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9B19A047

ROBINSONS RETAIL HOLDINGS INC.: NAVIGATING RUSTAN’S ACQUISITION[[1]](#endnote-1)

Sandeep Puri, Shweta Pandey, and Babak Hayati wrote this case solely to provide material for class discussion. The authors do not intend to illustrate either effective or ineffective handling of a managerial situation. The authors may have disguised certain names and other identifying information to protect confidentiality.

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On November 23, 2018, Robinsons Retail Holdings Inc. (Robinsons) successfully acquired 100 per cent of the shares owned by Dutch retailer Mulgrave Corporation B.V. (Mulgrave) in Rustan Supercenters Inc. (Rustan’s) almost three months after the shares were approved by the antitrust agency, the Philippine Competition Commission. The deal with Mulgrave, a wholly owned subsidiary of Bermuda-based Dairy Farm International Holdings Limited (Dairy Farm), entailed an investment of ₱18 billion[[2]](#endnote-2) and was estimated to add ₱23 billion in annual revenues to Robinsons, making Robinsons one of the top retailers in the Philippines, with over 1,800 stores.[[3]](#endnote-3) Industry experts speculated as to whether the acquisition went against current industry trends, wherein most retail players were expanding their outlets to emerging and underserved markets in the provinces.[[4]](#endnote-4)

Although the acquisition brought the Rustan’s network of over 80 stores, located largely in Metropolitan Manila, under the Robinsons umbrella,[[5]](#endnote-5) the multiformat retail giant was not allowed to use the Rustan trademark or trade name “Rustan’s” without the Tantoco family’s approval.[[6]](#endnote-6) The Tantoco family operated the Rustan Group of Companies and had given Dairy Farm the contractual right to use the Rustan’s trademark and trade name for a period of five years. The contract was terminated by the Tantocos in April 2018,[[7]](#endnote-7) leading Robinsons to evaluate the procedures the company would need to follow to synchronize its existing operations and systems with those of Rustan’s. With the acquisition, Robinsons became the second-largest operator of supermarket outlets in the country. Robinsons also needed to come up with strategies for various store operations—branding, merchandising (e.g., trading terms, rentals for spaces), human resources and head count rationalization, supply chain and inventory control (e.g., rates for shipping and trucking, distribution centre fees), and the procurement of equipment and office supplies.

To ensure a smooth brand transition, Robinsons needed to develop optimal timing and sequencing, assess the implications for its own operations, and establish appropriate strategies to support the acquisition process. Should Robinsons use its own brand for the newly acquired Rustan’s stores, or should it enter into an agreement with the brand owners to use the Rustan’s name for the next three to five years? Considering that the branding and positioning strategies of Rustan’s and Robinsons were different, what possible post-acquisition brand-transition strategies could Robinsons build?

ROBINSONS

Robinsons was owned by the Gokongwei family—the second-richest family in the Philippines.[[8]](#endnote-8) It operated more than 1,778 stores, covering 1.2 million square metres of gross floor area across various formats, and reported sales of ₱183.5 billion in September 2018 (see Exhibit 1).[[9]](#endnote-9) The supermarket segment was the retailer’s biggest contributor, accounting for 46.5 per cent of consolidated net sales (see Exhibit 2).

Robinsons Supermarket, a division of Robinsons Retail Holdings Inc., had three subformats—Robinsons Selections, which catered to the high-class metropolitan market; Robinsons Easymart pocket-sized convenience stores, which offered an array of products and services, including grocery, bill payments, and medicines, under one roof; and Jaynith’s Supermart, which targeted the bulk purchasers, deal seekers, and bargain hunters of sari-sari family-run convenience stores (or, “mom-and-pop” stores).[[10]](#endnote-10) The retailer also managed a chain of community malls, Robinsons Townville, strategically located near residential areas. Robinsons Supermarket stores were spread across Metropolitan Manila (53 outlets), Luzon (67 outlets), Visayas (25 outlets), Mindanao (13 outlets), Taguig (two outlets), and Cebu City (one outlet). The convenience stores were located in Metropolitan Manila (323 outlets), Luzon (148 outlets), and Visayas (25 outlets).[[11]](#endnote-11) Robinsons Supermarket was the first major retailer to focus on health and wellness and to offer an exclusive private label of healthy food and nutritional products, Healthy You.[[12]](#endnote-12) Robinsons used green tags on the products alongside the nutritional labels to denote certification by the Food and Nutrition Research Institute. The food products conformed to internationally accepted standards, which Robinsons displayed in the Healthy You sections for increased visibility.[[13]](#endnote-13)

