Market Expansion Analysis

Philippines Market Development Assessment

Project Type: Academic Strategic Project

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Project Overview

This project evaluated the commercial viability of expanding a Malaysian consumer brand into the Philippine market.

Scope of Analysis

- Market Opportunity Assessment
- PESTEL Analysis
- Cultural Analysis
- Competitor Benchmarking
- SWOT Analysis
- Strategic Recommendations

Key Skills Demonstrated

- Market Research
- Business Intelligence
- International Expansion Strategy
- Consumer Insights
- Competitive Analysis

Introduction:

Expanding globally allows fast-moving consumer goods companies to access broader markets and sustain their competitive edge. NIBOU, a Malaysian SME, transitioned from automation into food and beverage production, gaining traction with products such as DADIH puddings and DRINME jelly drinks. The brand has begun operations in the Philippines via Landers Superstore and is now exploring the potential for further market development.

This analysis explores whether the Philippines offers a strategic opportunity for deeper engagement. It draws upon international marketing frameworks introduced in the course, including PESTEL to review external market conditions, Hofstede's dimensions for cultural alignment, and political-legal risk analysis. The purpose is to offer strategic insights and a recommendation on whether continued investment in the Philippines supports NIBOU's international growth objectives.

International Market Analysis:

Political Environment:

The Philippines offers a politically stable and business-supportive environment, positioning it as a strong candidate for regional market growth. With its democratic governance and strong involvement in economic cooperation across Southeast Asia, the country supports frameworks such as ASEAN Free Trade Area (AFTA) and the Regional Comprehensive Economic Partnership (RCEP), which reduce trade tariffs and enhance cross-border commerce (Senate Economic Planning Office, 2022; ASEAN, 2002). These agreements enhance market accessibility for Malaysian firms like NIBOU by lowering trade costs and simplifying export procedures. Additionally, the Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act enhances the Philippines' tax incentive framework by lowering corporate tax, extending benefits for high-value projects, streamlining V AT refunds, and empowering IPAs to attract more foreign investment (Quizon, 2024). By 2018, food retail in the Philippines reached USD 47.4 billion, driven by urbanisation and demand for imports. Full foreign ownership is allowed in F&B franchises, with international chains widely present in major malls (ASEANACCESS, n.d.). This political stability and policy direction create a conducive foundation for NIBOU's potential market development.

Economic Environment:

The Philippines is experiencing dynamic economic growth, driven by a young, increasingly urban population and a thriving middle class. As of 2023, over 50 percent of the population resided in urban areas, and the median age was 26.3, suggesting a young and growing consumer base with long-term purchasing potential. Income levels have also been on an upward trajectory; average disposable income per person reached USD 2,807.6, while the median disposable income per household stood at USD 8,634.70. Forecasts suggest continued annual growth exceeding 6% through 2028 (Agriculture Canada, 2024). As of now, around 40% of the population now falls within the middle-income segment, largely concentrated in urban zones (Jose Ramon G., 2024). This has driven increased consumption of fast-moving consumer goods such as dairy, drinks, and snacks, with packaged food sales reaching USD 17.2 billion in 2023. Combined with 5.6 percent GDP growth and the lowest unemployment rate in 2024, the market presents strong prospects for NIBOU's affordable product line (Agriculture Canada, 2024; World Bank, 2025).

Socio Cultural Environment:

The social values and everyday habits of Filipino consumers strongly support NIBOU's product positioning. Based on Hofstede's dimensions, the Philippines scores very high on Power Distance (94) and low on Individualism (32), reflecting a collectivist society where social bonding and group enjoyment are central. This collective mindset means food and beverages are often consumed together in groups, whether among friends or family, creating a natural fit for items like NIBOU's jelly drinks and puddings. The country also scores low on Long-Term Orientation (19), suggesting a preference for short-term gratification and indulgent experiences, which further supports the popularity of sweet treats (Ebaeguin, 2014).

In 2023, Filipinos spent USD 33.3 per capita on snacks and USD 75.3 on non-alcoholic beverages, showing a clear demand for fun and indulgent products (Agriculture Canada, 2024). The influence of TikTok food trends has also amplified interest in colourful items, reinforcing the appeal of NIBOU's visually engaging and trendy offerings in the local market.

