

# The Philippines x China business relations

*April 2023*

  
**daxueconsulting**  
beijing shanghai hongkong





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# Baidu search data exposes Chinese perceptions of the Philippines

Chinese internet users are interested in the Philippines' presidential election held in May 2022 and its political history.

## Associated words on Baidu Index\*



\* The associated words related to the name of the country

## Suggested topics on Baidu Search^



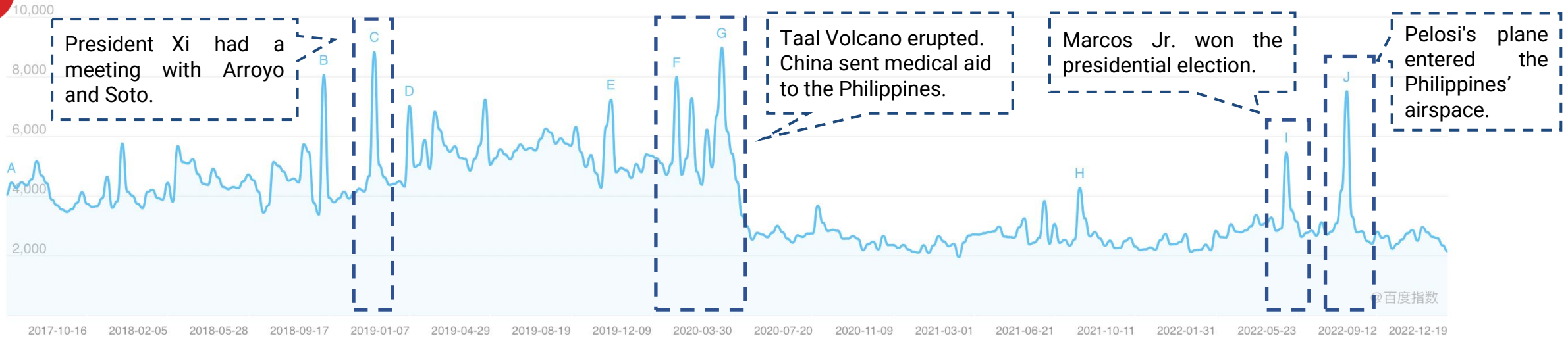
^ The suggested topics after typing the name of the country in the search bar

Source: Baidu & Baidu Index, 2022.

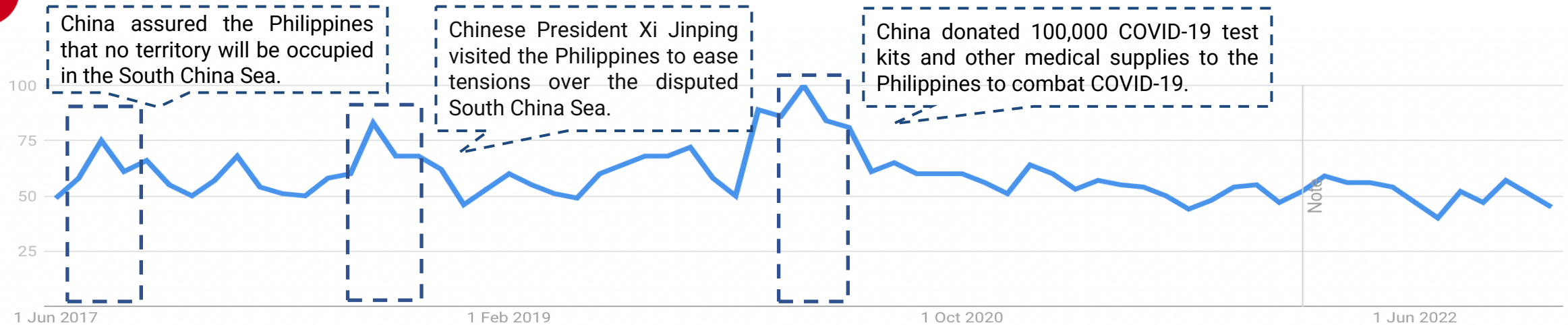
# Chinese netizens searched for politics and humanitarian aid news in the Philippines



## Chinese netizens' search frequency of "Philippines/菲律宾" on Baidu



## Philippines netizens' search frequency of "China" on Google



Time frame: Jun 2017 – Dec 2022

# Where in the Philippines are Chinese investing? (1/2)

Popular areas in the Philippines are concentrated in Metropolitan Manila.