To cater to a wide range of consumer segments, Robinsons also operated other retail formats including construction and hardware, home furnishings, pharmacy, appliances, coffee shops, toys, men’s and women’s fashion, and cosmetics (see Exhibit 3). It further expanded by retailing its products online through Lazada (Robinsons Appliances, Savers Appliances, Handyman Do It Best, True Value, Robinsons Department Store, Toys “R” Us), Zalora (Topshop, Topman, Dorothy Perkins, Burton Menswear), and Honestbee (Robinsons Supermarket, Southstar Drug).[[14]](#endnote-14) Of the 145 supermarkets, 17 shipped online through Honestbee. While customers in the 16–35 age range (“millennials”) constituted 85 per cent of the revenue of online purchases, those between the ages of 31 and 50 generated 65 per cent of brick-and-mortar revenues.[[15]](#endnote-15)

Robinsons had acquired a 20 per cent stake in Taste Central Curators Inc., operator of the BeautyMNL online beauty store,[[16]](#endnote-16) and had ventured into mobile payment platforms with GCash, PayMaya, and WeChat Pay.[[17]](#endnote-17) Robinsons also had a loyalty card program, with over 1.2 million members who could redeem their accrued points at Robinsons retail outlets (except Ministop, the Generics Pharmacy, and Costa Coffee) and enjoy other offers from Caltex of Chevron Philippines, Go Hotels, Summit Hotels and Resorts, and Bank of the Philippine Islands.[[18]](#endnote-18)

RUSTAN’s

Rustan’s was owned by Dutch retailer Mulgrave, a wholly owned member of Bermuda-based Dairy Farm,[[19]](#endnote-19) a member of the Asian retail arm of conglomerate Jardine Matheson Holdings Ltd. Dairy Farm had a presence in Hong Kong, Taiwan, Vietnam, Singapore, Malaysia, Indonesia, Brunei, India, Macau, and mainland China.[[20]](#endnote-20) Rustan’s had suffered approximately ₱900 million in losses over three years, prior to being sold to Robinsons in 2018. This loss arose despite a US$85 million[[21]](#endnote-21) infusion by Dairy Farm toward ₱3.5 billion in long-term loans and a ₱1.5 million investment toward capital expenditure for the opening of 18 new stores in 2017.[[22]](#endnote-22)

Rustan’s operated under various retail formats, including Marketplace by Rustan’s, Rustan’s Supermarket, Shopwise Hypermarket, Shopwise Express, and Wellcome.[[23]](#endnote-23) Marketplace by Rustan’s catered to the premium food retail segment and offered a range of international and gourmet selections.[[24]](#endnote-24) In line with its positioning as a premium supermarket operating in upscale formats, its interiors were designed by international retail artist Shozo Nitta. It offered a variety of imported groceries, along with international wines and health-and-beauty products, housed in a store-within-a-store concept called the “brand shop.”[[25]](#endnote-25) Marketplace by Rustan’s was also branded as a green store that used LED lights to lower electricity consumption.[[26]](#endnote-26) Alongside high-end foreign brands and exclusive and private labels, Marketplace by Rustan’s also offered innovative local products and was known for its attractive visual merchandising.[[27]](#endnote-27)

Rustan’s Supermarket catered to the middle-income segment. The supermarkets offered basic groceries and imported goods, a full-service deli and soup counter, and salad and gourmet sandwiches to go, which catered to health-conscious and time-crunched consumers.[[28]](#endnote-28) It also offered fresh, handmade pasta; a pizza bar; and restaurants such as Benny’s within its premises. Shopwise had two formats—Hypermarket and Express—catering to the middle class as well.[[29]](#endnote-29) Wellcome followed a neighbourhood convenience store format offering affordable value-for-money products.[[30]](#endnote-30) Rustan’s ran the Fresh Shopping Rewards Program, where every ₱1 spent was equivalent to one point.[[31]](#endnote-31)

