retailers falling under both categories must be produced in the Philippines. Foreign investors are also required to maintain in the Philippines the full amount of the prescribed minimum capital while operating in the country.

Foreign investors are allowed to own up to 100 percent of an enterprise specializing in high-end or luxury products with investments amounting to US$250,000 for each store. At least 10 percent of the aggregate cost of the stock inventory of foreign retailers falling under this category must be produced in the Philippines. Its parent corporation must have a minimum of US$50 million net worth and maintain at least five retailing branches or franchises in operation anywhere around the world unless such retailer has at least one store capitalized at a minimum of US$25 million. It must have a five-year track record in retailing and comes from a country, which also allows the entry of Filipino retailers.

The law defines high-end or luxury products as goods, which are not considered necessity for life maintenance and whose demand is generated in large part by higher income groups, such as jewelry, clothing, footwear, wearing apparel, leisure and sporting goods, electronics, and other personal effects.

For those acquiring shares from companies with existing retail stores whose net worth is more than US$2.5 million, foreign investors are allowed to purchase a maximum of 60 percent of the equity within the first two years from the effectivity of the law and up to 100 percent after the period.

The law specifically prohibits foreign retailers from selling their products outside their stores through the use of mobile or rolling stores or carts, the use of sales representatives, door-to-door selling, restaurants and sari-sari stores and other similar retailing activities.

Investments in Retail

Foreign retailers wishing to invest in the Philippines need to pass the pre-qualification procedures of the Department of Trade and Industry (DTI) subject to the provisions of Retail Trade Liberalization Act.

This early, a number of foreign retailers are filing their application for pre-qualification with the DTI, as the two-year effectivity period from the enactment of the law is about to lapse. This would mean that foreign investors, with total investments of only US$2.5 million, can own up to 100 percent of the enterprise, provided that they would meet all other qualifications.

In 1996, data from the Security and Exchange Commission (SEC) show that only 21 percent of total investment in the trade sector is foreign investment, while 79 percent is domestic investment. This, of course, was before the law was passed. While few foreign establishments have already made their presence felt in the domestic market in 2000 and 2001, the bulk of new foreign investments are expected to come in 2002 and 2003.

As of now, investments by foreign retailers are too few to make an impact in the local retail sector. There are also doubts about the profitability of the country's retail sector. Filipino consumers are comparatively poorer than American or European consumers. Only a few own cars, whose costs remain beyond the reach of most Filipinos.

Retail giants like Walmart may also find the Philippine market different, and may therefore adjust its marketing strategies here. In the United States, Walmart stores were set up within driving distance from a neighborhood community. American consumers fill their cars with groceries and other items. In the Philippines, the low level of private car ownership plus low purchasing power of an average Filipino might affect profitability of stores like Walmart. Shopping malls are conveniently located in Metro Manila, with hundreds of communities from different places as targets.

Another example is the case of JC Penney, a middle-class US brand, which opened a store at SM Megamall in Ortigas several years ago. The store was eventually closed after failing to draw customers who could afford its prices.

It remains to be seen which of the two would need adjustments: foreign retailers or local market. Walmart is known for its human resource development and technology, something that local malls like SM, Gotesco and Robinsons can learn from. In effect, such transfer of know-how and information may lead to streamlining procedures in many existing retail establishments.

Among investors, which already have stores in China, Taiwan, Hong Kong, Korea, Singapore, Malaysia, Thailand and Indonesia but have yet to make their presence felt in the Philippines are Walmart (US), Ahold (the Netherlands), Dairy Farm, Welcome and AS Watsons (Hong Kong), Carrefour, Auchan, Casino and Promodes (France), Delhaize (Belgium) Tesco and Boots (UK), Seiyu (Japan) and Metro (Germany).

The first major foreign participant in the liberalization of the country's retail sector is S&R Price Membership Shopping, which opened its first store inside Fort Bonifacio in Taguig (southern Metro Manila) in May 2001 and a second store in Ortigas, Pasig City (eastern Metro Manila) later. Its officials claimed that sales in 2001 were better than expected and that its Fort Bonifacio store was the busiest among all S&R Price sister stores in 14 countries. Two more S&R Price stores are scheduled to be opened this year.

In December, Hutchison Whampoa Ltd., has invoked the "grandfather rule" on foreign ownership in the Philippines for its newly formed subsidiary, Watson's Personal Care Stores (Philippines) Ltd., which seeks to operate a chain of drugstores health and beauty care stores in partnership with local retailing firm SM group of companies. Hutchison claims it has a net worth of US$31 billion, a thousand retail stores in the AS Watson chain, and has been running its drug stores since 1828 and personal care shops since 1971.

Also in December last year, the Department of Trade and Industry (DTI) approved the application of French convenience store operator Casino Guichard Perrachon, Dutch retail giant Makro Group and American fast food giant McDonald's Corp. to operate wholly owned units in the Philippines. Trade

Secretary Manuel Roxas II also said that his department was also processing the application of Wal-Mart Inc. of the United States for pre-qualification.

In February 2000, Casino signed a P4 billion deal for the takeover and rehabilitation of the bankrupt Uniwide Holdings Inc. but deferred its investment in view of the economic slump. Meanwhile, Makro has been operating in the Philippines since 1996 through Pilipinas Makro Inc.