**MAKATI**—The traditional financial center of the Philippines: Home to the largest number of major banks and multinational corporations in the country. Most foreign embassies are located in Makati, thus making Makati well established and convenient in all aspects. Besides, Makati is also known as the main cultural and entertainment center of Metro Manila.

**ORTIGAS CENTER**—The second highest ranked business district: Ortigas Center is the second most central business area in the Philippines after Makati CBD. Its status in the Philippines is equivalent to the Lujiazui Financial District in Shanghai, China. The area has many high-end office buildings, business centers and five-star hotels, such as the headquarters of the Asian Development Bank (ADB) and the Philippine Stock Exchange. Ortigas is the most popular location for local multinational companies because of its relatively cheaper office rents, and cleaner and safer environment compared to the traditional financial center of Makati.



Image source: Unsplash, Alexes Gerard, 2020

A view of Makati City

Source: Juwai

# Where in the Philippines are Chinese investing? (2/2)

Areas located close to transportation hubs and emerging financial districts are becoming popular.



Image source: Shutterstock, CGi Heart, 2017

*An areal view of Pasay*

**PASAY—Transportation, Logistics and Political Center:** The Ninoy Aquino International Airport is located in Pasay. The Pasay area is home to aviation and logistics companies such as Philippine Airlines, PAL Express, and Air Juan. Pasay is also home to important Philippine government offices such as the Senate, the Department of Foreign Affairs (DFA), and the National Bank of the Philippines.



Image source: Unsplash, OJ Serrano, 2020

*A view of Bonifacio Global City*

**BONIFACIO GLOBAL CITY (BGC)—Emerging Financial and Central Business District:** Since 1995, it developed rapidly like China's Shanghai Pudong Development. Today, the area is a thriving new financial, business and residential district that has attracted many foreign companies and investors. It has modern skyscrapers, a well-developed commercial hub and was dubbed the most pedestrian-friendly area of Metro Manila.






Source: Juwai

# The Philippines' coconut exports and trade with China

The rising popularity of coconut-related drinks among Chinese consumers contributed to strong demand for coconut imports.

## Top 5 categories of Philippines exports to China in 2021

Export value (US\$ Billion)

1		<b>Manufacturing products</b>	7.79
2		<b>Mineral products</b>	2.77
3		<b>Agricultural products</b>	0.83
		- Coconut	0.15
4		<b>Fishery products</b>	0.11
5		<b>Forestry products</b>	0.04

- **In 2021, China remained the largest trading partner and the top source of imports for the Philippines and rose to the second-largest export market for the Philippines' products.** Philippines exports to China reached US\$11.6 billion, up 17.5% year-on-year, accounting for 15.5% of total Philippine exports.
- **Coconut product exports to China are growing rapidly.** Agricultural exports are the third most important category of Philippine exports to China, reaching US\$830 million in 2021, while coconut products account for 18.1% of total agricultural exports at US\$150 million, up 48.2% year-on-year.
- **There is a huge coconut import demand in China, and the Philippines has the potential to expand its coconut product exports to China.** The Philippines is the world's largest coconut-growing country, with global exports of coconut products of nearly \$2 billion in 2021. China's domestic coconut production is critically insufficient to meet local demands. Thus, there is a strong demand for coconut imports from the Philippines.

Source: National Development and Reform Commission; China State Farms & Tropical Agriculture

# Coconut is a major agricultural export from the Philippines

Coconut products are often processed to lengthen the storage time.



- CNPF is one of the largest Philippine food companies based in Manila and first started in 1978.
- Coco Mama and Vita Coco are the company's brands that are focused on coconut-based products.
- Its product received quality certifications from the BRC, HACCP, Organic (Eco-Cert), Halal, and Kosher.



