

Philippine baking industry seen growing 5% a year to \$2.5 billion by 2027



THE Philippine baking industry's retail sales are expected to grow 5% a year to \$2.5 billion by 2027, according to the US Department of Agriculture (USDA).

"Driven by moderate inflation, population growth, and urbanization, the value is expected to grow at a compound annual growth rate (CAGR) of 5%, reaching \$2.5 billion by 2027," the USDA said in a report.

Headline inflation in June slowed to 5.4% from 6.1% in May, the lowest level in 14 months, which the Philippine Statistics Authority attributed to easing food and transport prices.

"This presents an excellent opportunity for US exporters of baking ingredients to enter the market, maximize promotions, and constantly introduce new products," the USDA said.

The USDA tracks agricultural developments in other countries as a service to its farmers, who are major food exporters.

Its estimate for baked goods sales in the Philippines last year was \$1.9 billion.

In 2022, Philippine bakers spent roughly \$1.5 billion on ingredients, with 77% or \$1.2 billion being imported. The

US accounted for about \$845 million of those ingredients.

"Traders believe the US is well-positioned to increase its exports of baking ingredients to the Philippines in the coming years by leveraging the Filipino consumer's general preference for high-quality US-origin products" it said.

Baking, SI/3

Maynilad expects pause in service interruptions as Ipo water levels rise

MAYNILAD Water Services, Inc. said it could further suspend its plan to interrupt water services with levels rising at the dams supplying the capital.

"We were able to suspend service interruptions over the past four days because rains over the Ipo watershed have been keeping water level in Ipo Dam high," Jennifer C. Rufo, head of Maynilad corporate communications, said in a Viber message on Sunday.

She added that increased water levels at Bulacan's Ipo Dam, which is downriver from Angat Dam, the main source of water for Metro Manila, allowed the company to still access 2,400 million liters per day (MLD), despite reduced water releases from Angat.

"Given this, we expect to be able to indefinitely suspend the daily interruptions, but they will immediately be reinstated once the rains over the watersheds stop and inflows to Ipo Dam start dwindling," she said.

On Saturday, Maynilad announced the suspension of planned service interruptions in parts of Caloocan, Malabon, Manila, Valenzuela, Navotas and Quezon City for July 15-16, saying that improved supply from Ipo Dam mitigated the impact of reduced releases from Angat Dam.

Last week, the west zone water concessionaire announced a program of nine-hour daily water interrup-

tions starting July 12, affecting about 591,000 accounts.

The National Water Resources Board had reduced the water allocation for Metropolitan Waterworks and Sewerage System (MWSS), after water levels at Angat fell below the dam's minimum operating level.

"The water interruptions have been suspended from Friday until (Monday) morning. We will assess (on Monday) night if the interruption will resume or not," Patrick James B. Dizon, head of the MWSS Angat/Ipo operations management division, said in a Viber message.

As of 6 a.m. on Sunday, the water level in Angat Dam increased to 179.06 meters from 178.48 meters a day earlier, though still lower than its 180-meter minimum operating level, while Ipo Dam levels dipped to 100.02 meters from 100.03 meters the day before.

Ms. Rufo said that because the *habagat* (southwest monsoon) is ongoing, Maynilad hopes that rain will continue to fall over watersheds to further increase the water level at Angat Dam.

Separately, Maynilad said that it plans to spend P1 billion to reactivate over 60 deep wells this year.

It has been tapping deep wells, both old and new, which could provide around 32 MLD of additional supply in preparation for El Niño, Maynilad said.

The company said these deep wells are located in Caloocan, Quezon City, Las Piñas, Muntinlupa, Parañaque, Bacoor, Cavite City, Kawit, and Imus.

By the end of this month, the company said it expects to produce about 12.38 MLD from its deep wells in 19 locations.

Deep wells are reactivated only as a contingency measure due to the expected water shortages brought on by El Niño. Groundwater is not deemed a sustainable source of water, considering the proximity of Metro Manila to Manila Bay, from where salt water could seep into groundwater reserves, rendering them unusable.

"We have found some viable deep wells, and their yield will add to our water supply should El Niño further affect the availability of water from traditional sources," Maynilad President and Chief Executive Officer Ramoncito S. Fernandez, said in a statement over the weekend.

Maynilad serves the cities of Manila, except San Andres and Sta. Ana. It also operates in Quezon City, Makati, Caloocan, Pasay, Parañaque, Las Piñas, Muntinlupa, Valenzuela, Navotas, and Malabon. It also supplies the cities of Cavite, Bacoor, and Imus, and the towns of Kawit, Noveleta, and Rosario, all in Cavite province. — **Ashley Erika O. Jose**

OPINION

Providing value for the tech-reliant consumer

(Second of two parts)

As consumers try to maintain their resiliency in the face of increasing cost of living pressures and ongoing economic concerns, they have started adopting new technology more frequently. This has led to consumers making changes in the way they consume, with the goal of making daily life more affordable through technology.

In an SGV seminar held in June, "Getting ahead of the changing consumer and disruption, regional and local business strategy," Climate Change, Sustainability Services and consumer products and retail (CPR) leaders from EY-Parthenon and SGV, along with distinguished industry leaders, shared the latest insights on the CPR industry. One of the topics discussed how companies can reframe corporate strategy to secure long-term sustainable growth for CPR, redefine the way they can serve consumers and anticipate sector disruptions, and embrace new-age models to get ahead of changing consumers.