Legal/Regulatory Environment:

Companies entering the Philippine market must comply with strict regulations on food importation, registration, and labeling. All imported products, including NIBOU's, require a Certificate of Product Registration (CPR) from the Food and Drug Administration (FDA) Philippines, verifying compliance with safety, composition, and shelf-life standards (Wang,2024). Labeling requirements mandate that product information be presented either in English or Filipino or combination of both. In accordance with Republic Act No. 7394 (Consumer Act of the Philippines), labels must include essential details such as the registered brand name, manufacturer and importer addresses, ingredient list, net content in metric units, country of origin, and expiry date (Sato et al., 2023). Given this regulatory landscape, NIBOU must ensure regulatory compliance across all these areas to ensure a successful market entry.

Technological Environment:

The Philippines' digital landscape is highly developed, creating strong opportunities for digital marketing and online sales. By early 2025, internet penetration had reached 83.8 percent, representing approximately 97.5 million individuals. The country also recorded 142 million mobile connections, exceeding the total population and indicating widespread multi-device usage. Social media plays a central role in everyday communication, with 90.8 million active user identities recorded and TikTok alone accounted for 62.3 million users aged 18 and above (Kemp, 2025). These patterns highlight a mobile-driven digital market, enabling NIBOU to grow via influencers, short videos, and e-commerce platforms such as Shopee and Lazada (Jessica, 2025).

Environment Factors:

In 2025, environmental awareness among Filipino youth played a growing role in shaping consumer expectations. As of 2024, the Philippines had nearly 30 million individuals aged 15 to 24, many of whom took part in environmental efforts at both school and community levels (Climate Change Commission, 2024). This youth segment increasingly prefers brands with eco-conscious packaging and values. NIBOU can appeal to this eco-aware group by using recyclable packaging and highlighting sustainability in its branding.

<u>NIBOU Evaluation:</u>

SWOT Table

SWOT

STRENGTHS

- **Youth Appeal-** Fun, shareable product fits collectivist and indulgent Filipino culture.
- **High Digital Engagement-** 62M+ TikTok users support viral marketing.
- **Affordable-** attractive to the country's price-sensitive but trend-aware middle income consumers.

WEAKNESS

- **Limited Recognition-** Competes with strong local and global FMCG brands.
- **Import Reliance-** Exposed to border delays and extra costs.
- **Unfamiliar Product Type-** Sampling campaigns required to build consumer understanding and trust.

OPPORTUNITIES

- **Eco Branding-** Youth-led climate actions support sustainable packaging.
- **E-commerce Growth-** Shopee and Lazada offer cost-efficient market entry.
- **Green Tax Incentives-** RA 10771 and BIR RR 05-2019 offer tax deductions for eco-packaging R&D and duty-free imports of green tech.

THREATS

- **Strict Compliance-** Regulatory requirements for food labeling and FDA registration.
- **Health Conscious Shift-** Rising awareness around sugar intake may affect repeat sales
- **Fierce Competition-** Entrenched brands like Monde Nissin dominate the snack market.

NIBOU's core advantages include its appeal to Filipino youth, who value communal snacking and fun snacking experiences, as well as its alignment with the country's affordability-conscious yet trend-driven consumers. Its potential to gain traction through digital channels is high, given the widespread popularity of platforms like TikTok. However, challenges remain, including low brand familiarity, dependency on imported goods, and a format unfamiliar to local taste habits. Growth prospects exist in sustainability positioning, growing online retail platforms, and access to green incentives. Still, regulatory complexities, increasing nutritional awareness, and dominance by major food manufacturers remain key threats (AJA Law, 2024; Asia Food Beverages, 2024).

Competitor Analysis

The Philippine jelly snack and beverage sector presents a competitive but penetrable landscape for NIBOU. The market is shaped by the strategies of both local and global players. Domestic brands such as Leslie Corporation and Universal Robina Corporation(URC) have secured strong market positions by offering products that align with Filipino taste preferences. Leslie operates advanced manufacturing facilities, while URC's Jack 'n Jill brand provides a broad snack selection that resonates with Filipino consumers (lesliesnacks, n.d.; Universal Robina, 2023).

International competitors like Dutch Mill have also succeeded by catering to health-conscious consumers with convenient options. Dutch Mill dominates the yogurt drink sector with a reported 88.7% market share in Q3 2022. Their outreach relies on influencer marketing and value bundles, which have proven effective with younger consumers (Hong, 2023). NIBOU's jelly-in-a-pouch concept offers portability and differentiation as it enters the Philippine market.