Aqua Coco is sold on Tmall, its product claims:

- 100% natural coconut water
- Good source of potassium



Coco Mama brand sells coconut cream made from fresh coconut which is available on Tmall.

Source: Century Pacific Food, Inc.



- NUCO is a company from the Philippines which specializes in organic and natural coconut products.
- The company offers coconut oils, coconut wraps, coconut crunch, coconut oil vegan mayo, and coconut cider vinegar.
- Its coconut wraps have flavor variations such as turmeric, moringa, and cinnamon. The wraps could be found on Tmall.



Coconut wrap product claims:

- US\$A-certified organic and non-GMO.
- Free of gluten, grains, yeast, starch, soy, egg, lard, and dairy.
- Vegan.

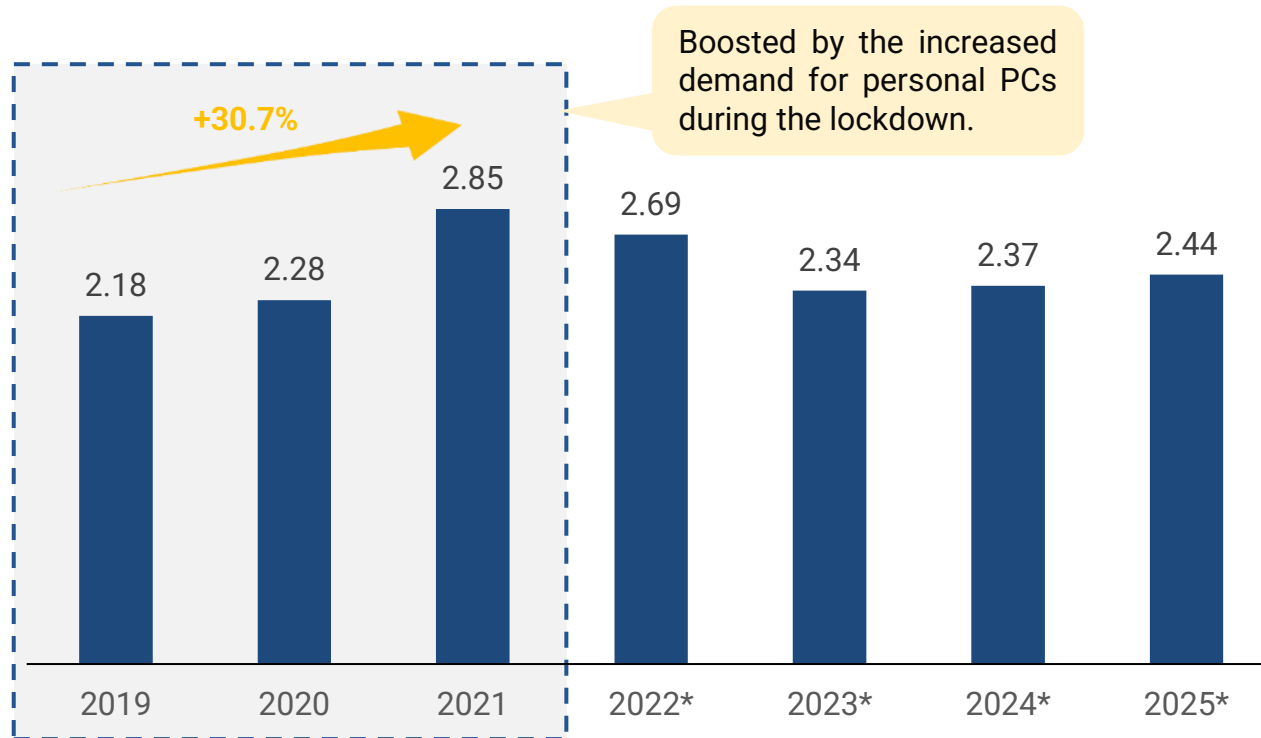
Source: NUCO



# The Philippines' PC industry grew during the pandemic lockdown period

More PCs were bought by workers and students in the Philippines who had to work from home and pursue online schooling due to the travel restriction due to COVID-19.