In addition, the most recent **EY Future Consumer Index**, which surveyed over 21,000 consumers in 27 countries, indicates that the usage of digital tools at work and home influences the way people consume as well as what they consume. This gives opportunities to businesses that can comprehend and influence these shifting consumer attitudes, but it should be noted that this goes beyond simply choosing appropriate technologies, overseeing their implementation, and developing the infrastructure necessary to support them.

In the first part of this article, we discussed the technology-reliant and value-driven consumer as a result of the rapid rate of digital innovation and adoption, as well as the consumer's issues with trust over the impact of new technologies.

In this second part, we discuss how technological innovations must prioritize providing tangible benefits to the consumer, how technology will redefine the consumer of tomorrow, and how companies must build trust with, earn the respect of, and provide value to consumers.

INNOVATION MUST PROVIDE TANGIBLE CONSUMER BENEFITS

To safeguard thin margins and market share, businesses are utilizing technology and data. They scramble to create data warehouses that they can mine for insights as consumers become more conscious of the value of their personal information. Consumers know the importance of their data, and demand better value as compensation for sharing it. The way businesses strike a balance in this dialogue becomes crucial to retaining customers.

However, they must proceed cautiously since consumers are already trying out new brands and reassessing what they consider essential in their pursuit of better value. If consumers do not believe that using new technology benefits them, a company risks significant damage to the kinds of customer connections that are essential for long-term success and customer retention.

The Index demonstrates a steady decline in the high levels of customer confidence many companies enjoyed following the pandemic. Retailers and consumer goods companies engage with customers far more frequently than other businesses, which presents an opportunity to either foster trust or undermine it depending on how well the needs of the consumer are taken into account.

TECHNOLOGY WILL REDEFINE THE FUTURE CONSUMER

The way people live and work will change due to the rapid pace of technology, which will also redefine the future consumer. Behaviors and attitudes can suddenly and unexpectedly shift as a result of small, seemingly unrelated changes in many different areas.

A majority of Index respondents — 50% — say they are employed by businesses engaged in large technology initiatives that aim to increase value for customers, employees, and investors. Artificial intelligence (AI) is one of the most important

forces driving change in the technology landscape, and it will alter the customer experience with new products and services as well as completely new patterns of living and working on the horizon.

BUILDING TRUST, EARNING RESPECT, AND PROVIDING VALUE

To address their concerns about affordability, consumers are cutting back and reevaluating their priorities. While businesses must address these immediate requirements, they also cannot afford to lose sight of the wider picture. Future consumer behavior will be altered by technology, and businesses must therefore develop compelling value propositions that take this into consideration.

Businesses must consider if consumers recognize the full worth of their brand or product, but also evaluate if this is what consumers want. The increased dependence on technology poses an opportunity for retailers and consumer goods companies to significantly impact the lives of their consumers, but

it is just as crucial to provide them with advantages. For example, companies can provide a silent, time-saving convenience, or solutions to consumer issues that make certain products or services indispensable.

Companies must consider how they can design gratifying, rewarding, and distinctive experiences, and determine how technology can assist in providing the optimal balance between all three components. For example, with environmental, social, and governance (ESG) as a major consideration these days, companies will also find opportunities to provide consumers with gratifying experiences by making conscious decisions in reducing the generation of plastic waste. Since both reduction and recovery methods are required to transition to a more circular economy, investment in technology, innovation, facilities, and product development are necessary.

Also consider what steps are being taken to increase consumer confidence in the organization's services and touchpoints, as well as how to determine if these efforts are effective. Trust involves many important factors, including providing value for money, protecting data, acting in accordance with the business values that consumers share, adopting an ethical mindset, and being genuine. Businesses can gain from a far deeper and more extensive interaction with consumers if they are perceived as one of a select number of reliable companies.

Relationships like these are difficult to establish and simple to sever during a time when consumer confidence in businesses is experiencing a steady decline. Consumer-facing businesses have plenty of opportunities to get things right, but they also have as many opportunities to get it wrong because of the proliferation of new channels.

Lastly, businesses have to ask themselves how they are adapting their strategies to address the technological revolution transforming customer engagement, and what they choose to prioritize. Innovation is transforming the propositions consumers have access to, how these are accessed, and ways of living and working. Businesses will need to respond to this by evolving the goods and services they provide, how they conduct business, and how they interact with customers.

Businesses must also recognize, implement, and integrate the technologies that are appropriate for both the present and the future consumer. Despite the complexity, the objectives are clear: businesses need to build a relationship of trust, earn the respect of the consumer, and provide them with value that they will appreciate.

This article is for general information only and is not a substitute for professional advice where the facts and circumstances warrant. The views and opinions expressed above are those of the author and do not necessarily represent the views of SGV & Co.

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Project Name; Hotel101-Niseko Hokkaido Japan, Lot Size; 1.17 Hectares, Total Units; 482 Rooms



On Wednesday 12 July 2023, DoubleDragon's Hotel101 officially appoints H2 Christie's International Real Estate as the exclusive master sales agent for Hotel101-Niseko project. H2 Christie's International Real Estate is an international network with more than 400 offices and about 10,000 real estate agents in nearly 50 countries and territories around the world.

H2 Christie's International Real Estate sales group is part of the world renowned top auction house.

DoubleDragon's Singapore registered subsidiary Hotel101 Global Pte. Ltd. is expected to generate US\$128.88 million (P7.12 billion) in unit sales revenue from the Hotel101-Niseko project. Hotel101 is exporting its unique concept of having only one type of uniform 21 sq.m. room unit where both the studio unit owners and hotel guests know exactly what to expect globally.

(In Photo during the signing in Hokkaido Japan on July 12, 2023 are DoubleDragon Chairman Edgar "Injap" Sia II with H2 Christie's International Real Estate Co-CEO Michael Chen)