

THE PHILIPPINES

A DIGITAL DAWN APPROACHES

The Philippines scores considerably below the regional average on the Digital Consumer Index. However, with internet penetration set to rise considerably by 2022, its score should rise accordingly. A relatively low 59.2 percent of the Philippines' 104.9 million inhabitants are connected to the internet. Yet by 2022, this is projected to rise to 73 percent of an expected population of 112.9 million. Greater connectivity will see an increase in the number of digital buyers, with slightly over 60 percent of internet users projected to be digital buyers by 2022.

47% of Filipino consumers who made digital purchases preferred making payment in Cash on Delivery⁴⁵

The expansion of digital commerce in the Philippines will be spurred by economic growth, improving digital infrastructure and the country's young population. Between 2016 and 2022, per capita income in urban and rural areas is set to rise by 5.3 percent and 6.4 percent respectively. Not only will consumers have more money to spend, they will also be more digitally-savvy. It is expected that in 2021 approximately half of the population will be using smartphones and there will be 82.4 million internet users in the country by 2022.

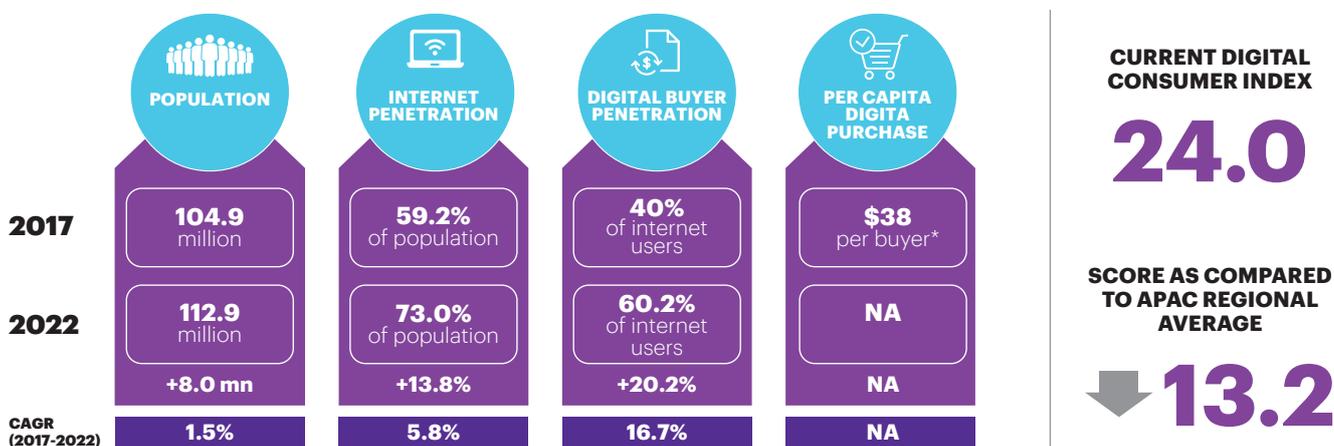
With its relatively young population—50 percent of the working population are millennials—there is considerable potential for the expansion of digital and particularly mobile commerce in the Philippines.

46% of Filipinos prefer making online purchases due to the deals and offers available⁴⁶

Trust is key to the Filipino consumer, with over half of shoppers claiming that they consider a brand to be premium on the basis that it is known and trusted, rather than on factors such as style and design. Better value for money and greater convenience is what currently motivates consumers to shop online: much like in Thailand, digital shoppers in the Philippines value a bargain, with 77 percent of consumers attracted to online shopping because of the availability of discounts and lower prices, while 58 percent shop online because they consider it more convenient.

THE PHILIPPINE'S DIGITAL QUOTIENT IS EXPECTED TO BE DRIVEN BY INCREASING INTERNET PENETRATION, MILLENNIAL WORKFORCE

The Philippines eCommerce landscape revolves around price and convenience attributes



* pertains to 2015 per capita spend on online channels



TRENDS

Consumers moving towards convenience, value for money & premiumization

CONVENIENCE

58%
of Filipino consumers go online to shop due to convenience associated with it

VALUE FOR MONEY

77%
of consumers are allured to shop online due to lower price/ discount etc.

PREMIUMIZATION

59%
of Philippines consumers consider a brand premium if it's a trusted brand vs superior design/style



DRIVERS

of digital commerce in PHILIPPINES

82.4 mn
INTERNET USERS
2022

5.3% & 6.4%
CAGR
INCREASING PER CAPITA URBAN & RURAL DISPOSABLE INCOME
2016-2022

46 mn
SMARTPHONE USERS
2022

50%
WORKING POPULATION GROWING MILLENNIALS
2015

*eCommerce contribution to GDP



FILIPINO CONSUMERS ARE PRICE SENSITIVE & EAGER TO CASH IN ON DEALS & LOYALTY PROGRAMS OFFERING VALUE FOR MONEY

Filipino's are slowly gearing for a digital path to purchase; COD form a major share in digital payment

94%

Filipino consumers shop mostly at nearby stores or sari-sari stores vs super markets

46%

Filipinos prefer making online purchase due to deals & offers available

45%

Filipino Internet users enrol for 2-5 loyalty programs

47%

Filipino consumers who made digital purchases preferred making payment in Cash on Delivery (COD)

22%

of Filipinos used online video at some point during their path to purchase

81%

Consumers say that online video convinced them to think more positively about a brand

22%

of Filipinos are willing to use smartphones for m-commerce

43%

of Filipino consumers consider strong user experience vital