

Retail, F&B face cautious optimism for second half

By Revin Mikhael D. Ochave
Reporter

CONSUMER-RELATED companies, such as those in retail and food and beverage (F&B) sectors, are expected to perform well in the second half of the year with higher consumer spending anticipated during the holiday season, though potential risks remain, according to market analysts.

“We are cautiously optimistic for the second half as the Bangko Sentral ng Pilipinas’ (BSP) Consumer Expectations Survey still shows some pessimism on economic conditions moving forward. This is somewhat tempered on forecasts that are leaning towards easing inflationary pressures in the following months,” AP Securities, Inc. Research Analyst Jose Antonio B. Cipres told *BusinessWorld* in a Viber message.

“Alongside this, the P35 wage hike which took effect last July would increase spending power and should also translate to revenues primarily to companies exposed to the F&B industry,” he added.

According to Mr. Cipres, the revenue growth for retail and F&B companies last year was driven by price increases, but noted that their margins were tempered due to higher costs.

“This year however, we are slowly starting to see all-around volume driven revenue growth and better margins on a quarter-on-quarter basis,” he said.

The BSP’s recent Consumer Expectations Survey showed that Filipino consumers are a bit more optimistic for the next 12 months, with the index growing to 13.5% from 13.4% previously.

A *BusinessWorld* poll of 15 analysts forecasted a median es-

time of 3.7% for the country’s inflation rate in August, within the 3.2-4% forecast of the BSP. August inflation data will be released on Sept. 5.

If realized, August inflation would also be slower than the 4.4% in July and the 5.3% print in the same month a year ago.

Stephen Gabriel Y. Oliveros, research associate at China Bank Securities Corp., said in an e-mail interview that consumer-oriented companies could perform beyond expectations on the back of stronger spending and easing interest rates.

“An acceleration in growth remains a possibility in the second half given the seasonal uptick from the holiday season, and prospects of a recovery in consumer purchasing power amid easing price pressures and policy rate cuts,” he said.

“We think growth trajectories of consumer-oriented firms in the second semester will largely mirror the pace of revenue expansion we’ve seen during the first semester as first half performance generally trended within respective company guidance,” he added.

The BSP’s Monetary Board on Aug. 15 reduced its policy rate by 25 basis points (bps) to 6.25% from a near 17-year high of 6.5%, marking its first easing move in nearly four years.

BSP Governor Eli M. Remolona, Jr. has said they could cut rates by another 25 bps within the year.

Unicapital Head of Research Wendy B. Estacio-Cruz said in a separate interview that retail and F&B companies are expected to have a modest growth this year.

“We came from high levels for last year. For this year, I think it is slightly up from last year but not as much as the growth from last year,” she said.



PHILIPPINE STAR/MIGUEL DE GUZMAN

“There will be an influx of consumer spending over the next couple of months, especially the ‘ber’ months. There’s a slight or modest growth from last year,” she added.

Mr. Cipres said that listed retailers Puregold Price Club, Inc., San Miguel Food and Beverage, Inc., Universal Robina Corp., and Robinsons Retail Holdings, Inc. will benefit from increased consumer spending during the holiday season.

“These are poised to take advantage of consumer demand during the holidays through increased sales for groceries, supermarkets, and department stores,” he said.

He added that Jollibee Foods Corp. and Alliance Global Group, Inc. (AGI), which operates McDonalds’ Philippines through Golden Arches Development Corp. (GADC), will also benefit from increased number of gatherings.

“JFC would benefit from the parties and gatherings that

typically occur during holidays. While AGI would benefit given their stake in GADC; lackluster performance from their other segments would temper this,” he said.

Unicapital’s Ms. Cruz said that listed operators SM Prime Holdings, Inc. and Robinsons Land Corp. will see a surge in performance during the holiday season.

She added that listed banks will also benefit from increased consumer spending amid expected rate cuts.

“We’re also expecting banks to benefit from the lowering interest rates. There will be a lot of consumer and retail spending. There will be a lot of mortgage as well as automotive loans,” she said.