**The Philippines PC Sales**  
(in million units)



\* signifies estimation

Source: Philippines News Agency (2022)

## What Filipinos look for when buying a PC



**Competitive pricing**



**Great specs**



**Themed laptops  
(i.e., super-hero,  
nature etc.)**



**Compelling promotional  
campaigns**

Source: Philippines News Agency (2022)

# Case Study: Lenovo (1/2)

Lenovo performed well in the Philippines market and ranked as the second-best selling PC brand with a 15% market share.



ThinkPad T16

1984

The computer manufacturer company, Lenovo Group, was founded in Beijing, China.

2020

According to International Data Corp., Lenovo is the top monitor brand in the Philippines with a 22% market share.

2022

Lenovo has developed an extensive network of 81 Philippines corporate resellers, 17 mobile resellers, and 50 premier storefronts.

Sources: Forbes (2016), Lenovo & Back End News (2020)

Lenovo is among the top brands for PCs in the Philippines. In 2021, it **ranks second** in terms of PC market share.

**LENOVO HAS 15%** of the Philippines PC market share in 2021

Source: Public News Agency (2022)

Lenovo provides the full product offerings in the Philippines which can be divided into the following 4 categories:

- PC & Tablets
- Smart devices
- Phones
- Servers & storage

Source: Lenovo

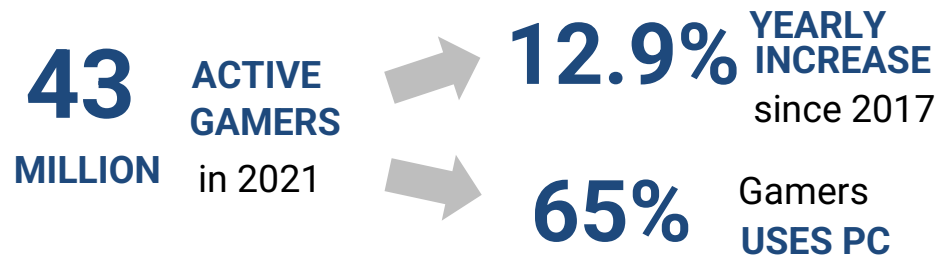
# Case Study: Lenovo (2/2)

Lenovo expanded its market share in the Philippines by providing appliances that suit the needs of its targeted customers.



## Gaming PCs

Before the pandemic, the sales of gaming PCs in the Philippines were less than 100,000 units in 2019. In 2022, the number grew to 241,000 units.



**Legion gaming lineup** plays a significant role for Lenovo in expanding its market share. After the introduction of the devices and the establishment of the Legion PHL community, it is now the **fastest-growing gaming notebook brand in the Philippines.**

Sources: New Zoo, YCP Solidiance



## WFH workspace

- Taking advantage of the work-from-home (WFH) trend, Lenovo Philippines is promoting a “hybrid lifestyle” by encouraging home and workspace mergers.
- **Lenovo’s ThinkPad and ThinkVision product lines are used to promote the “hybrid lifestyle” in the Philippines.**



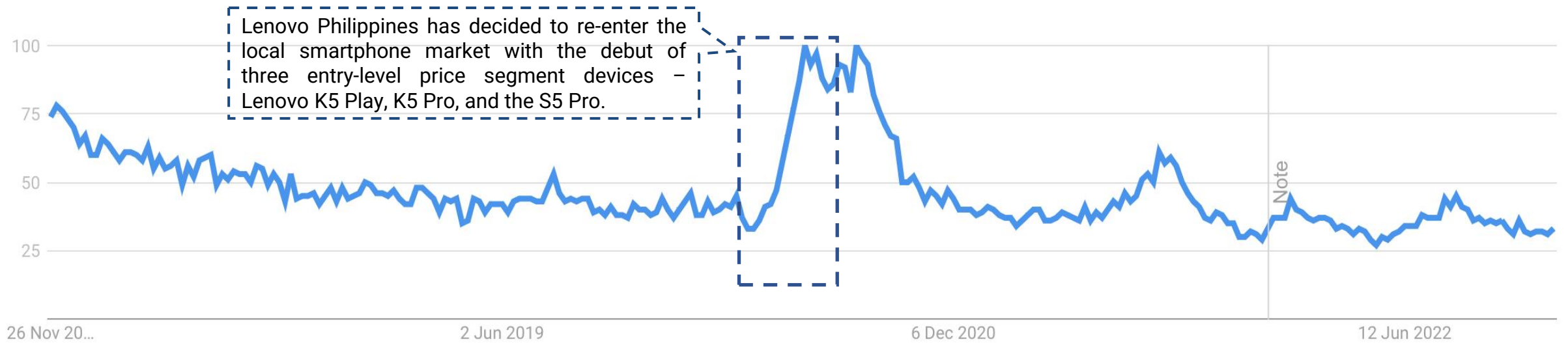
ThinkVision 23.8"



