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## Consumer Health in the Philippines

### COVID-19 Impact on Consumer Health

**C**OVID-19 radically shifted consumer shopping behaviors. Besides shopping more in already-familiar categories, consumers turned to e-commerce for a range of categories for the first time during the pandemic, permanently increasing the number of e-commerce shoppers. New shoppers, specifically baby boomers, also came online for the first time, driving the boom in researching products and services online, according to consumer survey data from Euromonitor International.

The big unknown in the industry today is what portion of this e-commerce spike will remain post-pandemic. According to Euromonitor International's Voice of the Industry: COVID-19 Survey, 64% of industry professionals surveyed in July thought COVID-19 would drive a permanent increase in online shopping, up from 54% of those surveyed in April. E-commerce will remain a key growth opportunity for brands and retailers, underscoring the need to identify which countries and categories are best positioned to retain the surge in e-commerce unfolding globally.

Lockdown restrictions, including limited movement outside the home, and closure of gyms, reduced demand for sports nutrition products, and also impacted categories such as topical analgesics. More time spent at home also resulted in consumers cooking more meals themselves, with reduced purchases of fast and convenience foods. This adversely impacted demand for digestive remedies and hemorrhoid treatments due to healthier consumption patterns. Meanwhile, sleep aids saw growth due to the increased stress and uncertainty arising from COVID-19.

Awareness of the influence of factors such as obesity, smoking, and a weak immune system as contributors to the severity of the disease influenced purchases in 2020, and the way in which consumers prioritized their product choices. Overall, most notable was the consumers adoption of an increasingly preventative approach to health and wellbeing, which is set to continue.

### COVID-19 Country Impact

By the beginning of August, the number of cases of COVID-19 in the Philippines had reached over 100,000 and the death toll was over 2,000. To try and stop the spread of the virus, in the period between 12 March and 15 May, the Filipino Government introduced a nationwide lockdown, albeit that some provinces without COVID-19 cases

were able to operate under differing local community quarantine regulations. The national regulations called for only one person being allowed to leave the home to buy food or medicines between 6:00 AM and 11:00 AM or between 3:00PM and 6:00 PM. All non-essential establishments were closed, with only supermarkets and markets open for food in retail, and foodservice outlets allowed to offer only takeaway and delivery services. The operating hours of essential stores varied in different locations according to the lockdown measures implemented by local authorities. Schools in the country were shut and public gatherings prohibited. While the government gradually started to relax the rules from 1 May, it was then forced to reintroduce lockdowns in some parts of the country, including Manila and surrounding districts, in early August due to fast-rising case numbers. The national government also declared a state of calamity throughout the Philippines on 16 March, which implemented price controls on basic commodities, granted interest-free loans, distributed calamity funds, and offered a hazard allowance for public health workers, among others.

Travel of foreign nationals to the Philippines was banned by the government from 16 March 2020, with all visas for foreigners still suspended at the time of writing. However, there are some exceptions, such as the families of Filipino citizens and workers for international organizations and non-governmental organizations accredited in the Philippines. Even these travellers must have a health certificate proving they have tested negative for COVID-19, or quarantine for 14 days on arrival at their own expense. Local airlines suspended flights in response to this travel ban, although some routes had already been suspended in February by airlines, such as to China, which was where the virus first emerged. Only essential outbound travel is allowed by Filipino citizens, while after an initial ban travel is now allowed within regions and between certain regions, with domestic flights operational from June. Although by the middle of the year locals were not yet travelling for leisure purposes, this is expected to be allowed and promote growth towards the end of the year.

Six months after tough restrictions were introduced to curb the contagion - including stay-at-home orders, travel bans, and no talking on buses and trains - infections are still rising by several thousand everyday in October. It is now compulsory to wear both masks and plastic shields in indoor public spaces and on public transport in an effort to curb the spread of coronavirus.

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### Company Response

With increased demand for products such as analgesics as a result of COVID-19, combating counterfeit products is an increasingly high priority for the government of the Philippines. Counterfeit products not only have a detrimental effect on brand image, but can also be ineffective, or even have a detrimental impact on health. Local and international companies are thus increasingly likely to partner with the government to help eradicate such products in the post-pandemic environment.