On its part, McDonald's Restaurant Operations Inc. will facilitate the merger of its 40 percent-owned subsidiary in the Philippines, Golden Arches Development Corp., and McGeorge Food Industries of George Young, the Philippine franchise holder, with the former as the surviving entity. Golden Arches is to handle purchase or lease of McDonald's stores, while McGeorge is to issue franchises.

The President Chain Store of Taiwan, which owns Philippine Seven Corp. with a chain of over 150 7-11 convenience stores nationwide, is investing about P2.5 billion to construct 300 to 500 more stores within the next three years.

Other foreign retailers which had expressed their interest in Philippine market but have yet to make their presence here include Ahold, Seiyu, Pricesmart, Seiyu, and Welcome.

Recently, the National Economic and Development Authority (NEDA) has approved guidelines for allowing high-end foreign retailers to put up their shops in the country. Among foreign luxury brands being considered are Anne Klein, Alfred Dunhill, Boss Hugo Boss, Brioni, Cartier, Clinique, Dolce & Gabbana, Piaget, Pierre, Prada, Rolex, The Sak, Tiffany's, Versace, Tissot, Manolo Blahnik and Kenneth Cole.

Sensing the brewing competition posed by new foreign players, local retail firms are not to be dislodged easily. SM Prime Holdings, Inc. (SMPH), the holding company for the SM chain of department stores, whose earnings have been growing at a steady rate of 13 percent annually, opened two more shopping malls last year. This year, three more shopping malls will be opened to bring the total number of SM department stores to 15 nationwide. SM allots about P2.5 billion for constructing new shopping malls every year.

Robinsons Land Corp., the developer of 10 Robinsons shopping malls and Big R and Hypermart supermarkets, is investing P3 billion to P4 billion in building seven new shopping malls within the next 18 months.

Distributor Unilever Philippines Inc. is spending P1 billion in its expansion plans, as it reported a double digit growth last year. Preliminary estimates placed Unilever’s sales at P24 billion last year, up from around P20 billion in 2000. Unilever distributes leading home and personal care brands like Sunsilk shampoo, Creamsilk hair conditioner, Close-Up toothpaste, Rexona deodorant, Surf detergent powder, Pond's beauty products, Vaseline skin lotion, and Lifebuoy and Lux soap.

Prime Orion Philippines Inc., has announced plans to expand its eight-hectare retail hub in Tutuban, Manila, which is considered as a bargaining center. The plan is to develop an idle 1.5-hectare lot in Tutuban, where a high-rise building is being conceptualized. Aside from a commercial Center, the company is considering putting up a hotel.

There are also reports that Robinsons Land Corp. (RLC) is in talks with Prime Orion for the setting up of a Big R warehouse in Tutuban Center. RLC operates three Big R Super Stores, which offer warehouse-shopping retail/wholesale service, similar to Makro and S&R Price.

Property developer Ayala Land, Inc. (ALI) is putting up a P4.7-billion shopping mall in Taguig City (southeastern part of Metro Manila). The mall, which will sit on a 9.7 hectare lot along C-5 Road, just outside Bonifacio Global City, will have a floor area of about 150,000 square meters and is seen to be completed in 2004.

Franchising Business

Even before the liberalization of retail trade in 2000, foreign companies have already established their brands in the country through franchising. Prior to 2000, about 70 percent of franchise companies in the Philippines were foreign, about 70 percent of which were American.

In essence, a foreign franchisor collects a fee and earns royalties from a local company who is awarded rights to use the brand name and trademarks of the firm. Local firms are willing to shell out large amount for the franchise because of the brand's profitability. Filipinos are known for their penchant for American products.

Franchising also encourages technology transfer, proper brand management, efficient business administration, job creation, and improved quality of products and services. For example, the entry of McDonald's and other American burger chains forced local fastfood chain Jollibee Corp. to become highly competitive. Jollibee not only dominated the local market but is now opening branches in the United States.

Aside from fast-food, other areas covered by franchises are clothing and footwear, appliances, electronics products, computer and educational services, photographic materials, printing and graphics, messengerial and delivery, car rental, catering services, healthcare and personal care products, beverage, canned goods, pharmaceutical products, video and music labels, cars and accessories, etc. About 40 percent of franchises in the country are in the food business while the rest account for non-food business.

Franchising in the country began in 1910 when Singer Sewing Machine offered a product distribution scheme. The success of the scheme was duplicated in many other American brands. By 1998, there were about 320 franchises employing around 300,000 employees in the country.

While it has been generally believed that the Retail Trade Liberalization Act would not have a major impact in the franchising business, there are fears that foreign companies would instead overtake the distribution of their brands in the country. Such fear was validated when McDonald's Restaurant Operations Inc. announced that it would facilitate merger of its 40 percent-owned subsidiary in the Philippines, Golden Arches Development Corp., and McGeorge Food Industries of George Young, the Philippine franchise holder, with the former as the surviving entity.

The logical question is: Why would foreign companies pick a local firm to distribute their products in the country, when they could do this by themselves and earn higher profit under the new Philippine law?

Indicators and Trends

Several developments took place in Philippine retail industry over the past few years. For one, the Retail Trade Liberalization Act paved way for the entry of warehouses. The Philippine Retailers Association (PRA) also noted rising number of bazaars, exporters' fairs, and tiangges (Filipino version of flea markets).