Legion Y740Si

Source: Business World, : Business World, ABS-CBN News

# Search trends of Lenovo on Google in the Philippines



Time frame: Jun 2017 – Dec 2022

## Related queries

Entry-level laptop ideal for students.



Lenovo IdeaPad S145



Lenovo Ryzen 5

An affordable gaming laptop with AMD processors.

Source: Google Trends  
 Note: Google's improvement in data collection system

# Best selling products from Philippines on Tmall (Excluding tourism products)

## SANMIUSUNFLOWER CHEESE CREAM CRACKERS



**Price:** CNY15.80 (US\$2.33)

**Monthly sales:** 400+

**Reviews:** 1,000+

**Popularity due to:** High value for money, creamy taste, good packaging, crispy

## REBISCO DOOWEE DONUT



**Price:** CNY36.80 (US\$5.42)

**Monthly sales:** 200+

**Reviews:** 300+

**Popularity due to:** Convenient packaging, rich flavor, good taste, long shelf life, soft, moderately sweet

## LA RESURRECCION CHOCOLATE



**Price:** CNY27.90-235 (US\$4.11–34.60)

**Monthly sales:** 500+

**Reviews:** 3,000+

**Popularity due to:** Trustworthy quality, great taste, strong chocolate aroma, nice packaging, goes well with milk

Source: Tmall, 2022

# What do Filipinos think about China?

China's soft power in the Philippines is growing through China's pop culture industry.

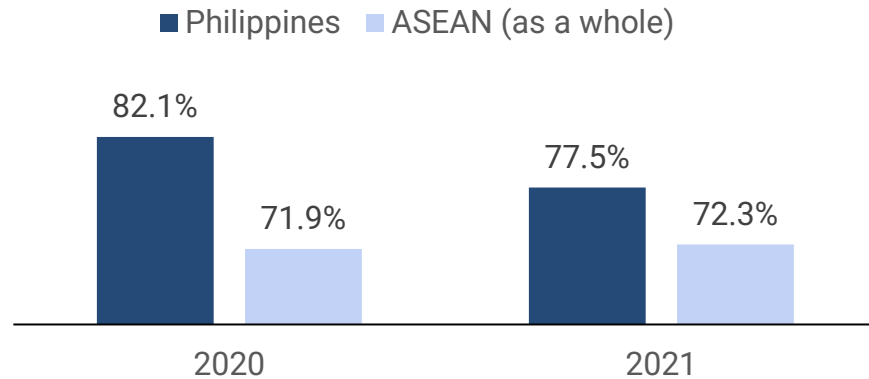


PHILIPPINES

- Most of Filipinos are apprehensive towards China's increasing economic influence in the region.
- However, China has a growing soft power in the Philippines due to the rising popularity of Chinese pop culture and shows.

In 2021, the Philippines is the second most concerned country (after Vietnam, to be discussed later) in ASEAN concerning China's growing economic power.

## Filipino and ASEAN respondents who are worried about China's growing regional economic influence (2021)



The number of respondents: (approx.) 67  
Source: ISEAS-Yusof Ishak Institute

## Soft power grows through pop culture

- China debuted "China TV Theater" on a state-run broadcasting network in the Philippines.
- The two biggest private television networks in the Philippines broadcasted Chinese entertainment programs.
- China can influence Filipinos' perception of the country through these media coverage.

