

# E-Commerce in the Post-Pandemic Philippines Part 1: Is e-commerce here to stay?

Prior to the pandemic, it is not an overstatement to say that Filipinos have low trust for e-commerce, online banking, and credit cards. According to Oxford Business Group, online shopping accounted for only 2% of total retail spending before the pandemic. When the Philippines was hit the pandemic, traditional brick-and-mortar stores closed as lockdowns were initiated. During this period, adoption of ecommerce by Filipinos have been accelerated, if not forced. From 2019 to 2022, e-commerce revenues have **almost doubled** (from USD 8.5 billion in 2019 to USD 16 billion in 2022) according to Statista data.

WHO has recently announced the end of the global health emergency. Traditional channels have already reopened, workers have returned to offices, and further lockdowns are not seen in the near future. The question now is, what happens to e-commerce? Will Filipinos sustain the online shopping habit that was formed during the pandemic?

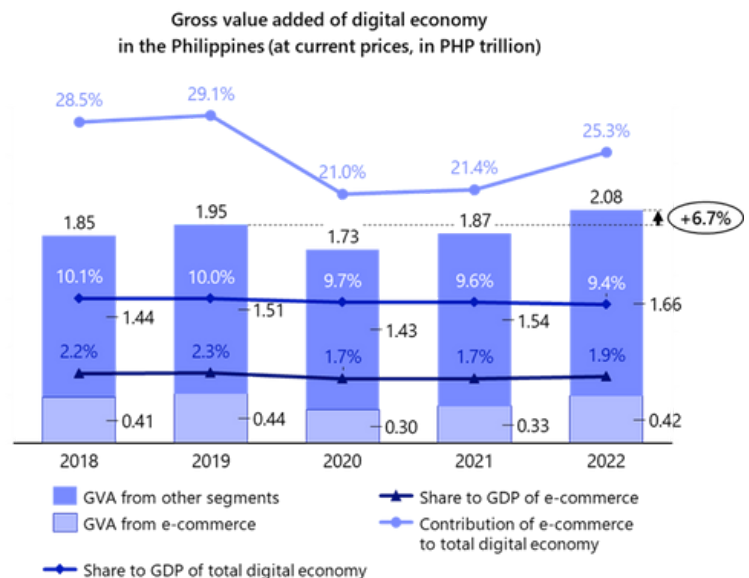
In this article, we attempt to answer this question and provide readers an insight on e-commerce in the post-pandemic Philippines.

## Introduction to e-commerce

From an economic standpoint, e-commerce is only a part of what we call “digital economy.” Digital economy, as defined by the PSA, includes digital transactions related to digital media and content, digital-enabling infrastructure such as telecommunication services, computer, and electronics, and e-commerce.

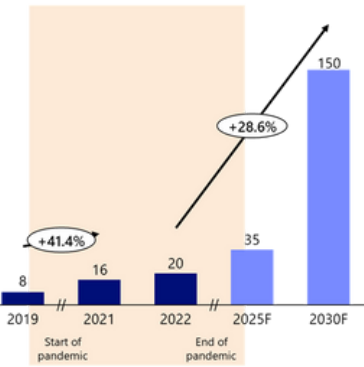
In 2022, overall digital economy contributed 9.4% to Philippine GDP (PSA, 2022). This is equivalent to a 6.7% increase in the gross value added versus 2019 (or 9.6% CAGR from 2020), re-pandemic revenue levels.

On average, 20% of the total digital economy from 2018 to 2022 are from e-commerce transactions, which translates to 2% of GDP for these years.

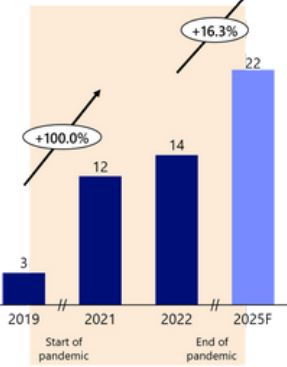


According to a study by Google & Bain, gross merchandise value of e-commerce in the Philippines was USD 3 billion in 2019. This value climbed to USD 12 billion in the middle of the pandemic in 2021 and is forecasted to reach USD 22 billion at the end of 2025. Total digital economy is also expected to reach USD 35 billion and USD 150 billion at the end of 2025 and 2030, respectively, according to Google data.

