Tourism service norms for micro businesses set for major upgrade

THE Department of Tourism (DoT) said it is planning to upgrade service standards for micro-sized companies in the industry with the aid of other agencies.

Tourism Secretary Maria Esperanza Christina G. Frasco said in a statement over the weekend that a technical working group (TWG) is currently working on a plan to improve the capacity of micro entrepreneurs engaged in tourism.

"We are facilitating this TWG for the purpose of commencing discussions on the implementation of standards to ensure high quality of tourism services which include regulations on accommodations, services, and pricing standards," Ms. Frasco said.

Ms. Frasco proposes to include in the TWG the Departments of Trade and Industry (DTI), Interior and Local Government (DILG), and Agriculture (DA), as well as the Bureau of Fisheries and Aquatic Resources (BFAR).

She said the DoT is offering training sessions under the Filipino Brand of Service Excellence (FBSE) umbrella.

The FBSE program aims to "enhance and uplift the quality of services aimed at fostering excellent service to tourists as part of our distinct Filipino brand."

The FBSE program offers modules in service excellence, understanding and engaging customers, and complaint handling.

"The training for the tourism community in Virgin Island, Bohol will commence next week," Ms. Frasco said, following an incident of alleged overcharging by food vendors there.

The trainings "will be open to all interested tourism stakeholders, and will be facilitated by the DoT Office of Industry Manpower Development together with the DoT Region 7 Office in coordination with the local government units," she added. — **Revin Mikhael D. Ochave**

Subsidies to gov't firms rise 47.82% in June

SUBSIDIES provided to government-owned and -controlled corporations (GOCCs) rose 47.82% year on year to P12.328 billion in June, the Bureau of the Treasury (BTr) reported.

Budgetary support to GOCCs also rose 54.72% compared to the May total. Subsidies amounted to P44.687 billion in the year to date, according to preliminary data from the BTr.

Subsidies are extended to GOCCs to cover operational expenses not supported by their revenue.

The National Housing Authority (NHA) was the top recipient, taking in P5.747 billion or 46.62% of all subsidies in June.

The NHA received no subsidies the previous month but was the top beneficiary in March, when it received P2.979 billion.

The National Irrigation Administration (NIA) received P3.083 billion in June. It was the top beneficiary the previous month when it was given P6.262 billion.

The National Food Authority (NFA), the National Privacy Commission, and the Local Water Utilities Administration were among the major nonfinancial GOCCs that did not receive subsidies.

The National Electrification Administration received P877 million, against zero the preceding month.

Meanwhile, the Light Rail Transit Authority received P4 million, down 33.33% from a month earlier.

Other top recipients in June were the Philippine Fisheries Development Authority (P863 million), the Civil Aviation Authority of the Philippines (P367 million), the National Home Mortgage Finance Corporation (P205 million), the Philippine Heart Center (P147 million), and the Philippine Children's Medical Center (P122 million).

Other GOCCs that were given more than P50 million were the Philippine Coconut Authority (P118 million), the National Kidney and Transplant Institute (P107 million), the National Dairy Authority (P100 million), Subic Bay Metropolitan Authority (P94 million), the Small Business Corp. (P67 million), the Philippine National Railways (P63 million), and the Lung Center of the Philippines (P58 million).

GOCCs that received no subsidies during the month were the Bases Conversion Development Authority and the Philippine Crop Insurance Corp.

The year-to-date subsidy total was down 49.38% from a year earlier. The top recipient year to date was the NIA, which was given P18.346 billion, accounting for 41.05% of all subsidies.

This was followed by the NHA and the NFA, which got P8.941 billion and P3.243 billion respectively.

Government subsidies to GOCCs totaled P184.77 billion in 2021, a 19.3% decline from the previous year. In 2021, the Philippine Health Insurance Corp. received P80.98 billion, nearly 44% of the total. — **Diego Gabriel C. Robles**

Gov't urged to review role of gas in energy transition

THE role of gas in the Philippines' energy transition must be reviewed in light of the unreliability of supply from the Malampaya field and the drastic tightening of the market following the Russian invasion of Ukraine, a think tank said.

Avril de Torres, deputy executive director of Center for Energy, Ecology, and Development (CEED), said during an online forum on Friday that securing renewable energy (RE) has been a recurring problem in the Philippines since 2016, especially for the Luzon grid.

"Since 2016, we have been experiencing annual red and yellow alerts, especially in the Luzon grid, most frequently during the summer," said Ms. De Torres, referring to periods when power reserves fall to near or below their minimum safety levels.

Gas has been billed as a relatively clean "transition" fuel for the energy industry pending the establishment of renewable capacity, and a significant portion of the Luzon grid's power plants depend on gas piped in from northern Palawan to Batangas.