Source: The Diplomat

## Souring relations due to delayed infrastructure investment

- The former president, Duterte, favored China over the US. In 2016, he announced the Philippines' "separation" from the US.
- Yet, infrastructure investments promised by Beijing have not taken place, which negatively influenced Filipinos' perception.
- With the new president sworn in June 2022, China may not have as strong of a connection with the Philippines.

Source: CNBC

# About Daxue Consulting



# **Our mission is to guide businesses to holistic growth in Asia**

Through our market research and strategy consulting, we equip businesses with the knowledge and guidance to achieve growth in China and beyond



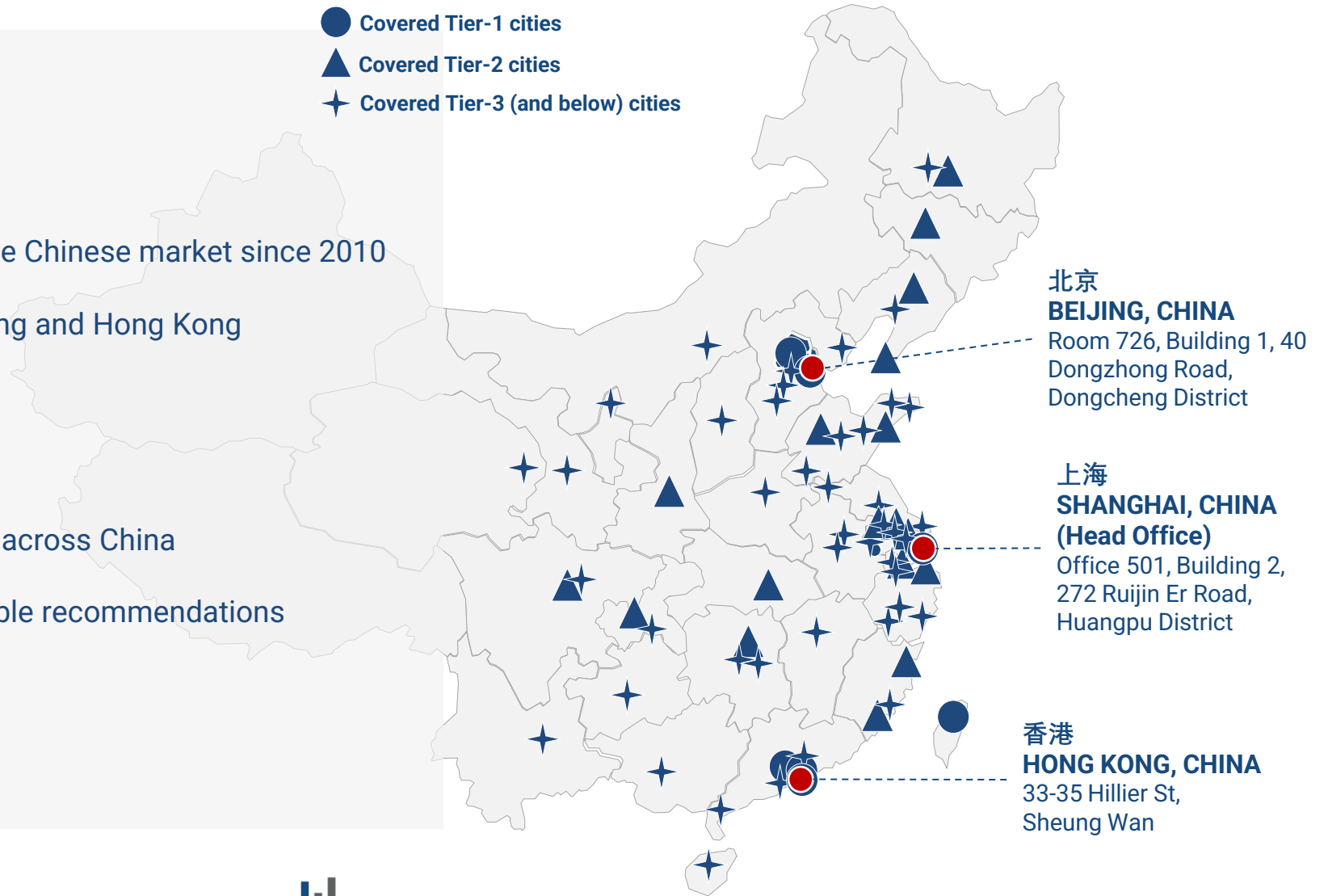
# Who We Are

Your Market Research Company in China

## We are Daxue Consulting:

- A market research firm specializing on the Chinese market since 2010
- With 3 offices in China: in Shanghai, Beijing and Hong Kong
- Employing 30+ full-time consultants
- Full, complete, national coverage
- Efficient and reliable fieldwork execution across China
- Using our expertise to draw precise, reliable recommendations
- With key accounts from around the world

- Covered Tier-1 cities
- ▲ Covered Tier-2 cities
- ✦ Covered Tier-3 (and below) cities



# The values we embrace



## Our clients' goals are our goals

We see ourselves as an extension of the client's business in China or their target country, hence, we advise them as if we were in their shoes and investing along with them.



## Embrace change enthusiastically

Similar to how markets are constantly changing, our mindset is also always evolving. We value routine only when it helps us improve and we value change because it helps to keep pace with our time.



## Intellectual humility gives clarity

Only through the lenses of humility can knowledge be seen clearly. At daxue consulting, we are humble toward science and the truth. We interpret data in a way that lets it speak for itself, even if contradicts our hypothesis.



## Freedom enriches creativity & responsibility

Freedom to manage and envision her or his mission increases the sense of responsibility to that mission.