The RETAIL INDUSTRY IN THE PHILIPPINES

The retail industry in the Philippines offered huge and potentially lucrative untapped opportunities. In 2018, despite aggressive expansion, access to modern grocery retailers was only available to about 30 per cent of the Philippine market—one of the lowest figures in Asia.[[32]](#endnote-32) This presented tremendous opportunity for retailers to expand, especially to locations outside of Metropolitan Manila.[[33]](#endnote-33) Experts estimated that the Philippines would become Asia’s fifth-largest retail grocery market, growing from ₱4.53 trillion in 2016 to ₱7.08 trillion in 2021, with modern trade accounting for 20 per cent of the total sales.[[34]](#endnote-34) The food-and-grocery retail market had total revenues of $88.5 billion in 2017, representing a compound annual growth rate of 7.7 per cent between 2013 and 2017, and was expected to reach $131.8 billion by 2022.[[35]](#endnote-35)

More than 210 supermarkets, 97 small-format supermarkets, and 835 convenience stores had opened in the Philippines between 2011 and 2014;[[36]](#endnote-36) however, from 2016 onwards, the market saw expansion in the smaller formats, with the convenience store segment showing 8 per cent growth in terms of sales and 17 per cent growth in terms of outlets in 2018.[[37]](#endnote-37) The rise in convenience stores was driven by factors such as traffic congestion and lack of city parking, which discouraged 51 per cent of Filipinos living in cities from driving to grocery, restaurant, or wet markets to buy food.[[38]](#endnote-38)

Also, there was a rising business process outsourcing (BPO) industry, which employed almost half a million Filipinos, with five out of eight such workers between the ages of 15 and 30.[[39]](#endnote-39) In 2018, the Philippines was ranked seventh among the world’s top outsourcing destinations—overtaking its closest rival, India—with 16–18 per cent of the global market share. The country’s ranking was based on financial attractiveness, people skills and availability, and business environment. The BPO industry was the country’s top foreign exchange earner, bringing in more than ₱1 billion total revenue. The BPO industry was expected to create 700,000 additional opportunities for medium- and high-skilled jobs by 2022.[[40]](#endnote-40) The 1.3 million young BPO workers who would get off from work post-midnight or early in the morning, and who wanted outlets for meals and snack breaks, provided a perfect target segment for convenience stores. Further, a rising middle class of 18–20 million was another target segment for the small (150 square metres) convenience stores located inside condominiums or gas stations.[[41]](#endnote-41)

The growth of convenience stores was further propelled by an increase in the number of women joining the workforce, with shrinking family sizes and an increase in the frequency of dining out. The convenience stores offered their target segments convenience by operating 24-7; stocking packaged food and beverages; providing good deals and good alternatives to name brands; and offering ease of parking, efficient checkout counters, and other services, such bill payment and mobile phone recharging. The country’s first franchise convenience store, 7-Eleven, reached 2,655 outlets in 2018. Various new convenience stores had opened—Alfamart, owned by SM Investments Corporation (SM); and Ministop, owned by Robinsons. Alfamart was considered a supermarket–convenience store hybrid, as it adopted the pricing and product assortment of supermarkets, with the store size and presence of convenience stores.[[42]](#endnote-42)

Supermarkets, between 400 and 2,500 square metres in size, were mostly located inside malls, department stores, or commercial complexes. They targeted middle-class families and saw a growth of 7 per cent in 2018. Hypermarkets, or warehouse clubs, targeted direct sellers (who would resell the purchases in their stores), middle- to upper-income households, and small business owners who bought consumables in bulk. Sari-sari stores located in rural areas or urban neighbourhoods still dominated 59 per cent of the Filipino market. Specialty stores were retailers that sold only one type of product, such as food or non-food items.[[43]](#endnote-43)

Further, the Philippine market witnessed the entry of an estimated 113 foreign brands in 2016–2017 through partnerships with local distributors, such as SM and Robinsons, or through wholly owned entities. With 39.3 per cent of these foreign brands belonging to the food-and-beverage segment, 26.6 per cent to clothing and apparel, and 7.7 per cent to footwear, these entrants reinforced the mall culture, with a high selection of brands.[[44]](#endnote-44) The demand for US consumer-oriented products was expected to grow due to factors such as the large population base, strong gross domestic product (GDP) growth, increasing urbanization, a growing upper- and middle-class population, strong preference for US brands, and growing awareness about the quality and health benefits of US food-and-beverage products.[[45]](#endnote-45) In 2018, food and non-alcoholic beverages accounted for 41.6 per cent and transport accounted for 11.6 per cent of household expenditures.[[46]](#endnote-46)

