

Part 2: The Structure of the FMCG Market

In the previous article, “An Overview of the Philippine Consumer Market,” we highlighted the expansion of the middle class and explained that consumption growth is not only quantitative but also qualitative—reflecting changes in where and how consumers make purchases. In this second installment, we focus on the fast-moving consumer goods (FMCG) market.

The FMCG sector, which includes food and daily necessities, forms the foundation of the consumer market.

It is highly sensitive to economic conditions and inflation, and shifts in consumer behavior tend to emerge here first. A defining characteristic of the Philippine market is the coexistence of modern retail and traditional retail channels in a unique balance, shaping the overall market structure.

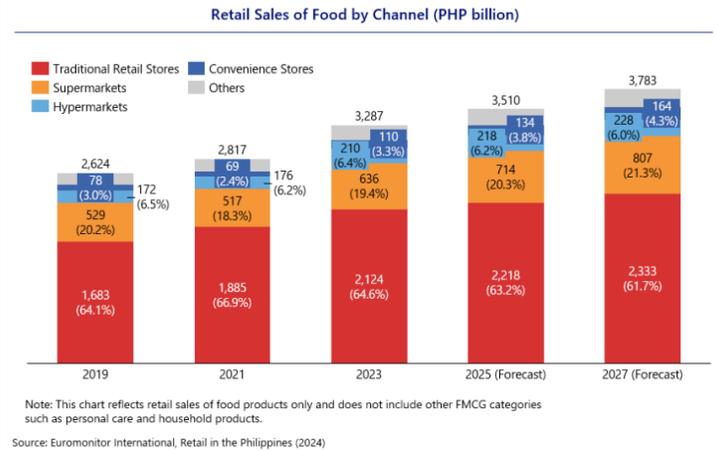
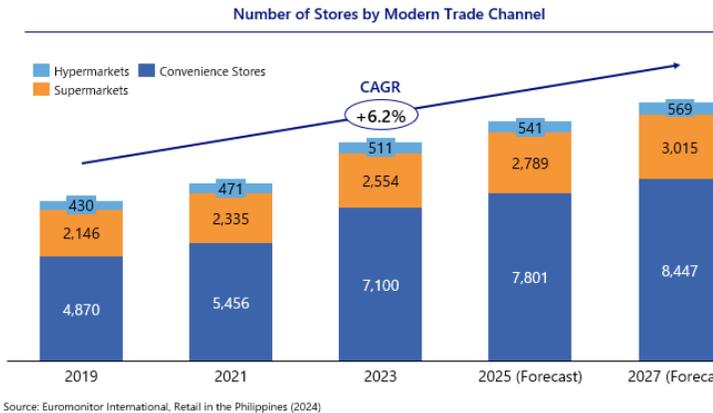
In this article, we examine the FMCG market through the lens of retail channel structure and the role played by sari-sari stores.

Modern trade is expanding, but traditional retail remains central

One of the defining features of the Philippine FMCG market is its multilayered retail channel structure. Broadly, retail channels can be categorized into modern trade—such as supermarkets, hypermarkets, and convenience stores—and traditional trade, represented by sari-sari stores and wet markets.

Modern trade has steadily expanded in recent years, particularly in terms of store count. Convenience stores, in particular, have rapidly increased their footprint in urban areas, catering to demand for immediacy and convenience. Their growth has been supported by trends such as small-quantity purchases, ready-to-eat consumption, and integration with digital payment systems, making them especially popular among younger consumers and working populations.

Supermarkets and hypermarkets have also become well established as destinations for bulk purchasing and weekly grocery shopping. Their strengths lie in wide product assortments, consistent quality, and diverse pricing options, allowing them to serve a broad range of households.



At the same time, traditional retail channels continue to play a central role in the market. Traditional retail accounts for approximately 60% of total FMCG retail sales and is expected to remain the largest channel, even as its share gradually declines over the medium term. In provincial areas and among low- to middle-income households in particular, traditional retail outlets remain the most accessible purchasing channel. Their proximity, single-serve format, and walkable access differentiate them from modern retail and allow them to serve distinct consumer needs.

This illustrates that the expansion of modern trade does not imply the displacement of traditional retail. Rather, the Philippine FMCG market continues to evolve while maintaining a multilayered structure in which different retail formats coexist and serve complementary roles depending on purchasing occasions and consumer needs.

Sari-sari stores as community-based retail infrastructure

A key component of traditional retail in the Philippines is the sari-sari store—a small, independently operated neighborhood retail shop typically located within residential communities. These stores sell beverages, snacks, condiments, and daily necessities in small quantities.

Sari-sari stores are more than just retail outlets. They serve as community hubs where local residents gather and interact, and they remain the most accessible purchasing channel for lower-income households. Their ability to support “small-quantity, high-frequency” purchasing behavior—where consumers buy only what they need, when they need it—is a defining feature.

Another important aspect is the prevalence of informal credit arrangements. Store owners often extend short-term credit (“utang”) to familiar customers, allowing purchases to be made even when cash on hand is limited. In this sense, sari-sari stores function as a form of informal microcredit infrastructure, supporting the day-to-day consumption needs of financially constrained households.

Millennials and Generation Z, and examine how social media, live commerce, and buy-now-pay-later (BNPL) services are reshaping consumer purchasing behavior.

About the Contributor



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Major Retail Channels in the Philippines

Category	Channel	Target Customer Segment	Brand	Store Network Status		
				Latest Available Data	No. of Stores	
Modern Trade	Supermarkets / Hypermarkets	Upper Middle to Rich Income	Marketplace	Jan 2026	37	
		Upper Middle to Rich Income	S&R	Jan 2026	31	
		Upper Middle Income	Landmark	Jan 2026	6	
		Middle Income	SM Supermarket / SM Hypermarkets	Dec 2024	122	
		Middle Income	Robinsons Supermarket	Jan 2026	149	
	Convenience Stores	Middle Income	Lower Middle to Middle Middle Income	Puregold	Nov 2025	673
			7-Eleven		Mar 2025	Approx. 4,200
			Afamart		Sep 2025	2,337
			Uncle John's (formerly Ministop)		Jan 2026	402
			Lawson		Feb 2025	200
Traditional Retail	Sari-sari stores	Low Income to Lower Middle Income	-	Jun 2025	Approx. 1.4 million*	
						FamilyMart

*Includes Carinderias (local eateries) in addition to sari-sari stores.

Source: Department of Trade and Industry (DTI), "Section G: Job Blueprint (Wholesale and Retail Trade)," company websites, and various public reports

As such, sari-sari stores serve as deeply embedded retail infrastructure within local communities, and the Philippine FMCG market continues to operate on a multilayered channel structure. Consumers select retail channels based on income level, accessibility, and purchasing purpose.

In recent years, however, this channel selection behavior has also been influenced by generational differences and changing lifestyles. In the next article, we will focus on

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