Historical and forecasted GMV of the overall digital economy in the Philippines (in USD billion)



Historical and forecasted GMV of e-commerce in the Philippines (in USD billion)



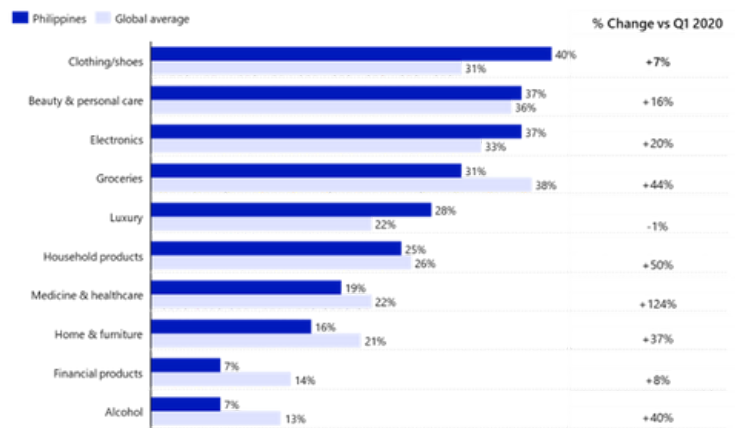
Source: Google & Bain

For instance, 40% of respondents from Philippines revealed that they have purchased clothing and shoes online whereas the global average is only 31% according to a survey by GWI in 2022. The same trend can be observed in other categories such as electronics, beauty & personal care, and luxury. Compared to pre-pandemic behavior, more Filipinos were also observed buying products online for all categories except luxury.

### Is e-commerce really here to stay?

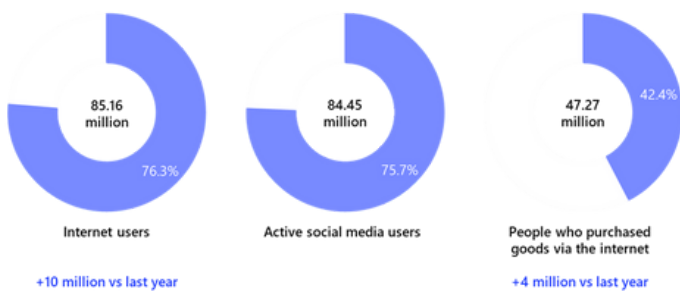
To answer this question, let's look first at the digital population in the Philippines. More than three quarters of the Philippine population are actively using internet and social media as of January 2023, and more than 40% have purchased goods using the internet. Compared to the year prior, these numbers translate to an additional 10 million active internet users and 4 million people who have purchased online.

% of survey respondents who have purchased products online (as of 2022)



Source: GWI, 2022

Digital population as % of total population in the Philippines (as of Jan 2023)

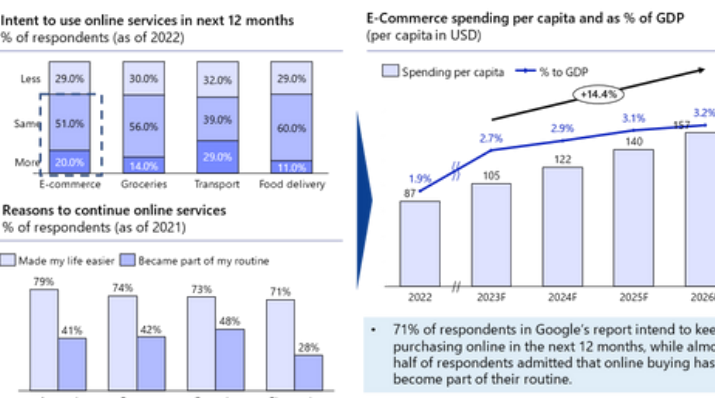
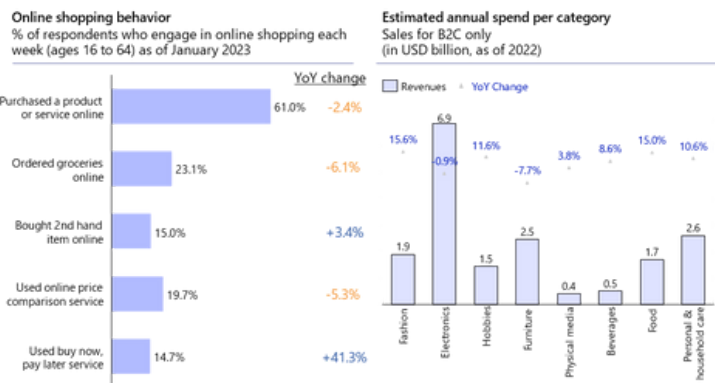


Source: DataReportal, Trading Economics, Statista

In terms of consumer behavior, recent surveys show wider and faster adoption of e-commerce across retail categories in the Philippines.