Online Retailing

Government initiatives, such as the Philippine E-commerce Roadmap 2016–2020, were instrumental in boosting growth in the e-commerce sector. The aim of such drives was for the sector to contribute to 25 per cent of the country’s GDP.[[47]](#endnote-47) In 2018, Internet penetration in the Philippines had reached 69.6 per cent, with 63 million users. Filipinos were considered some of the heaviest Internet users in the world, with an average of 10 hours and two minutes spent online each day and an average of four hours and 58 minutes spent on social media each day. The percentage of Filipinos using mobile commerce and mobile banking stood at 57 and 54 per cent, respectively, which was higher than the global average of 55 and 41 per cent.[[48]](#endnote-48) In addition, e-commerce growth in the Philippines was being driven by the rising demand for convenience, especially among young, time-crunched consumers between the ages of 20 and 39—roughly one-third of the Philippine population—who were willing to pay for delivery services. E-commerce sales were expected to rise from $2.7 billion in 2018 to $3.7 billion in 2022.[[49]](#endnote-49) However, concerns related to product quality, product inspection, extra charges, product ranges, and lack of in-store experience were preventing many customers from buying online.[[50]](#endnote-50)

Online grocery store formats, such as MetroMart, were offered by traditional retailers, such as SM, and other companies, such as Walter Mart, set up direct-sales companies like Walter Mart Supermarket Inc.[[51]](#endnote-51) Robinsons Supermarket, Robinsons Selections, and S&R Membership Shopping (S&R) had partnered with Singapore-based Honestbee and MetroMart.[[52]](#endnote-52) Lazada—owned by Alibaba Group Holding Limited (Alibaba) and considered the top e-commerce site by industry experts, with an average viewership of 62.5 million per month—also announced the launch of its online grocery line. Lazada was expected to challenge existing players like Honestbee and local on-demand grocery delivery services such as MetroMart, Walter Mart Supermarket Inc., and Pushkart PH.[[53]](#endnote-53)

MAJOR PLAYERS

In 2018, the Philippines retail industry was dominated by major players like SM Retail Inc., Puregold, and Robinsons.[[54]](#endnote-54)

SM Retail Inc.

SM Retail Inc. was a subsidiary of SM, owned by Henry Sy Sr., listed as the richest Filipino by *Forbes* magazinefor 10 consecutive years.[[55]](#endnote-55) SM owned 2,212 retail stores in non-food (62 SM stores and 1,315 specialty stores) and food (835 stores) formats. Their stores and malls covered 2.73 million square metres of retail space spread across Metropolitan Manila (659 outlets, 23 malls), Luzon (704 outlets, 38 malls), Visayas (233 outlets, five malls), and Mindanao (133 outlets, five malls). In 2018, new retail outlets (three department, 26 food, and 71 specialty stores) accounted for 83 per cent of the company’s stores opened outside of Metropolitan Manila.[[56]](#endnote-56) SM’s diverse set of brands comprised a mix of apparel, food, do-it-yourself, and home and garden stores, such as Toy Kingdom, ACE Hardware Philippines, SM Home, SM Appliance Center, and Miniso, making SM a diversified leading market player.[[57]](#endnote-57)

SM Supermarket was a large-format anchor tenant located inside SM malls, offering a wide array of products and services; SM Hypermarket was a stand-alone large-format store that offered a range of food and non-food products; Savemore was a stand-alone mid-format supermarket; and Alfamart was a mini-format store in neighbourhood locations in areas such as northern Luzon, Laguna, Cavite, and the Greater Manila Area. Savemore was built to service impulse markets, and the stores were located in smaller communities across the country. Its aim was to introduce organized retail in areas with either limited or no access to products.

Puregold

Puregold sold consumer products such as canned goods, housewares, toiletries, dry goods, and food products, among others, on a wholesale and retail basis. As of 2018, Puregold operated a total of 393 stores, including 198 hypermarkets (Puregold Price Club), 105 supermarkets (Puregold Junior), 38 discounter stores (Puregold Extra), and 16 warehouse clubs (S&R), covering a net selling area of 540,684 square metres and located across Metropolitan Manila (35.4 per cent of the total number of stores), northern Luzon (26.09 per cent), southern Luzon (29.3 per cent), Visayas (6.45 per cent), and Mindanao (2.6 per cent).[[58]](#endnote-58) The average receipt total in Puregold stores (with 87 million customers) was ₱583, whereas it was ₱3,711 for S&R (3.7 million customers).[[59]](#endnote-59) S&R had partnered with online grocery store MetroMart for delivery of its various products across Manila.[[60]](#endnote-60) Puregold Price Club catered to both resellers and the retail market, Puregold Junior catered to retail consumers, and Puregold Extra was primarily a discount store.[[61]](#endnote-61) Puregold had moved out of the convenience segment in 2018 by selling its stake in the Lawson chain of convenience stores.[[62]](#endnote-62)