An increasing number of fashion boutique stores were also established inside large shopping malls to serve the taste of the growing population of young Filipino professionals. A market report by AC Nielsen Philippines described young Filipinos as more sophisticated, more experimental, and more attuned to new ideas and trends. The study said Filipino youth (13 to 30 years old) easily adapt to trends and are not afraid of technology. The use of mobile phones and Internet is particularly high among young Filipinos.

However, the study noted that television remains the main source of home entertainment for young Filipinos. The average daily exposure to television was estimated at two hours. Most common programs being watched include movies, sports, sitcoms, music, game shows, news programs and cartoons.

There is also a changing pattern in the way Filipino consumers pay their bills. The 5.6 percent growth in the trade sector in 2001 was supported by 34 percent increase in credit card loans in the third quarter of the same year. In its latest report, the Central Bank said credit card loans surged 34 percent to P43.5 billion (US$847 million) in the third quarter of 2001 from only P32.5 billion a year earlier. This, for one, indicates the evolving mode of payment by Filipino consumers.

The local retail industry is also following the global trend of using an automated system in managing consumer needs. For example, food distribution is increasingly becoming consumer-driven, rather than producer-driven. The entry of market research firms that monitor consumers' buying habits and spending patterns is pointing to retail companies' desire to satisfy if not saturate the needs of Filipino consumers.

The option of using the Internet for shopping is also widely available in the country, given the high incidence of credit card ownership and easy access to the web. Philippine online shopping websites have begun exploiting the potentials of e-commerce as early as 1998. Not all of them had survived the competition though. Last year, AC Nielsen reported that about four percent of Filipinos living in urban areas and seven percent of Metro Manila residents have access to the Internet. This, of course, is relatively lower than the use of Internet in other Asian countries.

In terms of sales volume, purchases of new commercial and passenger cars actually declined by 8.7 percent to 76,670 units in 2001 from 83,949 units in 2000. The slump was blamed on various factors ranging from weak demand and a restless labor sector to the influx of second-hand vehicles from Japan.

Despite the 8.7 percent decline in sale of new commercial and passenger cars in the country last year, car loans actually improved by 10.9 percent YoY to P32.8 billion in the third quarter of 2001.

It is believed that the bulk of the car loans in the period were used to purchase second-hand vehicles, thus the decline in sale of new commercial and passenger cars.

International PC market research firm Gartner Dataquest said sale of personal computers (PCs) in the Philippines was down by 2 percent YoY to 248,460 units in 2001, one of the lowest in the Asia-Pacific region.

Meanwhile, the Philippine Electrical Electronics and Allied Industries Federation reported that sales of 19 appliances in the local market fell 9 percent YoY in the first 11 months of 2001. The total number of appliances sold during the period was only 5.509 million, down from 6.053 million sold in the first 11 months of 2000. Of the 19 appliances monitored, only the sale of refrigerators,

upright freezers, washing machines, air-conditioners, and video compact disc (VCD) players saw any improvement during the period.

Number of Appliances Sold, Year 2000	
Total	**6,574,000**
Video	
Color TV	930,300
VCR/VCP	146,700
VCD Player	10,600
Audio	
Music center	319,400
Radio Cassette	274,700
Karaoke	121,200
Refrigerators	431,600
Freezers	13,700
Washing Machine	576,700
Microwave Oven	35,500
Vacuum Cleaner	24,500
Aircon	320,500
Rice Cookers	296,800
Flat Iron	489,700
Toasters	159,200
Stoves	714,500
Range	87,900
Electric Fan	1,620,500

Source: National Statistical Coordination Board

Sale of VCD players jumped by 117.2 percent to 218,100 units in the first 11 months of 2001 from 100,400 a year earlier while sale of video cassette recorders and players fell 71 percent to 40,200 units from 138,400 units. Sale of television sets dropped 3.2 percent to 798,700 units from 824,600 units earlier.

The total number of upright freezers sold moved up by 28.7 percent to 15,700 units in the first 11 months of 2001 from only 12,200 a year earlier while the demand for refrigerators rose 9.1 percent to 419,800 units from 384,900 units. Sales of air-conditioners increase 18.1 percent while washing machine purchases grew by 0.8 percent.

Sales of other appliances considered less necessary to basic needs such as karaoke units and music centers slid during the 11-month period, an indication that the Filipino consumers have tightened their budget amidst the perceived economic slowdown.

To get a picture of annual sale of appliances, the table shows the total number of units sold in 12 months of 2000.

Retail Space and Rent

Total stock of retail space in Metro Manila was estimated at 3.36 million square meters, with an average vacancy rate of 13.7 percent at the end of 2001. Vacancy level at prime shopping malls owned by SM Group, Ayala Land, JG Summit Holdings Inc and EPHI. are below 5 percent. SM runs the chain of SM shopping malls; Ayala operates Glorietta, Greenbelt Square and Alabang Town Center; JG Summit controls the Robinsons chain and EPHI manages Shangri-La Plaza Mall.

By 2005, Metro Manila's retail space stock is expected to expand to about 4.5 million square meters, as foreign tenants start coming in. Newly completed shopping malls last year are Power Plant in Makati, The Podium in Ortigas and Metropoint in Pasay City.

Monthly Retail Rents (In Pesos per sq. m.)			
Area	4th Quarter 2001 (Actual)	4th Quarter 2002 (Projected)	% Change
Ayala Center	950	985	3.7%
Ortigas	755	820	8.6%
Source: Colliers Jardine Research			

Colliers Jardine Philippines estimated the average monthly rent in the metropolis at US$16.5 per square meter. In particular, average monthly rent at Makati commercial business district (CBD) was pegged at P950 per square meter while rent at Ortigas CBD was placed at P755 per square meter in the fourth quarter of 2001.

