

Beyond candy and canned goods:

The tech-powered future of sari-sari stores

By Miguel Hanz L. Antivola
Reporter

AN AFFORDABLE internet provider, a job placement hub, and a dark warehouse — these are the other possibilities for a technology-enabled sari-sari store, according to entrepreneur Ibrahim R. Bernardo.

Driven by a vision of a high-tech future for Philippine small retailers, Mr. Bernardo and his team transformed their enterprise solutions startup to offer complete tech support for sari-sari store owners.

Mr. Bernardo, co-founder and chief marketing officer of Packworks, said the company has adjusted its offerings to meet the tech demands of sari-sari stores, much like those of large firms.

“Pre-pandemic, it was our CSR [corporate social responsibility], and we were helping around 5,000 sari-sari stores with our app,” he told *BusinessWorld* on how the company started.

Sari-sari stores are small retail shops commonly found in residential areas in the Philippines, selling a wide range of consumer goods, from food and beverages to household items.

There are about 1.3 million sari-sari stores in the Philippines, which 94% of consumers depend on for daily needs, according to the Asian Preparedness Partnership.



PACKWORKS/IO

Excluding those without paid employees, there are 40,549 sari-sari stores in the country, according to the Philippine Statistics Authority (PSA).

Packworks provides these small entrepreneurs with an ecosystem of solutions tailored to their market, Mr. Bernardo said. “We cater to the agri sector, carinderias, small businesses, and professional or ‘super’ sari-sari stores,” Mr. Bernardo said.

He said that super sari-sari stores can avail of an almost full enterprise resource planning solution, which includes inventory management and insights dashboards.

“We have a CRM [customer relationship management system] where they implement their own loyalty promo system because there are sukis — individuals or small sari-sari stores that go to them,” he added.

“The successful sari-sari stores even have local delivery, so they will have their husband, maybe, delivering and taking orders from the community on a motorcycle or pedicab,” he said, noting that 75% of sari-sari store owners are women.

Mr. Bernardo also noted the integral role of technology in recognizing sari-sari store owners as key opinion leaders in their respective communities.

“We amplify and put those super sari-sari stores on a podium and give them tools so that the smaller stores are inspired and emulated,” he said on directing efforts to maximize the potential of small community retailers.

“There are so many [possibilities] once you get them connected and provide value.”

MARKET DATA

However, creating work in the social enterprise is similar to run-

ning a marathon and shooting oneself in both feet, Mr. Bernardo said.

“You got two bottom lines: your KPIs [key performance indicators] for social impact, and keeping the lights on and scaling,” he said.

Providing tech and data systems to small retailers happened to yield actionable, real-time sales insights for brands of fast-moving consumer goods, he noted, which became a revenue generator for Packworks.

“For the big brands, they’ve never seen this data before,” he said on Sari IQ, a business intelligence by-product of the value Packworks adds.

“We were one of the few people that were able to provide data on how well their products were doing versus their competition, whether it was in-stock or out-of-stock in these stores,” he added.

“And that’s how we make money,” he said on precision marketing insights by category at a sari-sari store level being the company’s main profit source.

The data was also used to track prices for certain categories, which is where the company saw discrepancies in the reported inflation rate of the national statistics agency versus the actual cost of goods in sari-sari stores, where most Filipinos buy from, Mr. Bernardo noted.

Packworks said the average price of food items purchased from small retailers in the Phil-

ippines rose 15.62% in January, while the official food inflation rate reported by the PSA was at 11.2% in the same month, *BusinessWorld* reported in February.

“You’re looking at a 4.4% impact earlier this year on the cost of goods, and that’s painful,” Mr. Bernardo said. “The other challenge sari-sari stores faced was the fact that prices were fluctuating so much.”

“Can you imagine a small store with 200 SKUs [stock keeping units] and almost every week or twice a week, the prices are changing?” he said. “It is so incredibly difficult for them to know if they’re making money, how much should they add, and they’re doing this analog.”

“Access to brands, helping their businesses with the tools specific to them, margin protection — there are many ways we’re helping the stores, but the challenges are still there.”

He noted majority of stores aided by Packworks have increased sales, “doing better with the app than without it.”

“That is outpacing inflation, and I guess that’s the most we can do at this point in time.”

GROWTH

Mr. Bernardo said that the company’s next stage is rolling out radical, data-driven financial products that help sari-sari stores grow on a micro-level.

“Our goal is to lower the cost money,” he said on providing credit assistance to small sari-sari store owners, especially those who go back and forth from super sari-sari stores for stock. “They’ve been doing this for years, day in and day out.”

“What if I gave this person four grand through the superstore, and it’s not cash? It’s through the products that I know they sell,” he said. “They save time and money, and I know, because of the history of their transactions with us, that they’re professional and good for it.”

“These are little tactical things that we can do to make transactions more frictionless and allow them to grow their business more.”

Packworks is targeting to onboard 300,000 sari-sari stores in the Philippines to its ecosystem by the end of the year and another 200,000 in the next six to eight months, from the current 270,000 it has.

“It’s not just dreaming that this is something we could bring to other countries and help sari-sari stores and nanays there,” Mr. Bernardo said on the company currently working with multinational companies for expansion abroad.

“We’re looking at countries in the region. Africa isn’t out of the picture,” he added on the company’s plans to expand in countries that have a per capita income of \$3,000 and below.



FREEPIK

Exporters group: PHL should mirror halal success of neighbors

THE Philippine halal market has the potential to grow with current efforts from both the government and the private sector, the Philippine Exporters Confederation, Inc. (Philexport) said.

There is a “big chance” that the halal market in the Philippines will grow, and “we have hardly scratched the surface,” said George T. Barcelon, chairman and trustee of Philexport, in a phone interview with *BusinessWorld* on Monday.

Halal food follows the strict guidelines of Islamic dietary laws. The global halal market now covers sectors like clothing, pharmaceuticals, cosmetics, tourism, media, and more, beyond just food and beverages, the Department of Trade and Industry (DTI) said in a statement on Oct. 16.

Mr. Barcelon, who also chairs the Philippine Chamber of Commerce and Industry (PCCI), also expressed his hope that the Philippines could emulate countries involved in halal products, such as Thailand and Malaysia.

The DTI has partnered with global halal stakeholders, including regional powerhouses like Malaysia, Indonesia, and Brunei Darussalam. The department aims to learn from these countries to improve the Philippine halal industry’s credibility and integrity, it said.

Adroit Market Research expects the global halal market size to approach \$3 trillion by 2029,

growing at an annualized rate of 5.6% through the projected period.

Halal food has gained popularity among both Muslim and non-Muslim consumers. It is now seen not just as a religious mark but also as a sign of safe, hygienic, and reliable food, the research firm said on its website.

“I know we’re trying to work hard on this but I don’t know when... We’re still far from it... because first of all, we do have a Muslim population and they’re eating halal food, but you need to be competitive,” Mr. Barcelon said.

Philexport, PCCI, and the DTI have been working to expand the halal market in the Philippines, hoping to grow the country’s food and agriculture industry, he noted.

The DTI expects the Philippine halal industry to bring in P230 billion and create over 120,000 jobs for Filipinos in the next five years.

Such goals are achievable, said Mr. Barcelon. “But we must be competitive.”

The DTI said that the development of the halal industry aligns with its four primary objectives: fostering regional growth, achieving food security, enhancing and expanding micro-to medium-sized enterprises, and enabling job skills matching and skills upgrading. — **Aaron Michael C. Sy**

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