CHALLENGES IN THE RETAIL INDUSTRY

The Philippine GDP was worth $313.6 billion in 2017,[[63]](#endnote-63) and it was expected to grow by 6.4 per cent in 2018 and by 6.7 per cent in 2019.[[64]](#endnote-64) In 2018, concerns arose about the mounting inflation rate, which was the highest in the Association of Southeast Asian Nations[[65]](#endnote-65) region, driven by many factors such as oil import price increases and the weak exchange rate of the Philippine peso against the US dollar.[[66]](#endnote-66) In the same year, retailers benefitted from an increase in consumer spending due to the new Tax Reform for Acceleration and Inclusion Act, which led to a rise in the disposable income of people with a taxable income of ₱250,000 or less, as they would be exempt from income tax. However, economic and policy changes led to higher inflation; as such, consumer spending was lower in the latter half of the year due to higher prices.[[67]](#endnote-67)

Stores that opened in shopping malls, such as the SM and Robinsons stores, were constrained in their operating hours, as they were dependent on the hours set by the mall operator (usually 10:00 a.m.–9:00 p.m.) whereas the stores outside the malls could operate 9:00 a.m.–9:00 p.m. Additionally, shopping malls in Metropolitan Manila had reduced their operating hours as per a government directive; they could not open until 11:00 a.m. and had to limit their deliveries so that they were only received between 11:00 p.m. and 5:00 a.m.[[68]](#endnote-68)

A potential threat to the future of traditional grocery stores in the Philippines was the growth of online shopping. In 2018, e-commerce was still quite small compared to traditional retailing and captured less than 2 per cent of the market share. However, this was expected to change in the future. The expansion of Alibaba—the world’s largest online player by market capitalization—into the Philippines through its dominant local player Lazada was indicative of this change.[[69]](#endnote-69) Lazada’s online store, LazMall, offered a selection of over 1,000 brands and authorized brand distributors; it also promised delivery within 24 hours and a no-cost 15-day return policy. It also had the benefit of Alibaba’s technology, which tapped artificial intelligence and imaging recognition to help identify and prevent the sale of counterfeit products in its marketplace.[[70]](#endnote-70)

While large-format stores received the best support from trader suppliers on the basis of volume, key account managers, and small and medium-sized retailers had to consider differentiation based on product selection, customer service, selective price reductions, promotions, streamlining of costs, and forming alliances with other small and medium-sized players.[[71]](#endnote-71)

In 2017, Ayala Corporation, one of the largest mall owners, bought a 43.3 per cent interest in BF Jade E-Service Philippines Inc., the owner and operator of the online fashion platform Zalora. It planned to venture into the logistics business to develop infrastructure that would result in better efficiencies and improve the fulfillment goals of its existing businesses in real estate, banking, telecommunications, and e-commerce.[[72]](#endnote-72) SM also planned to enter the logistics space.[[73]](#endnote-73)

The Entry of Foreign Players into the Philippine Market

As was evident from the history of retail business in the Philippines, major international players entered the Philippine market only in partnership with established local industry participants and refrained from complicated stand-alone operations.[[74]](#endnote-74) There were legal requirements under the Retail Trade Liberalization Act of 2000, which stated that retail trade enterprises with paid-up capital of less than $2,500,000 were exclusively reserved for Filipino citizens and that full foreign participation was only allowed in cases where (a) enterprises had a paid-up capital of $2,500,000 or more, provided that investments for establishing a store were not less than $830,000; or (b) enterprises specialized in high-end or luxury products, provided that the paid-up capital per store was not less than $250,000.[[75]](#endnote-75) This was a huge cost for the foreign entrants. Further, global brands that sought strategic store space in desired locations did so through a partnership with an entrenched local conglomerate that also had a property portfolio, as the cost of retail space was rising. In addition, officers at the Philippine Retailers Association expressed fears and concerns that opening up the retail industry to foreign investors would threaten local small businesses and might also hurt the jobs of local employees in the retail sector.[[76]](#endnote-76)