Prime shopping malls in Makati include Rustan's, Glorietta, SM, Landmark, The Power Plant, Magallanes Commercial Center, Makati Cinema Square, Fair Mart and Greenbelt Square. At Ortigas CBD, the leading shopping malls are SM Megamall, Shangri-La Mall, Rustan's, Crossings Department Store, EDSA Central, Ever Gotesco Mall, Star Mall, The Podium and Robinsons.

Other commercial districts in Metro Manila with large shopping malls are Cubao (Araneta Center, Ali Mall, Fair Mart, Manila COD, and Isetann), San Juan (Greenhills Commercial Center, Viramall), and Alabang (Alabang Town Center, Festival Supermall).

Over the highly populated Sta. Cruz and Divisoria districts in Manila, leading shopping centers are Isetann, Central Market, Fair Mart, SM, Robinsons, Uniwide Sales and Tutuban Center. Among the prime department stores in the tourist districts of Malate and Ermita, also in Manila, are Duty Free Philippines at Century Park Hotel, Ermita District Handicrafts Shop, Harrison Plaza, Plaza Fair, and Robinsons.

The distinction of largest shopping mall in the country belongs to SM Megamall located at the Ortigas commercial business district (CBD). The mall has a floor area of 331,657 square meters built on a 10.5-hectare site. It is comprised of two buildings connected by air-conditioned bridges and a tunnel.

The mall has a total of 550 retail, service shops and dining outlets. It also features a convention hall, a conference center, exhibit center and art walk artists' galleries. It is the home of the first indoor ice-skating rink in the Philippines. Its 12 film theatres have a total seating capacity of 11,074. The mall's indoor and outdoor parking facilities can accommodate up to 3,000 cars.

SM Megamall opened its door to the public in 1991 and took the place of SM City along West Ave. in Quezon City as the country's largest shopping center. It is a part of the huge chain of department stores owned by Henry Sy, the shopping mogul of the Philippines. Sy also dreams of constructing the "world's largest indoor shopping mall" soon. Dubbed as "Mall of Asia", the project will be built on his five-hectare Manila Bay reclamation property.

Among the major tenants carrying foreign clothing brands in large shopping malls like SM Megamall are Levi Strauss, Polo Jeans-Ralph Lauren, Armani Exchange, Lacoste, Marks & Spencer, Giordano, Esprit, and Guess. American café Starbucks and Seattle's Best Coffee are also well represented at prime shopping malls. These foreign outlets, however, were able to penetrate the local market via franchising.

Reservation for retail space can be arranged by submitting the documents required by the shopping mall where one wants to locate. For example, an application with Glorietta Mall in Makati usually involves submission of following documents: description of concept/target market, product/merchandise mix/price range of products, certified monthly gross sales from the last 12 months of operations (if with existing store), four photographs of typical outlet, and brochures/catalogues. In case of franchise holder, a letter from foreign principal will be required. Only then will the specific rent and financial arrangement be discussed.

Pricing

While price remains the top consideration of poor Filipinos in purchasing products, this is not necessarily true for the whole population. Filipinos are known for their penchant for foreign-made goods, particularly those made from the United States. A number of American middle-class brands have carved their niche in Philippine market, particularly among richer Filipinos in Metro Manila and other urban areas.

Typical markups for products are estimated at 30 percent of invoice value. According to Philippine Retailers Association (PRA), most non-food retail items carry a 20 percent to 30 percent profit margin.

Because of higher retail space rent in Makati, prices of products at shopping malls located in this prime CBD are relatively higher than those sold in department stores elsewhere. Monthly rent of retail space in Makati is about 25 percent higher than in Ortigas CBD, although this does not necessarily translate to the same level of disparity in prices of products.

Shopping malls in Makati, however, target high-end consumers: office workers, residents of posh subdivisions and tenants of upscale condominiums. Makati is home to the rich and famous in the Philippines, and as such, attracts people with penchant for the same lifestyle. While the same holds true in Ortigas, Makati is a larger CBD, with office space stock three times wider than that of Ortigas. Also, the value of land in Makati is twice that of Ortigas.

Outside these two CBDs, prices are comparatively lower. Commodities sold in Tutuban Shopping Center in Divisoria, Manila are the cheapest. Tutuban is known as a bargain center and caters to C, D and E markets. Prices are even lower in underground stores, with no permanent locations and in neighborhood markets, known locally as “tiangge” and “palengke”.

The Philippines implements laws that penalize a deceptive, unfair or unconscionable sales act or practice. It is imperative that foreign retailers be acquainted with two more Philippine laws, namely: Consumer Act of the Philippines (Republic Act No. 7394) and the Price Tag Law (also embodied in RA 7394).

The Consumer Act seeks to protect Filipino consumers from products or services, which pose health hazards, and from deceptive sales tactics or acts. The law states that a sales act is deceptive when the manufacturer or retailer “through concealment, false representation or fraudulent manipulation, induces a consumer to enter into a sales or lease transaction of any consumer product or service.”

The law also prohibits posting a “No Return, No Exchange" notice, because it creates a misconception on the part of the consumers that they do not have the right to return shoddy or defective goods or demand for remedies in case of defective or imperfect service. Retailers are obliged to honor their implied warranties and grant corresponding remedies to consumers.