For his part, China Bank Securities’ Mr. Oliveros said that listed companies Century Pacific Food, Inc. (CNPF) and Monde Nissin Corp. will see a surge this holiday season.

“CNPF’s diversified product portfolio allows the company to remain the top-of-mind producer of accessible and value-for-money goods. The company also has new legs for growth as they continue to scale their emerging businesses like milk, pet food, and alternative meat,” he said.

“Monde Nissin is expected to continue benefitting from stable demand across its core categories (noodles, baked goods), complemented by their efforts to boost brand awareness. Meanwhile, more favorable economic conditions in the United Kingdom could also aid the demand recovery for its alternative meat business,” he added.

Mr. Oliveros also said that listed telecommunication companies Globe Telecom, Inc., PLDT Inc., and Converge Information and Communications Technology Solutions, Inc. will also benefit during the holiday season.

“We like telcos given expectations of steady demand for data services, alongside accelerating earnings contributions from non-telco services. Note these factors helped support earnings growth across major listed telco players over the past few quarters,” he said.

Meanwhile, SM Prime Executive Committee Chairman Hans T. Sy said in a separate ambush interview that the company has a positive outlook for its retail and mall businesses.

“Shopping and retail are always going to always be there. We’re very positive still. It depends on how you’re going to be able to sell, whether online or on the physical side,” he said.

“What we need to do is to adapt. Instead of expecting people to go to your place to shop, you have to make it experiential for them, make it interesting for them. A place to see or a place to be seen. That’s now the evolution of shopping,” he added.

inDrive Philippines targets to grow driver network to 16,000 by yearend



INDRIVE

INDRIVE, a global ride-hailing app operated by RL Soft Corp., plans to double its partner-drivers in the Philippines to 16,000 by the end of the year, signaling aggressive expansion that could intensify competition in the local ride-hailing market.

“We’re working hard together with our partners to enlarge our driver base because we understand that it’s not only for business development for us but also providing opportunities of income for drivers,” inDrive Marketing Director for Asia-Pacific (APAC) Natalia Makarenko said during a briefing on Tuesday.

The company reported a 96% increase in its active driver base, reaching 8,000 drivers, since resuming operations in the Philippines nearly three months ago.

“We’re still having a 0% commission to our driver-partners. And we don’t have precise plans that we can announce about the

timings of introduction of the commission,” Ms. Makarenko said.

Further, once the company decides to collect commissions from its drivers, it will be up to 10% of their earnings, she said.

“We will be looking closely and closely at the situation of business growth and development. Of course, we have an open feedback communication with our drivers’ partners,” Ms. Makarenko said.

Mobility and urban services platform inDrive operates in 750 cities in 46 countries. In the Philippines, inDrive currently operates in six cities namely, Metro Manila, Bacolod, Baguio, Iloilo, Butuan, and Cagayan de Oro.

The company is planning to expand its operation in three key areas within this year, Ms. Makarenko said, adding that inDrive is eyeing to operate in Cebu, Davao, and Pampanga.

“Well, we are undergoing the review of our expansion plans until the end of the year and, of course, we are thinking about 2025 and further on. The Philippines is one of the key markets for us in APAC. We will have to prepare thoroughly for the business expansion,” she said.

Ms. Makarenko said inDrive is also planning to further expand its operations in more cities by 2025.

“For this year, we are thinking about launching two to three more cities and for the next year probably the number of cities will expand as well,” she said.

To recall, the company initially secured the approval of the Land Transportation Franchising and Regulatory Board to offer its services in the Philippines in December 2023 but was suspended a month after due to alleged fare haggling violations. — **Ashley Erika O. Jose**

“Well, we are undergoing the review of our expansion plans until the end of the year and, of course, we are thinking about 2025 and further on. The Philippines is one of the key markets for us in APAC. We will have to prepare thoroughly for the business expansion,” she said.

Ms. Makarenko said inDrive is also planning to further expand its operations in more cities by 2025.

“For this year, we are thinking about launching two to three more cities and for the next year probably the number of cities will expand as well,” she said.

