Figaro stays bullish despite growing competition

LISTED food and beverage retailer Figaro Coffee Group, Inc. (FCG) remains bullish on their growth prospects despite increasing competition in the retail coffee market, its top official said.

"No. Not at all, because we have a different market," FCG Chief Executive Officer Divine G. Cabuloy said at the sidelines of a recent briefing when asked if the company is affected by rising competition in the retail coffee sector.

Ms. Cabuloy said FCG remains optimistic about its market presence as it has expanded its product offerings under the Figaro Coffee brand.

"Before, we were more of coffee products. But now, we have also captured the young crowd market because Figaro Coffee right now is not just offering coffee products — we also have other products. We have pasta, sandwiches, and rice meals," Ms. Cabuloy said.

Jollibee Foods Corp. recently announced that it is set to bring Singapore's Common Man Coffee Roasters to the Philippines.

The brand's first branch, set to open this year, will be located at the Ayala Triangle Gardens in Makati

Japanese apparel retailer Uniqlo also opened on Oct. 13 its signature café Uniqlo Coffee in Glorietta 5, Makati City as part of expanding its business in the country.

For their part, FCG is eyeing to open 50 to 75 stores overall next year, with the investment for each store ranging from P8 to P13 million depending on its size, Ms. Cabuloy said.

Currently, FCG has 192 stores nationwide across its various food brands, made up of 116 Angel's Pizza outlets, 60 Figaro Coffee stores, 10 Tien Ma's Taiwanese Cuisine stores, and six Café Portofino establishments.

"Per store, the investment is around P8 to P10 million. That includes the franchise package and the construction of the store. If the store has a second floor, the investment reaches P13 million," Ms. Cabuloy said.

FCG Chief Operating Officer Michael T. Barret said their Angel's Pizza and Figaro Coffee brands will be focused on expanding in Visayas and Mindanao.

"For Angel's Pizza, we are targeting Cebu, Tacloban, Leyte, and Samar in Visayas, while we are looking at Cagayan de Oro and Butuan in Mindanao," Mr. Barret said.

"In terms of expansion for Figaro, we are also focusing on Mindanao because there is a huge demand for coffee shops," he added.

Currently, 70% of FCG stores across all brands are company-owned, while the remaining 30% are operated under franchises, he said, adding the company is hoping to bring back the ratio to 50% company-owned and 50% franchise stores.

FCG earlier reported that its net income rose by 133% to P462.6 million for its fiscal year ended June 30 from P198.2 million in the prior fiscal year.

The company's revenues jumped 75% to P4.28 billion from P2.44 billion and same-store sales climbed 6%.

Shares of FCG closed at 63 centavos each on Friday, down by one centavo or 1.56% from the previous trading session. — **R.M.D. Ochave**

PAGCOR,
from S1/2

PAGCOR did not provide data on the latest industry GGR. Earlier data from the agency showed that total industry GGR rose by 49% year on year to P136.37 billion as of end-June.

Mr. Tengco said he expects GGR levels to surpass the 2019 figure. PAGCOR earlier said it expects the industry to generate P272.74 billion in revenues by the end of the year.

In 2019, the total gaming industry GGR stood at P248.468 billion.

He said "increased demand for leisure, travel and entertainment" will support the growth of the gaming industry in the coming years. The lifting of pandemic-related restrictions has also boosted demand for gaming activities, he added.

The development of more resorts in Clark, Pampanga will also help drive growth in the industry, Mr. Tengco said.

"Clark is projected to become a major gaming and tourism hub before the end of this decade. If you go around Clark, you can see its immense potential," he said.

"You can see the infrastructure in place, you can see the surrounding tourist destinations, and you can see the new buildings and new commercial districts being developed in all directions," he added.

Meanwhile, PAGCOR is also seeking to ramp up the industry's modernization to help boost revenues.

"We expect the delivery of 3,000 brand new slot machines by January next year. We have an agreement in place with a supplier for a revenue-sharing scheme for these new machines, which we expect to generate at least P18 billion in revenues in the next five years," he said.

"We are also modernizing our table games by replacing our old ones with new and more sophisticated gaming tables to attract more players and further increase," he added. — **Luisa Maria Jacinta C. Jocson**

Managing the tempo of technology change

Innovation is vital for businesses to thrive. Whether the goal is operational efficiency gains, improving consumer access, or creating entirely new products and services, innovation and better businesses go hand in hand.

At BDO Unibank, innovation is driven by the bank's focus on customer needs, understanding available technology in developing solutions while remaining cognizant of the local business landscape.

We believe that the future of financial services will see a coming together of technological efficiency and analytical capabilities with human insight, judgment, and relationships. Technology will work in tandem with, not replace, people, bringing the best of both to businesses and consumers.