Under scrutiny are the quality of the products, weights and measure, price tag, labeling and packaging, and advertising and sales promotion. The Department of Trade and Industry (DTI) has the authority to implement RA 7394 and penalize erring traders and retailers. Ideally, mediation or settlement between the manufacturer/retailer and customer is the first option.

The Price Tag Law, for its part, requires that all retail products be sold with an appropriate price tag, label or mark indicating the price of the article. As a rule, these products shall not be sold at a price higher than that stated in the tag. The law seeks to provide consumers with adequate information and enable them to compare quality and prices of goods and patronize stores selling quality products at low prices.

Advertising

Direct marketing is not allowed for foreign retailers in the Philippines. American firms such as Tupperware, Avon, SaraLee, High Desert, Forever Living, Encyclopedia Britannica, Herbalife, Amway, Golden Neo-Life, Barclay-Elle Marge, Nu Skin, Neways, Futurenet, and Sunrider have tapped local agents to distribute their products in the country. In essence, they are not foreign retailers. The Consumer Act of the Philippines limits direct marketing to Filipino companies, many of them members of Direct Sellers Association of the Philippines.

The Retail Trade Liberalization Act (RA 8762) specifically prohibits foreign retailers from selling their products outside their accredited stores through the use of mobile or rolling stores or carts, use of sales representatives, door-to-door selling, restaurants and sari-sari stores and such other similar retailing activities.

In order to promote a store in the Philippines, the best way is to have it advertised on the local media. There are about 200 advertising agencies in the country, which can help the store pick the best strategy to endorse its name. Most commonly used media for advertisement in the Philippines are television, radio, newspapers, magazines and outdoor channels.

Advertising is a US$1.4 billion industry in the Philippines. As a brand conscious market with penchant for American lifestyle, Filipinos have shown fondness for established brands endorsed creatively over television.

American brands such as Colgate, Coke and Levi Strauss have so dominated the Philippine market that not a local product was able to carve its niche in such industries. While the three American brands are noted for their quality, what enhanced their selling points among the Filipinos is tactical advertising that helped spread American culture of consumption.

The country has 12 television stations, 540 cable operators, over 500 radio stations, 40 Manila-based broadsheets and tabloids, and 50 magazines or journals. Internet connection is limited to urban centers, while telephone landlines have yet to reach rural barangays. About 10 million Filipinos or only 12.5 percent of the population have mobile phones.

In terms of popularity in disseminating news, the leading television stations are ABS-CBN Channel 2 and GMA Channel 7 while top English newspapers are Philippine Daily Inquirer, Manila Bulletin and Philippine Star. Widely circulated tabloids are Abante, Bulgar, People's Journal and Balita while top-rating radio stations include DZMM, DZRH and DZBB. The most widely accessed Philippine website is a merger between Inquirer and GMA 7 at http://www.inq7.net.

Among television programs, the leading revenue grosser is the airing of Philippine Basketball Association (PBA) games over IBC 13.

In its media survey conducted in December 2000, local poll firm Social Weather Station (SWS) reported that 4 out of ten Filipinos access the news from television, two from radio and only one from newspapers.

Over 60 percent of advertising expenditures on traditional media go to television networks, less than 20 percent to newspapers and magazines and about 17 percent to radio stations. Outdoor advertising is also increasingly becoming popular in Metro Manila.

Most advertisements in broadcast and print media endorse food products, beverage, personal care products, medicine, household items, tobacco, telecommunication services and insurance coverage. Among large advertising spenders in the country are San Miguel Corporation, Procter & Gamble, Unilever, Nestle, Fortune Tobacco, Philippine Long Distance Co., Globe Telecom, and Johnson's & Johnson.

In particular, advertisements in prime time television endorse shampoo, toothpaste, soap, softdrink, beer, gin, cigarette, detergent bar, sports shoes, denim pants, RTWs, appliances, movies, mobile phone network service, landline telephone service, educational and health insurance coverage, medicine, and burger stores.

Among retail stores, large advertising spenders are fastfood chains McDonald's and Jollibbee, SM Department Stores, Mercury Drugstore and National Bookstore. Expenditures of other retail stores are mostly confined to outdoor adverting and occasionally to print ads.

Airing of a 30-second television commercial costs between P80,000 to P120,000 during primetime. Such rate varies from one station to another and also depends on the rating of the program at the interval of which the commercial is to be aired. The cost of ad placement in a widely circulated broadsheet starts from P60 per column inch for full color and P15 per column inch for black and white. Additional rates are charged for typesetting, stripping and color separation.

For online-ads, the website of Philippine Star charges a monthly rate of P100,000 for a banner ad at its homepage; P75,000 for a banner in any of its premium pages; and P50,000 for a banner on its standard pages.

For a more specific rate, it is advised that advertisers contact the advertising departments of these media companies.