CONSUMER BEHAVIOUR IN THE PHILIPPINES

In 2018, the Philippines had an estimated population base of 106.5 million. The Philippines population constituted about 1.4 per cent of the total world population and ranked number 13 in the list of countries by population. The urban population was at 44.4 per cent, and the median age in the Philippines was 24.3 years. The growing GDP in the Philippines had led to an increase in consumer spending, and retailers also benefitted from more frequent shopper visits and an increasing preference for premium and discretionary items. The improving economy had also increased the incomes of the middle classes, BPO workers, families receiving remittances from overseas Filipino workers, and the younger population.[[77]](#endnote-77)

The Philippines had a rising affluent class, which had high disposable incomes and looked for exclusivity and premium products.[[78]](#endnote-78) These affluent consumers preferred to shop in Metropolitan Manila, especially for the items not available in the provinces.[[79]](#endnote-79) In 2018, the Philippines witnessed a propensity for its population to spend more on discretionary products and services and to try new brands and services.[[80]](#endnote-80) The average spend for groceries and fresh stable products had gone down to ₱7,623 per month in the higher income segment (socioeconomic AB classification),[[81]](#endnote-81) which was 1 per cent of the entire population. This was attributed to their discretionary spending on dining out. The average spend had gone up in the D (₱4,067) and E (₱3,367) segments, which reflected 90 per cent of the overall population.[[82]](#endnote-82)

Consumers in the Philippines wanted stores in more convenient locations.[[83]](#endnote-83) As grocery retailers remained the major source of food and household consumables, retailers adapted to customers’ needs by opening stores in easily accessible locations and increasing their presence in underserved markets.[[84]](#endnote-84)

There was a growing interest in online grocery shopping. More than 50 per cent of consumers preferred to buy online due to lower prices, ease of price comparison, and the availability of delivery services.[[85]](#endnote-85) In line with this growing interest in online shopping, several new entrants such as Pushcart PH, MetroMart, and Honestbee had started selling groceries online.[[86]](#endnote-86)

In 2018, a popular trend among retailers who wanted to offer an enhanced shopping experience was to merge retail and food services. Several online stores opened up pop-up stores in malls to test omni-channel retailing. SM and 7-Eleven launched a click-and-collect service that allowed consumers to order goods online and pick them up from a nearby store. Other online players like Zalora tapped into the physical presence through a tie-up with Ayala Malls.[[87]](#endnote-87)

CONCLUSION

In the Philippines, store-based retailing was the dominant channel in the country’s evolving retailing industry. Retailers had adopted an omni-channel strategy, using e-commerce to complement their existing business models.[[88]](#endnote-88) In a scenario where the growing consumer trend was to purchase from convenience stores, would the acquisition of Rustan’s be of any advantage to Robinsons? How would Robinsons synergize its branding and operations with the existing set-up acquired from Rustan’s? Should Robinsons use its own brand for the acquired Rustan’s stores, or should it enter into an agreement with the brand owners to use the old name for the next three to five years? Considering that the branding and positioning strategies of Rustan’s and Robinsons were different, what possible post-acquisition brand-transition strategies could Robinsons build? What other growth strategies should Robinsons consider after this acquisition?

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**EXHIBIT 1: RETAIL FORMATS OF KEY PLAYERS IN THE PHILIPPINE MARKET (2018)**

|  |  |  |  |
| --- | --- | --- | --- |
| **Robinsons Retail Holdings Inc.** | **Total** | **Rustan’s Supercenters Inc.** | **Total** |
| Robinsons Supermarket | 158 | Marketplace by Rustan’s | **15** |
| Ministop | 496 | Rustan’s Supermarkets | **20** |
| Robinsons Department Store | 51 | Shopwise Hypermarket | **15** |
| Handyman Do It Best Stores | 206 | Wellcome | 11 |
| Southstar Drug Stores | 499 | Shopwise Express (Minimart) | **20** |
| Robinsons Specialty Stores Inc. | 368 | **Grand Total** | **81** |
| **Grand Total** | **1,778** |  |  |
|  |  | **SM Retail Inc.** | **Total** |
| **Puregold** | **Total** | SM Supermarket | 56 |
| Puregold Price Club | 198 | SM Hypermarket | 50 |
| Puregold Junior | 105 | Walter Mart | 52 |
| S&R Membership Shopping | 16 | Savemore | 194 |
| S&R New York Style Pizza | 36 | Alfamart | 483 |
| Puregold Extra | 38 | The SM Store | 62 |
| **Grand Total** | **393** | Specialty stores | 1,315 |
|  |  | **Grand Total** | **2,212** |