Although established competitors dominate the market, NIBOU can differentiate through its unique jelly-in-a-pouch format, which combines portability with novelty. Already known in Malaysia for its smooth soya pudding and layered jelly texture, the product has potential to attract local consumers seeking convenient snack alternatives.

To build brand recognition, NIBOU should consider Keller's Brand Equity Model, which outlines four stages of building strong brands: salience, meaning, response, and resonance (Jacob, 2024). This begins with making the brand easily recognizable, followed by shaping consumer associations through product quality and visual identity. As customers begin to form favorable opinions and emotional associations, the brand can progress toward achieving brand resonance, the ultimate goal, marked by deep loyalty and strong engagement. Implementing this model effectively through collaborations with local influencers, campaigns, and authentic brand storytelling can support NIBOU in reaching this stage and fostering meaningful consumer relationships.

Additionally, in response to growing health consciousness in the Philippines, NIBOU could add functional ingredients to meet consumer demand. This, combined with digital marketing, can help position it as a modern, health-focused brand in the jelly snack market.

Opportunities in the country

The Philippines offers untapped market potential for NIBOU, particularly through emerging shifts in regional consumption patterns and growing demand for functional beverages. According to the USDA Foreign Agricultural Service's 2024 Snack Foods Market Brief, the Philippine snack food market reached an estimated retail value of USD 2.6 billion in 2023 and is projected to grow at an annual rate of 8 percent until 2028, which is double the average growth rate of the Asia Pacific region (Singian, 2024).Beyond Metro Manila, rapid urbanization in emerging cities like Davao, Iloilo, and Cagayan de Oro is decentralizing consumer demand, offering new entry points where competition from global FMCG giants remains less intense. At the same time, national initiatives such as the Philippine Plan of Action for Nutrition 2023–2028 are driving higher demand for healthier, fortified, and low-calorie food products (CPDAS, 2024). NIBOU's konjac-based offerings, rich in dietary fiber and naturally low in calories, are well positioned to capitalize on these health-focused trends. Additionally, sustainability is becoming a decisive factor for Gen Z consumers, influencing purchasing behavior more than ever. NIBOU can significantly strengthen its brand image by partnering with programs like the Plastic Credit Exchange (PCX) and leveraging tax incentives under the Philippine Green Jobs Act, which rewards companies that promote sustainable practices (PCX, n.d.; IEA, 2023). Supported by ASEAN trade agreements that simplify regional logistics, these trends present a timely opportunity for NIBOU to scale sustainably through health innovation, local market relevance, and ethical branding.

Conclusion:

Recommendation:

Given the Philippines' robust economic momentum ,growing middle-income segment, and digitally engaged youth, further market development is a strategically sound move for NIBOU. The country's stable political environment, membership in ASEAN trade agreements, and pro-investment policies like the CREATE Act reduce entry barriers for foreign SMEs. Moreover, rising health consciousness, supported by the Philippine Plan of Action for Nutrition 2023–2028, offers NIBOU an opportunity to align its konjac-based, fiber-rich products with national wellness trends. NIBOU's affordability, visual appeal, and alignment with mobile-first digital consumption habits, particularly on platforms like TikTok, strengthen its positioning for success. Additional opportunities exist in eco-conscious branding and cost-effective e-commerce expansion through platforms such as Shopee and Lazada.

Nonetheless, challenges persist. NIBOU faces stiff competition from entrenched players such as URC and Dutch Mill, along with regulatory requirements and the need to introduce a product format that may be unfamiliar to local consumers To overcome these obstacles, NIBOU can apply Keller's Brand Equity Model to build awareness, shape favourable associations, and cultivate loyalty. This strategy can be reinforced through localized marketing campaigns, collaborations with local influencers, and active participation in community engagement efforts to build visibility and trust. Despite the optimistic outlook, this recommendation relies on several key assumptions. It presumes regulatory approvals, including the Certificate of Product Registration, can be obtained efficiently and affordably. It also assumes consumer openness to NIBOU's unfamiliar jelly drink format, despite entrenched brand loyalties and conservative taste preferences. Additionally, while the country shows strong digital engagement, converting online visibility into brand loyalty requires ongoing, culturally relevant marketing. These uncertainties could impact NIBOU's market expansion and should be carefully evaluated during the initial rollout phase.

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