Useful Contacts

Government Offices

Department of Trade & Industry
DTI Building, 361 Sen. Gil Puyat Avenue
Makati City, Metro Manila
Tel: (632) 8904901; 8976734; 8953515
Fax: (632) 8961166
Website: http://www.dti.gov.ph/
Cabinet Secretary: Mar Roxas

National Economic and Development Authority
NEDA Bldg., NEDA sa Pasig
Amber St., Ortigas Center, Pasig City
Tel: (632) 6310945
Website: http://www.neda.gov.ph
Director-General: Dante B. Canlas

Board of Investments
Industry & Investments Building
385 Sen. Gil Puyat Avenue, Makati City
Tel : (632) 8976682
Fax : (632) 8909327
Website: http://www.boi.gov.ph

Securities and Exchange Commission
SEC Bldg., EDSA, Mandaluyong City
Tel: (632) 7260931 / 39
Fax: (632) 7276894
Website: http://www.sec.gov.ph/
Commissioner: Lilia Bautista

Bureau of Export Trade Promotions
5th to 8th Floors, New Solid Bldg.
357 Sen. Gil J. Puyat Avenue, Makati City
Tel: (632) 8904693; 8904723
Fax: (632) 8904747
Website: http://www.dti.gov.ph/betp

Center For International Trade Expositions & Missions
International Trade Center Complex
Roxas Boulevard, Pasay City
Tel : (632) 831-2201
Fax : (632) 832-3965; 8340177
Website: http://www.sequel.net/-citem

Trade Associations

Philippine Retailers Association (PRA)
2nd Floor, Collins Bldg.,
167 EDSA, Mandaluyong City
Tel: (632) 532-5677; 531-3894
Fax: (632) 532-5644

E-mail: pra@snap.portalinc.com
Chairman: Manuel M. Siggaoat

Philippines Association of Supermarkets Inc. (PASI)
1238 Gosoc Compound
EDSA, Balintawak, Quezon City
Tel: (632) 362-8349
Fax: (632) 362-8349
President: Jose Albert

Philippine Amalgamated Supermarkets Association, Incorporated (PAGASA)
2 Nicanor A. Ramirez St., cor. E. Rodriguez Sr. Avenue,
Mabuhay Rotonda, 1113 Quezon City
Tel: (632) 732-0509

Chamber of Commerce of the Philippines Foundation Inc.
CCPFI Building, 3 Magallanes Drive
Intramuros District, Manila
Tel: (632) 527-5610; 527-5611
Fax: (632) 527-5609

Philippine Franchise Association (PFA)
Address, Unit 701 One Magnificient Mile (OMMA-Citra)
San Miguel Ave., Ortigas Center
Pasig City 1600 Philippines

Philippine Chamber of Commerce & Industry
G/F East Wing, Secretariat Bldg., PICC
CCP Complex, Roxas Blvd., Pasay City
Tel: (632) 8338591; 8338895
Fax: (632) 5510255
Website: http://www.philcham.com/

Association of Home Appliances Manufacturers
2/F Union Ajinomoto Building
Sen. Gil Puyat Avenue, Makati City
Tel: (632) 895-6082 to 89 local 271
Fax: (632) 890-6663

Computer Manufacturers, Distributors & Dealers Association of the Philippines
7/F Sedcco 1 Building, Legaspi Corner Rada Streets
Legaspi Village, Makati City
Tel: (632) 892-7947; 8103814
Fax: (632) 815-6531

Packaging Institute of The Philippines (PIP)
Rm. 216 Comfoods Building,
Sen. Gil Puyat Avenue, Makati City
Tel: (632) 817-2936; 844-5661 to 69 Loc. 290
Fax: (632) 817-2936
President: Ramoncito Fernandez

Pharmaceutical Health Association of the Philippines
Unit 502 , One Corporate Plaza Condo

845 Pasay Road, Makati City
Tel: (632) 815-0325
Fax: (632) 819-2702
President: Edgardo Enriquez

Advertising Organizations

Advertising Board of the Philippines Inc. (ADBOARD)
64 DAO Condominium, 189 Salcedo Street
Legaspi Village, Makati City
Tel.: (632) 818-6158; 817-7724; 818-6113
Fax: (632) 818-7109

Advertising Suppliers Association of the Philippines (ASAP)
Unit 220, 2nd Flr., Mile Long Building Amorsolo
corner Herrera Streets, Legaspi Village, Makati City
Tel.: (632) 893-0564; 893-0738/0241
Fax: (632) 893-0404

Marketing and Opinion Research
Society of the Philippines (MORES)
Unit 42, Martino Building, 52 Libertad
corner Kanlaon Sts., Mandaluyong City
Tel.: (632) 533-6653
Fax: (632) 531-5204

Association of Accredited Advertising Agencies – Philippines (4AS)
Unit 1914, Cityland Tower 10, Tower 1 6815
H.V. dela Costa St., Salcedo Vill., Ayala North, Makati City
Tel.: (632) 813-4397; 818-6157
Fax: (632) 818-6157

Outdoor Advertising Association of the Philippines (OAAP)
The Fourth Dimension, Inc.
Diamond Motors Service Building
41 Boni Serrano Avenue, Quezon City
Tel.: (632) 723-0761 to 68
Fax: (632) 723-6302

Philippine Association of National Advertisers (PANA)
Unit 4 & 5, 3rd Floor, Sunshine Condominium
9633 Kamagong Street, San Antonio Village, Makati City
Tel.: (632) 892-6203; 89-40264
Fax: (632) 899-5691

Public Relations Organization Of The Philippines (PROP)
HRDD, 3rd Floor, Philippine Information Agency Building
Visayas Avenue, Quezon City
Tel.: (632) 920-4336; 921-7941
Fax: (632) 920-4336

Public Relations Society Of The Philippines (PRSP)
30 San Pedro St., Bo. Capitolyo, Pasig City
Tel.: (632) 635-4446