Sources: Robinsons Retail Holdings Inc., *Robinsons Retail’s 9M 2018 Net Income Up 9.8%*, October 29, 2018, accessed January 10, 2019, www.robinsonsretailholdings.com.ph; Puregold Price Club Inc., *Company Presentation:* *1H 2018 Results and Performance*, August 2018, accessed January 13, 2018, www.puregold.com.ph/wp-content/pgold-data/Investor%20Relations/Presentation2014\_2017/2018/1H%202018%20Presentation.pdf; SM Investments Corporation, *Investor Presentation*, November 2018, accessed January 5, 2019, www.sminvestments.com/sites/default/files/investor\_relations/9M2018%20Investor%20Presentation\_11072018.pdf; “Look: Marketplace by Rustan’s Opens New Stores in Manila,” Philippine Primer, February 2, 2018, accessed January 20, 2019, http://primer.com.ph/blog/2018/02/02/marketplace-by-rustans-opens-new-stores-in-manila/; “Store Locator,” Shopwise, accessed January 23, 2019, www.shopwise.com.ph/store-locator; “Rustan Supercenters Plans to End Year with 15 More Stores,” *BusinessWorld*, August 12, 2013, accessed January 29, 2019, http://bworldonline.com/content.php?section=Corporate&title=Rustan-Supercenters-plans-to-end-year-with-15-more-stores&id=74736.

EXHIBIT 2: SEGMENT CONTRIBUTION TO CONSOLIDATED NET SALES FOR Robinsons Retail Holdings Inc. (to september 2018)

|  |  |
| --- | --- |
| **Segment** | **Contribution (%)** |
| Supermarket | 46.5 |
| Department stores | 14.0 |
| Drugstores | 12.7 |
| Specialty stores | 12.7 |
| Do-it-yourself stores | 10.8 |
| Convenience stores | 4.9 |

Source: Robinsons Retail Holdings Inc., *Robinsons Retail’s 9M 2018 Net Income Up 9.8%*, October 29, 2018, accessed January 10, 2019, www.robinsonsretailholdings.com.ph.

EXHIBIT 3: ROBINSONS RETAIL HOLDINGS INC: RETAIL FORMATS, PRODUCT CATEGORies, AND DESCRIPTIONs OF PRODUCTS SOLD

|  |  |  |
| --- | --- | --- |
| **Product Category** | **Retail Format** | **Description of Products** |
| Grocery, bill payments | Robinsons Supermarket | Food and non-food items |
| Robinsons Selections | Premium items—imported and local gourmet choices and household staples |
| Robinsons Easymart | Grocery shopping, bill payments, telco loading, and a pharmacy |
| Jaynith's Supermart | Sari-sari bulk purchases |
| Robinsons Townville | Community mall near residential areas |
| Convenience | Ministop | Convenience, 24-7 |
| Fashion, home, lifestyle | Robinsons Department Store | Top international and local brands |
| Construction, hardware | Handyman Do It Best | Value-for-money hardware products |
| Robinsons Builders | Construction and building products |
| Home furnishings | True Value | Imported, high-quality brands of home decor, bed and bath necessities, kitchen and dining wares, and storage solutions |
| Drugs | Southstar Drug | Drugstore |
| The Generics Pharmacy | 100% generics |
| Appliances | Robinsons Appliances | Foreign brand—entertainment systems and appliances |
| Savers Appliances | Value-for-money appliances |
| Toys, games, electronics | Toys “R” Us | Toys, games, and electronics |
| 100-yen shops | Daiso Japan | Foreign brand–Low price products |
| Coffee | Costa Coffee | Coffee |
| Men’s and women’s fashion | Topshop | Foreign brand–Fashion wear |
| Topman | Foreign brand–High-street fashion |
| Dorothy Perkins | Foreign brand–Womenswear |
| Burton Menswear | Foreign brand–Menswear |
| Miss Selfridge | Foreign brand–Street-chic fashion brand |
| Warehouse | Foreign brand–Women’s fashion |
| G2000 | Men’s and women’s fashion |
| Benefit | Fashion wear |
| Cosmetics | Shiseido | Foreign cosmetics |
| Elizabeth Arden | Foreign cosmetics |
| Chic Centre Corporation | Foreign cosmetics |

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ENDNOTES

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