As Filipino consumers increasingly went online to research products, and in some cases to purchasing them as the pandemic took hold, players active in this environment made increasing use of social media and other online platforms to promote their products. This was already apparent towards the end of the review period, with celebrity endorsement emerging as a strategy to engage with consumers and stimulate purchases. Key to players’ performance in 2020 was investment in advertising and promotional strategies to increase awareness and encourage purchases, as manufacturers were forced to react to consumers’ shifting priorities, economic conditions, stockpiling, and shortages.

### Retailing Shift

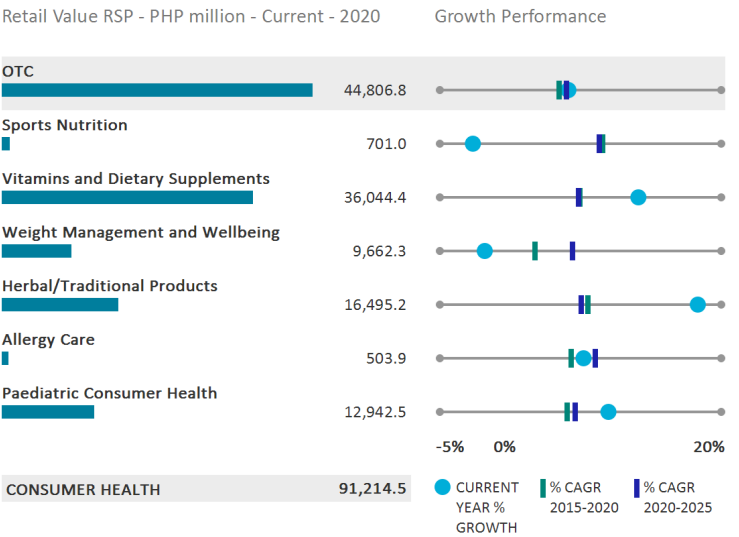
Distribution was a key factor in the performance of many brands in the Philippines as the COVID-19 pandemic took hold in 2020. As lockdown restrictions limited consumers to visiting only those outlets near their homes, this benefitted sari-sari stores, drugstores/ parapharmacies, and the brands available through such outlets.

Direct sales remained the dominant channel in the market in 2020, traditionally popular due to the ability of representatives to recommend products to consumers, and the convenience this channel offers. However, while it remained marginal for most categories, e-commerce nonetheless demonstrated signs of potential for growth in this increasingly connected country. Sports nutrition was the only category in which e-commerce accounted for a notable proportion of value sales at the end of the review period, followed at some distance by Nicotine replacement therapy (NRT) smoking cessation aids. Players elsewhere in the market will need to invest in online support for their products if they are to stimulate online purchases in a market where direct sales and small, local stores still hold considerable value. Non-contact purchasing options may prove appealing if COVID-19 resists efforts to contain its spread, particularly if coupled with bundling offers, targeted advertising strategies, and promotional support.

### What’s Next for Consumer Health?

In the post-pandemic environment consumers will continue to seek functionality and convenience in their health products, as well as increasingly adopting what they feel are preventative strategies to combat COVID-19. This will largely be in the form of boosting the performance of the immune system, underpinned by more general

### Sales of Consumer Health in Philippines by Category



health strategies, such as reducing obesity, giving up smoking, and taking vitamins and dietary supplements. Products offering convenience such as combination cough, cold, and allergy remedies and multivitamins are likely to remain popular, underpinned by the value of such products in their ability to treat a variety of symptoms in a single dose.

Given the economic impact of COVID-19, consumers will increasingly seek products offering good value for money as well as effectiveness. To meet such demand, it may be beneficial for players to offer products in smaller packaging formats that reduce the purchase price for consumers, but offer convenience of consumption when on the go.

As consumers seek to improve their overall health, an increasing number are likely to take up sporting activities and exercise regimes. This is likely to increase demand for topical analgesics for the treatment of injuries, herbal/traditional products, sports nutrition, and wound treatments.

With the rising birth rate in the Philippines, pediatric products also offer potential for growth, as parents in the country transfer their desire for good health and a high level of immunity on to their children. While demand for such products remained limited in 2020, categories such as pediatric vitamins and dietary supplements offer opportunities, as consumers in the country continue to adopt increasingly preventative strategies regarding health. Furthermore, economic recovery is likely to see spending priorities shift once more, favoring products offering longer-term benefits. In addition, products offering convenience in terms of their ability to be used outside the home may also appeal as consumers resume pre-COVID-19 lifestyles. ■

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