The momentum has slightly slowed down, however, with the reopening of brick-and-mortar stores in the second half of 2022. Frequency of weekly online shopping has declined by 2.4% in January 2023 versus same period of 2022 based on DataReportal report. Less Filipinos have also purchased groceries online and used online price comparison services according to the same survey. Businesses are still able to recoup "lost" sales as Filipinos still maintain high spending online, specially on consumables, despite buying less often. Survey also show that 70% have expressed intentions to maintain or increase use of internet services for e-commerce.

Thus, despite the reopening of traditional channels, with a high population that spend 9 hours a day on the internet and a large percentage admitting to having formed a habit of purchasing online, **we can safely assume that e-commerce is here to stay in the Philippines** and will play a major role in Philippine economy in the next 2 to 3 years.



Source: DataReportal, Statista, PPRO, PSA, Google, NRI analysis

**Sources:**

Bain & Company, Google, & Temasek. (2022). E-Conomy SEA 2022. <https://economysea.withgoogle.com/report/>

Bain & Company, & Meta. (2022). Southeast Asia's digital consumers: A new stage of evolution. <https://www.facebook.com/business/news/southeast-asia-the-home-for-digital-transformation>

Datareportal. (2023). Digital 2023: The Philippines. <https://datareportal.com/reports/digital-2023-philippines>

Department of Trade & Industry. (2021). Understanding e-commerce in the Philippines. <https://ecommerce.dti.gov.ph/madali/thebasics.html>

GW. (2022). Philippines key digital behaviors and trends over time and across the demographics. <https://www.gwi.com/reports/philippines-consumers>

International Trade Administration. (2022). Philippines – Country Commercial Guide. <https://www.trade.gov/country-commercial-guides/philippines-e-commerce#:~:text=The%20top%20Philippine%20E-commerce%20platforms,%2C%20health%2C%20and%20household%20care.>

Oxford Business Group. (2021). Is the heightened demand for e-commerce in the Philippines here to stay?.

<https://oxfordbusinessgroup.com/reports/philippines/2021-report/economy/express-lane-traditional-retailers-shift-online-as-e-commerce-services-expand-in-a-socially-distanced-world>

Philippine Statistics Authority. (2023, April 25). Digital economy contributes 9.4 percent to the gross domestic product in 2022. <https://psa.gov.ph/digital-economy>

PPRO. (2021). Payments and e-commerce in the Philippines. <https://www.ppro.com/countries/philippines/>

Statista. (n.d.). Estimated value of e-commerce expenditures on consumer goods in the Philippines in 2022, by category. <https://www.statista.com/statistics/1125434/philippine-s-e-commerce-spending-by-category/>

## About the Contributor



**Ayra Mae Fernando**  
Senior Consultant  
ayramae.fernando@nriscg.com



Ayra is a Senior Consultant under Business Strategy Sector of Nomura Research Institute (NRI) Singapore – Manila Branch. She specializes in business analysis and steering, management reporting, and forecasting.

Ayra has a demonstrated history of working in Tax and Controlling (Finance). Prior to NRI, Ayra has worked at Nestle Philippines as Regional Sales Controller for Grocery Sales and Commercial Development Team. She was also a Business Controlling Analyst at Henkel, where she covered the Beauty Care unit in North America and APAC.

A Certified Public Accountant (Top 13), Ayra graduated with a degree in Accountancy (Cum Laude) from De La Salle University.

Interested to talk about the article or any of NRI's services?



[nrimanila-inquiry@nriscg.com](mailto:nrimanila-inquiry@nriscg.com)



26/F Yuchengco Tower, RCBC Plaza,  
6819 Ayala Avenue, Makati City  
Philippines