## Knowledge is meant to be shared

While our projects team dives deep to provide catered research to clients, the media team shares insights publicly. At the same time, we foster a culture of sharing knowledge in our team, each individual works to increase their own knowledge and freely shares ideas each other.

# What we do



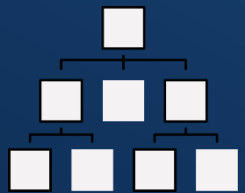
## Market research

Our China market research services leverage both qualitative and quantitative methods across a broad range of industries sectors to fuel your strategic plan and support your expansion in China.



## Strategy consulting

Our team can provide you with a wide selection of consulting services aimed at supporting your strategic decisions in China.



## Management consulting

Our consulting service aims to give you both a clearer understanding of any aspect of your business, as well as a comprehensive overview of your target market.



## Branding

Through using a set of different methodologies, our international team of market managers can answer your branding issues and support your growth in China.

# Our services and methodologies



**Desk research**



**Tribe marketing**



**Employee engagement survey**



**Persona definition**



**Brand positioning**



**Expert interviews**



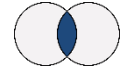
**Market sizing**



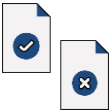
**Online & offline surveys**



**Lean management**



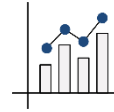
**Co-branding strategy**



**A/B testing**



**Focus groups**



**Online data scraping**



**Activation toolkit**



**Sensory research**



**Tech-assisted research**



**Store checks & mystery shopping**



**Social listening**



**Brand naming**



**Market entry**

# Our past and current clients

400+ clients with 600+ projects for the past 10 years



# An experienced organization with the Asian market

Regularly featured and quoted in publications all over the world



TV INTERVIEWS ON PRIME-TIME TELEVISION IN SINGAPORE



WORKSHOP ON CHINA'S FOOD IMPORTS



LECTURING AT PEKING UNIVERSITY MBA.



DAXUE ON THOUGHTFUL CHINA



FREQUENT SPEAKERS ON BUSINESS TOPICS



# STAY UPDATED ON ASEAN MARKET INSIGHTS



**LinkedIn**

<https://www.linkedin.com/company/daxue-consulting>



**Newsletter**

<https://daxueconsulting.com/newsletter/>



**Instagram**

@daxue\_consulting\_china



**Press release**

<https://daxueconsulting.com/press-enquiries/>