The imminent depletion of Malampaya has set into motion plans for the Philippines to rely on imported gas, the market for which has since been disrupted by Europe's efforts to wean itself away from Russian energy.

According to Ms. De Torres, the yellow and red alerts are mainly due to coal-fired plants and gas-fired plants reporting shutdowns or undergoing derating due to Malampaya gas restrictions.

"Every time there is a Malampaya gas restriction, more often than not a yellow alert will soon follow," Ms. De Torres said.

The Department of Energy (DoE) estimates that the Philippine power mix is 47% coal-fired. Natural gas accounts for 22% and renewables for 24%, including hydro, geothermal, wind, and solar. Oil-based sources account for 6.2%.

The government should "rationalize energy sources that will allow the Philippines to meet the 1.5°C temperature goal under the Paris agreement," Ms. De Torres said. — **Ashley Erika O. Jose**

BW FILE PHOTO

Threat of Sri Lanka-style crisis seen diminishing if gov't boosts agri output

THE expansion of domestic food production and manufacturing output are expected to steer the Philippines away from falling into a Sri Lanka-type crisis, a bank economist said.

Rizal Commercial Banking Corp. Chief Economist Michael L. Ricafort said in a Viber message that the government needs to "reduce reliance on imports by improving productivity of the agricultural sector to... help ease food prices and lower inflation."

"Increasing the productivity of both agriculture and manufacturing will create more jobs and other (boost) economic activity," Mr. Ricafort said.

He said agricultural and manufacturing account for at least 40% of the work force.

"Also, by boosting the productivity of the industrial sector (the Philippines can) reduce reliance on imports," he added.

Maria Ela L. Atienza, a political science professor at the University of the Philippines, said in a text message that the government needs to focus on strengthening small businesses while avoiding excessive tax burdens on working-class families.

"Taxation should target big business and not middle and low-income families," Ms. Atienza said. "While foreign investment is needed, we should not be totally dependent on them so that we are prepared during economic crises."

Mr. Ricafort said the government should spend effectively and minimize corruption and "leakage" of public funds, which are critical in stimulating the economy.

Ms. Atienza also called for stronger institutions like the justice system, expanded people's participation in governance, a reduction of red tape, and a resolution to longstanding threats to peace following the rule of law.

"There is also a need further to diversify (away from) structural dollar revenue sources such as exports, OFW remittances, BPO revenues, foreign tourism, as well as foreign investment/FDI to create more employment," Mr. Ricafort said. — **Matthew Carl L. Montecillo**

Resolution to PEZA leadership row up to Palace now, former head says

CHARITO B. Plaza, the former director-general of the Philippine Economic Zone Authority (PEZA), said the dispute over the agency's leadership is in the Palace's hands and promised to abide by its decision.

Ms. Plaza told *BusinessWorld* via mobile phone that President Ferdinand R. Marcos, Jr. has the final say on whether she is to retain her post, for which an officer-in-charge (OIC) was named after the previous government stepped down.

"I am glad (that) the Palace will finally come in to resolve the leadership row," Ms. Plaza said.

"My appointment papers (issued by) then-President Rodrigo R. Duterte say that I am covered by the Civil Service Commission's (CSC) rules; hence, my security of tenure will depend on the President," she added.

Press Secretary Rose Beatrix L. Cruz-Angeles has said that the resolution of the PEZA leadership dispute is subject to the "usual procedures."

"Once received, the Office of the Executive Secretary will immediately act on it either by studying the matter... or if the answer is clear already, then they will simply make the recommendations right away," Ms. Cruz-Angeles said in a televised news briefing on Aug. 5.

On Aug. 2, Trade Secretary Alfredo E. Pascual issued Department Order No. 22-68 that affirmed PEZA Deputy Director General Tereso O. Panga's term as PEZA OIC until Dec. 31 or until a replacement is appointed.

The order followed Memorandum Circular (MC) No. 3 issued by Executive Secretary Victor D. Rodriguez on July 27, which extended the term of OICs of government agencies under the Executive branch until the end of the year, or until a replacement has been appointed.

MC No. 3 supplements MC No. 1 issued on June 30, which had ordered officeholders to remain in place until July 31 or until a replacement has been appointed, whichever comes first. — **Revin Mikhael D. Ochave**

OPINION

Consumer values in a world in crisis

SUITS THE C-SUITE

MARIA KATHRINA S. MACAISA-PEÑA

Second of three parts

The most recent edition of the EY Future Consumer Index reveals how accustomed people are to living in a constant state of crisis and uncertainty. As consumers continue to express concern about the future, they prioritize ideals that focus on more control over their finance and sustainable practices.

In the first part of this three-part article, we discussed three key shifts in play that differentiate the current crises with previous ones. Consumers now have greater control over how they organize their time due to the rise in people working from home, but they also want more control over other aspects of their lives including how they spend their money and disclose their personal information.