To recall, the company initially secured the approval of the Land Transportation Franchising and Regulatory Board to offer its services in the Philippines in December 2023 but was suspended a month after due to alleged fare haggling violations. — **Ashley Erika O. Jose**

Mercato Centrale renews lease with RLC at Bridgetowne

MERCATO CENTRALE has renewed its partnership with Robinsons Land Corp. (RLC) for the operation of an outdoor food market at the Bridgetowne Destination Estates in Quezon City.

Following the renewed partnership, Mercato Centrale announced new collaborations with Okane Kitchen and Fly Ace Corp. to expand its offerings at the outdoor food market, the company said in an e-mailed statement sent on Tuesday.

“The strong and steady foot traffic at Bridgetowne makes it the perfect venue for launching new food concepts by our small food business entrepreneurs,” Mercato Centrale said.

Okane Kitchen specializes in new food concepts and back-end kitchen operations for small and medium enterprises (SMEs), while Fly Ace is one of the country’s leading food and beverage companies and the exclusive distributor of Franzia Wines.

Launched in 2011, Mercato Centrale offers a platform to support the growth of SMEs. It also offers customers with a wide range of food options from gourmet dishes to street food.

Bridgetowne is a mixed-use township and business park development located on the border of Pasig and Quezon City.

— **Revin Mikhael D. Ochave**

MPIC’s mWell expands with new self-care tools, counseling services

METRO Pacific Investments Corp. (MPIC), through its digital healthcare unit mWell, is expanding its digital healthcare offerings by integrating self-care tools and counseling services into its product suite.

“mWell aims to transcend geographic boundaries and provide holistic wellness to our countrymen,” mWell Chairman Manuel V. Pangilinan said in a statement on Tuesday.

“As the only Philippine health and wellness app available globally, mWell provides mind health support to students, members of the workforce, and Overseas Filipino Workers,” it said.

mWell by Metro Pacific Health Tech Corp. is a comprehensive health app providing wellness and health solutions to its users.

In May, the company announced the expansion of its digital healthcare products,

including the Mind Health Score feature and a new generation of mWell watches and rings.

The mWell app provides online consultations, daily health tracking, financial wellness tools, laboratory services, pharmacy options, home care, and emergency response.

It also includes the Mind Health Score feature, which tracks users’ emotional well-being.

MPIC is one of the three key Philippine units of Hong Kong-based First Pacific Co. Ltd., the others being Philex Mining Corp. and PLDT Inc.

Hastings Holdings, Inc., a unit of PLDT Beneficial Trust Fund subsidiary MediaQuest Holdings, Inc., has a majority share in *BusinessWorld* through the Philippine Star Group, which it controls. — **Ashley Erika O. Jose**



FREEPMK

Fujifilm Philippines aims to expand healthcare footprint



FUJIFILM Philippines, Inc. targets to expand its footprint in the healthcare sector by introducing a portable X-ray device aimed at addressing diagnostic needs in underserved and remote areas.

“We are confident that FDR Xair... will open new opportunities for TB (tuberculosis) screening, especially for Filipinos who live in remote areas,” Fujifilm Philippines President Masahiro “Masa” Uehara said during a launch event on Tuesday.

There are four million Filipinos who lack access to timely TB diagnosis and treatment, he noted.

The Department of Health has reported that, as of December 2023, there were over 600,000 recorded cases of TB in the Philippines.

The portable X-ray device, FDR Xair, can perform TB screenings in three minutes with the help of a radiologist and doctor, according to the company.

Mr. Uehara said the company has been involved in healthcare for 88 years, starting with X-ray film.

Today, Fujifilm’s healthcare products include X-ray machines, ultrasound systems for visualizing organs with sound waves, endoscopes for examining internal body parts, in vitro diagnostic tools for analyzing biological samples, magnetic resonance imaging or MRI machines for detailed body scans using magnets, and computed tomography systems for creating cross-sectional images of the body using X-rays. — **Aubrey Rose A. Inosante**