THE RAPIDLY EMERGING NETWORK ECONOMY

Today, technology is the cornerstone of the rapidly emerging network economy. As of early this year, internet users in the Philippines grew by 13.4% to 85.1 million. This equates to an additional 10 million plus users. The 6.6% year-on-year growth of mobile cellular connections, to 168.3 million, is equally impressive. With the increased adoption of mobile phones in the Philippines, a corresponding uplift in digital payment acceptance using mobile wallets has been seen. Accepting digital payments reduces many businesses' security and operational concerns when customers pay with cash. With similar benefits to consumers, it is not surprising to see digital payments to merchants increase from a 13% share of volume in 2018 to 24% in 2020.

Economic growth has resulted from technology growth in the Philippines. By 2025 the Philippine internet economy will be worth USD28 billion, up from USD7.5 billion in 2020.

CULTURAL AND TECHNOLOGICAL BARRIERS TO ADOPTION REMAIN

Despite technology being embraced by many in the Philippines, there are still barriers to even more widespread access and adoption. Geographic challenges include digital logistics and delivery difficulties and a need for more stable, affordable, and speedy internet availability.

Despite the impressive growth rate of digital payments, the fact remains that the Philippine economy remains mainly cash-based, despite handling and safekeeping costs. Currently, only 5% of Filipinos pay utility bills digitally through bank accounts or mobile money accounts, compared to 22% in Indonesia and 80% in Malaysia. Even for online shopping, cash remains core, with 77% of online purchases from sellers such as Lazada and Shopee settling with cash.

Cash dominance is one reason banks in the Philippines continue to invest in their branch and ATM network. As of the third quarter of 2019, there were over 12,500 bank branches and over 21,400 ATMs across the country, growing at 4.4% and 1.6%, respectively.

In addition, Filipino businesses still rely on long-term, trusted relationships and person-to-person engagement. In our world of financial services, relationship managers remain a critical sounding board and advisor to businesses on everything from managing financial processes to the latest cash management techniques.

DEVELOPING TECHNOLOGY AND PEOPLE IN PARALLEL

The modern-day relationship manager brings to the table human-led service and support supplemented by the data insights, security and efficiency technology provides. Technology must, therefore, work alongside and facilitate human interaction.

This is why banks must continue to invest in branch networks and upskill their relationship managers. BDO Unibank, for example, has developed the only team of cash management and industry-specific relationship managers in the Philippines.

Our relationship managers work with our clients on their industry-specific current and long-term cash management issues and opportunities. From providing facilities for cover before revenue is received, to determining the best structure for payments and accounts, at BDO, we find ways for our clients to optimise their cash flow and working capital. Furthermore, BDO Unibank continues to operate and invest in a network of more than 1,600 branches – the largest in the Philippines. Meaning, human help is never far away when needed.

Aligned with our co-development approach, in branches, the bank connects the physical with the digital with online appointment booking, fully digital account opening, paperless in-branch cash and check transactions and cardless ATMs using biometric authentication. These blended digital, in-branch solutions supplement over-the-counter services offered by BDO's experienced tellers. Digital branch services are one example of the new era of blended financial financials services – physical services with digital overlays.

To ensure we continue to advance and provide our customers with the most secure and convenient services, we also invest in digital services that make it easy for businesses to receive customer payments and settle accounts with suppliers. These include Auto Debit Arrangements, which seamlessly debit one account and credit the receiving organization's collection account. And our online business banking service provides easy and secure access to digital payments and account information through a range of devices.

Carlo B. Nazareno, SVP and Head, Transaction Banking Group-Cash Management Services, BDO Unibank

An additional example is Virtual Accounts, which essentially provide separate ledger records or alias bank accounts, primarily used to categorise incoming cashflows and transactions. Virtual Accounts are accessible for corporations to manage and inexpensive to maintain and operate. They provide a unique identifier number, or Virtual Account number, for customers to use when making payments to a business. Virtual Accounts assist with liquidity management, reconciliation, and reporting as payments are sent to a single bank account. In addition, as there are fewer bank accounts to manage, security is enhanced, and fraud prevention is boosted. BDO Unibank Relationship Managers work with clients to understand their incoming flows, payment segregation needs, and reconciliation requirements, to develop an optimised Virtual Account solution for their business.

MANAGING THE TEMPO OF TECHNOLOGY CHANGE

The fundamental issues hindering technology adoption will take time to address. It is also essential to ensure innovation improves the lives of people and communities and does not create new inequalities. Moreover, because technology creates a risk of leaving people behind and a digital divide, the pace of change and transformation to fully digital interactions for buying consumer goods, business-to-business transactions, and access to government services must happen concurrently with the continued provision of traditional cash and human-based financial services. Innovation, therefore, needs to be human-centric and considered, moving at a pace that balances embracing change while respecting today's preferences and technology limitations.