In this second part, we discuss the key trends in consumer behavior that were identified in the Index.

KEY TRENDS IN CONSUMER BEHAVIOR

Leaders must adapt since it is obvious that consumer beliefs and habits are continuing to change rapidly on many fronts. How effective is a "Sell more items" strategy when many customers claim they wish to make smaller purchases? There are four imperatives that leaders will have to take into account, starting with some of the key trends that the most recent Index has shown.

Cost cutting: Consumers are substituting but not sacrificing

Currently, the "Affordability first" consumer category is the dominant one, but the cost of living is a concern for all consumers: 79% of respondents express concern about their financial situation; 35% worry about having enough money for expenses other than basic necessities; 66% are concerned with getting value for their money.

Many consumers would consider buying private label packaged food (49%), while 48% are purchasing cheaper alternatives. Consumers are, in many respects, returning to what worked for them in the last two years when they were able to save money by working from home, spending more time at home, cooking their own meals, and not feeling the need to buy new clothes or use cosmetics regularly. For many brands, this creates a challenging environment.

People typically reduce their expenditures in a limited number of categories when money is tight while still rewarding themselves with "treats." However, customers are now using their money-saving strategies in all areas. For instance, there is a thriving social media culture in the cosmetics industry where influencers share "dupes" — cheaper versions of luxury goods that, in their opinion, perform just as well and offer better value.

The findings from the study demonstrate that this isn't only about cutting back on spending; rather, it's a continuation of pandemic-era habits. Some of the brand attributes that have historically conveyed prestige no longer appeal to customers as much. A deep-seated yearning to live and spend more "authentically" exists. Instead of replacing things, more people are committed to mending them. Seasonal fashion trends are less popular, with 79% of "Affordability first" shoppers and 55% of the more hedonistic "Experience first" consumers ignoring them.

Sustainability: People are clinging to their principles

Many consumers struggle to balance their desire to live more sustainably with their need to live more inexpensively, especially as many believe sustainable goods to be expensive, with 67% of consumers claiming that the high cost considerably discourages them from purchasing sustainable items. However, resistant shoppers are looking for more affordable ways to achieve their goals of sustainable living rather than simply giving up on them.

Many claim they are working harder to reduce trash and purchase used goods. By maximizing for both economic and environmental benefits, consumers are taking charge. As much as 87% are attempting to reduce food waste and 85% are attempting to reduce their energy use. Meanwhile, 36% report increasing their use of used goods, while 24% have either ceased buying or have bought less from a company that is not doing enough to protect the environment.

This shows that attitudes toward sustainable goods and products have changed for the better. Not as many consumers still believe these products to be of poor quality or lacking in durability. Importantly, people place more and more faith in the information they receive about sustainable products from the manufacturers.

Customers do not believe information from just any sources. They look for information that they believe to be trustworthy and transparent, and they value ways to filter and personalize the information they are exposed to. This broader trend can be seen playing out regarding sustainability, with over a third of customers having registered for an app or service that tracks aspects of their carbon footprint or environmental impact. Consumers are increasingly seeking reliable sources to help them make informed judgments about the things they buy.

Consumer-facing businesses are also searching for reliable suppliers because they are applying "sustainability tech" to enhance their products. Many already collaborate with sustainability tech firms to gain access to data and insights that bring them closer to the consumer. New consumer insights are being produced by these relationships, which aid businesses in interacting with customers, promoting sustainable innovation, and achieving sustainability objectives.

Digital: Customers value alternative experiences and products more and more

A small but expanding segment of customers is interested in investigating cutting-edge technologies and digital platforms, according to the Index. The metaverse, digital currency, or buying virtual goods have all been used by almost one in 10 consumers. It's interesting to note that this baseline level roughly corresponds to where e-commerce was in 2005. Its 10% retail market share from 2017 has since doubled. Some analysts predicted the demise of high street shopping at that level of retail penetration. Could the retail sector be reaching a similar turning point?

Due to the pandemic, many aspects of daily life are now "digital first." Consumers are once more turning to digital as they want greater financial control. For instance, people are substituting lifestyle choices rather than making lifestyle sacrifices by balancing digital and physical experiences.

The use of more recent digital products and services opens up new business options for firms. It becomes a question of whether they can invest in digital in ways that distinguish their brand experience, foster creativity, gather more customer data, allow for digital product line creation, and promote innovation.

Trust will be a critical factor, as consumers express great concern about who they share their data with. They want to know how it will be used and protected, expanding their post-pandemic, always-on emergency posture to include a safety-first component.

In the last part of this article, we will discuss four imperatives that consumer companies must consider to meet the needs of consumer values that have shifted during the pandemic experience.

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