Media Organizations

Kapisanan ng mga Brodkaster sa Pilipinas (KBP)
6th Flr., LTA Bldg., Perea St.
Legaspi Village, Makati City
Tel.: (632) 815-1990 to 92
Fax: (632) 815-1989

Print Media Organization (PRIMO)
Unit 203 & 205, CRM II Bldg.
116 Kamias Road, Quezon City
Tel.: (632) 922-2613
Fax: (632) 433-9640

Publishers Association Of The Philippines, Inc. (PAPI)
4th Floor, Dominga Bldg., 2113 Pasong Tamo
corner dela Rosa St., Makati City
Tel.: (632) 819-1215; 893-1690
Fax: 893-1690

ABS-CBN
Mother Ignacia, Quezon City
Tel.: (632) 924-4101

Manila Bulletin
Manila Bulletin Bldg.
Muralla cor. Recoletos Sts.,
Intramuros, Manila, Philippines
Tel.: (632) 527-8121 to 36
Fax: (632) 527-75-33

Philippine Daily Inquirer
Philippine Daily Inquirer Building
Yague cor. Mascardo Sts.
Pasong Tamo, Makati City
Tel.: (632) 897-8808
Fax: (632) 897-4793; 897-4794

GMA Network, Inc.
GMA Network Center
EDSA corner Timog Ave., Diliman 1103 Quezon City
Tel.: (632) 928-7021

Buy&Sell Philippines
4/f Northmall Building
Rizal Avenue Extension, Caloocan City
Tel.: (632) 366-3333; 364-3021
Fax: (632) 364-0573; 364-0560

Shopping Malls

Ayala Center
5th Floor, Glorietta IV, Ayala Center, Makati City
Tel.: (632) 752-7985 to 87
Fax: (632) 752-7999

Alabang Town Center
Lower Level ATC,
Alabang-Zapote Road, Muntinlupa City
Tel.: (632) 842-4527
Fax: (632) 850-9582

Ali Mall
Araneta Center, Cubao, Quezon City
Tel.: (632) 911-0394
Fax: (632) 911-0813

Big R Super Center
27TH Floor, Galleria Corporate Center, EDSA
cor., Ortigas Avenue, Quezon City
Tel.: (632) 632-0668
Fax: (632) 632-0667

Crossings Department Store
Phase II, Shangri-la Plaza, Shaw Blvd.
Corner EDSA, Mandaluyong City
Tel.: (632) 635-4410 to 24
Fax: (632) 635-4402

Ever Emporium
Grand Central, Kalookan City
Tel.: (632) 363-3205
Fax: (632) 363-3280

Ever Supermarket
Gotesco Twin Towers, Concepcion Street, Quiapo, Manila
Tel.: (632) 735-6901 to 20
Fax: (632) 734-8324

Duty Free Philippines
Fiesta Mall, Ninoy Aquino Ave., Parañaque City
Tel.: (632) 552-3543; 553-3544
Fax: (632) 879-3560

EDSA Central
750 Greenfield Building, Shaw Boulevard, Mandaluyong City
Tel.: (632) 631-8651
Fax: (632) 635-4501

Fair Mart Plaza
460 Rizal Avenue, Sta. Cruz, Manila
Tel.: (632) 733-8042 to 55
Fax: (632) 733-0586

Fairview Center Mall
Don Mariano Avenue cor., Regalado Avenue
Fairview, Quezon City
Tel.: (632) 428-8211
Fax: (632) 937-5958

Festival Supermall
Filinvest Corporate City, Alabang, Muntinlupa
Tel.: (632) 850-3517 to 32

Fax: (632) 850-3505

Greenbelt Shopping Plaza
3rd Floor, The Plaza Bldg., Greenbelt Arcade
Ayala Center, Makati City
Tel.: (632) 819-1497; 0006
Fax: (632) 819-3708

Glorietta Mall
Ayala Land Inc.
Merchandise Mix Department
Commercial Centers Group
5th Level Glorietta 4 Building
Ayala Center, Makati City
Tel.: (632) 752-8027/8010

Harrison Plaza
2nd Floor, Harrison Plaza Shopping Center,
Adriatico & Mabini Streets Malate, Manila
Tel.: (632) 524-0611 to 16
Fax: (632) 521-7821

Isetann Department Store
600 Carriedo Street, Sta. Cruz, Manila
Tel.: (632) 733-8201 to 12
Fax: (632) 733-6431

Landmark
Makati Ave., Ayala Center, Makati City
Tel.: (632) 810-9990
Fax: (632) 893-7525

Manila C.O.D.
Gen. Romulo St., Araneta Center, Cubao, Quezon City
Tel.: (632) 9112451 to 55
Fax: (632) 911-2415

Makati Cinema Square
Chino Roces & A. Arnaiz Street, Makati City
Tel.: (632) 844-4081 to 90
Fax: (632) 811-1042

South Supermarket
Magallanes Commercial Center, Makati City
Tel.: (632) 852-5673; 852-5677 to 78
Fax: (632) 852-5681

Masagana Supermarket
5th Floor Trida Building, T.M. Kalaw cor. Taft, Manila
Tel.: (632) 524-2651 to 55
Fax: (632) 524-1524

New Farmers Plaza
Araneta Center, Cubao, Quezon City
Tel.: (632) 911-3101
Fax: (632) 911-0813

Robinsons Supermarket
30 EDSA corner Pioneer St., Mandaluyong City
Tel.: (632) 635-0751; 631-8304 to 05
Fax: (632) 631-8301; 631-8309

Rustan's Commercial Corp.
RCC Building, EDSA, Mandaluyong City
Tel.: (632) 727-0226
Fax: (632) 723-9466

Shangri-La Plaza
Shaw Boulevard cor. EDSA, Mandaluyong City
Tel. Nos.: 633-7851 to 70
Fax Nos.: 633-4474; 4492

SM Shoemart
400 C. Palanca Street, Quiapo, Manila
Tel.: (632) 734-9751 to 60; 734-9559; 9455
Fax: (632) 734-9464; 735-7166

Sta. Lucia East Grand Mall
Marcos Highway cor. F. Felix Avenue, Cainta, Rizal
Tel.: (632) 681-5401 to 19
Fax: (632) 645-6757

Star Mall
Shaw Boulevard coroner EDSA Mandaluyong City
Tel.: (632) 723-8273
Fax: (632) 718-1886

Tutuban Center
C.M. Recto, Manila
Tel.: (632) 251-1661 to 69
Fax: (632) 251-0021

Vira Mall
Greenhills, San Juan, Metro Manila
Tel.: (632) 721-0869
Fax: (632) 724-9231

Waltermart Supermarket
222 Pacific Center, E. Rodriguez Ave., Quezon City
Tel.: (632) 724-2588; 724-4297; 724-2798
Fax: (632) 724-4798

Popular Retail Store Chains

7–11 Store
Products: Various Commodities
7th Floor, Columbia Towers, Ortigas Avenue, Mandaluyong City
Tel.: (632) 724-4441 to 59
Fax: (632) 726-6426

Abenson
Products: Appliances and Electronics
11 Benito Building, Sheridan St., Mandaluyong City

Tel.: (632) 631-5203
Fax: (632) 633-3735

Cinderella
Products: RTW
825 EDSA, Quezon City
Tel.: (632) 926-9091 to 95
Fax: (632) 924-2085

Gibson's
Products: Office and School Supplies
318 Santolan Road, San Juan, Metro Manila
Tel.: (632) 724-5893; 638-3149
Fax: (632) 638-3141

Gift Gate
Products: Gifts, Novelty Items
Greenhills Shopping Center, San Juan, Metro Manila
Tel.: (632) 726-9076 to 87
Fax: (632) 721-9327

HBC
Products: Personal Care Products
HBC Corporate Center, 548 Mindanao Avenue
corner Quirino Hi-way, Novaliches, Quezon City
Tel.: (632) 937-3004
Fax: (632) 456-2404

Goodwill Bookstore
Products: Books
Glorietta 3, Ayala Center, Makati City
Tel.: (632) 813-4956 to 57; 893- 9079; 9058
Fax: 810-9033; 810-5926

JVC
Products: TV, Audio and Video
Jannov Plaza, 2295 Pasong Tamo Ext., Makati City
Tel.: (632) 893-9847
Fax: (632) 893-9846

Levi Strauss
Products: RTW
2264 Pasong Tamo Extension, Makati City
Tel.: (632) 816-7501 to 10
Fax: (632) 817-5240

LG Collins
Products: Appliances
15 Francisco Legaspi Street, Bo. Maybunga, Pasig City
Tel.: (632) 6402385 to 99
Fax: (632) 640-0536

Mercury Drugstore
Products: Pharmaceuticals
7 Mercury Ave. cor. E. Rodriguez, Jr.Bagumbayan, Quezon City
Tel.: (632) 911-5071
Fax: (632) 911-6673

Monterey Meatshop
Products: Meat
23rd Floor, San Miguel Properties Center Building,
St. Francis St., Ortigas Center, Mandaluyong City
Tel.: (632) 683-2300; 683-2536
Fax: (632) 637-8171; 637-8172

National Bookstore
Products: Books, Office and School Supplies
Quad Alpha Centrum Bldg., 125 Pioneer St., Mandaluyong City
Tel.: (632) 631-8061 to 66
Fax: (632) 631-5016

Retail International Corp.
Products: Shoes, Apparel and Accessories
Gedex Holdings Inc., Antenna Center Building
94 Kamuning Road, Quezon City
Tel.: (632) 655-0790
Fax: (632) 925-0723

Sari-Sari
Products: RTW, Shoes, Novelty Items
7 (GH-34) Wilson St., Greenhills West, San Juan, Metro Manila
Tel.: (632) 725-8311
Fax: (632) 726-1805

Toby's Sport & Hobbies
Products: Sporting Goods
143 Pasig Boulevard, Pasig City
Tel.: (632) 671-9768 to 69
Fax: (632) 671-2124

Uniwide Sales
Products: Textiles, Garments, Bags, Groceries
90 E. Rodriguez Jr. Avenue, Libis, Quezon City
Tel.: (632) 633-7181; 633-5951
Fax: (632) 633-7183

FURTHER INFORMATION

MCA Limited has prepared this background report as a general reference document. For further information please contact us at the address below.

MCA specializes in:

- Online Business Information
- Business Guide Publishing;
- Website Development;
- Internet Consulting;
- Online PR and Marketing Services.

For further information please contact:

MCA Limited
Tel: +(63 2) 893 6514
Fax +(63 2) 893 6516

DISCLAIMER

The information contained in this report was obtained from sources that we believe to be reliable; MCA Ltd., furnishes the information without warranty of any kind.