

Ukay-Ukay

By Dr. Jaime S. Ong

The best bargain phenomenon to ever hit the Philippines, bar none, is ukay-ukay.

Consider the not entirely hypothetical case of Daphne, a 20something Makati bank teller and fashionista whose wardrobe includes Esprit blouses, Giordano khakis, Benetton sandals and Prada handbag, and who shops for clothes once a month on her salary of P8,500.

Or take the example of three sisters of my acquaintance who tried it this summer -- purely in the spirit of scientific research, I assure you -- and came home with 18 assorted shirts, skirts, blouses, pants and a YSL bag, for a cash outlay of P1,525.

How is this possible? A paper written by DLSU students Joanne Dimaculangan and Marla Ong for a graduate course in consumer behavior ("Ukay-Ukay/Wagwagan in the Philippines," April 2004) explains how, and in the process illustrates the interplay of shifts in the consumer environment, marketing strategy, and consumer cognition, attitude and behavior.

Ukay-Ukay is Visayan for "sift through" or "dig up." Up north the term is wag-wag, "to dust off." You find the best bargains by digging them out of a pile and dusting them off. But the imagery is vintage 80's or earlier. The business has come a long way since then.

In the trade's early years, ukay-ukay referred to garments shipped to the Philippines as donations from some charitable group to help refugees and calamity victims. Soon enough, overseas workers learned to collect used clothing, preferably with designer labels, before it got to the Goodwill stores, and send it to the Philippines in balikbayan boxes. Entrepreneurial friends and relatives would buy in bulk, then sell by the piece to the public.

Traders also persuaded non-government organizations to act as allies. The NGOs would obtain government permission to receive hefty quantities as donations, supposedly for distribution to needy communities, and therefore shielded from heavy tariffs on imported products. This is how the ukay-ukay vendor can sell through flea markets and tiangge at rock-bottom prices.

The vendor shells out P5,000 to P10,000 for a shipment which contains between 300 to 500 shirts, blouses, skirts, dresses and pants, or 100-200 pieces of accessories (bags, shoes, stuffed toys, belts), or linen (blankets, tablecloths, bedsheets, pillowcases, towels).

Since buyers snap up the newest looking and most fashionable items first, clothes from a newly opened bale sell at P120-P150 per piece for the first two weeks. After that prices drop by 50 percent, then plunge further to P35 per, or three for P100. Whatever remains is sold to ragmakers, to make way

for the next arrival. Regular and bulk customers are advised by text message when a new shipment comes in.

From the original P5,000 investment, a vendor can sell P15,000 worth of clothes. On the other hand, a customer who buys P5,000 worth gets an entire year's wardrobe. At an upscale department store, that amount covers maybe one pair of pants and three blouses.

Small wonder, then, that ukay-ukay stores, which started in Cebu and Baguio, have mushroomed all over Metro Manila, as well as in Lucena, Bohol, Davao, Zamboanga, Iligan and Dipolog -- any city street with high customer traffic and low-rent stalls. It is no wonder either that in these cash-strapped times, ukay-ukay has wrought a sea-change in consumer demographics, attitudes and behavior.

The 80's outlets catered to DE buyers, who rummaged occasionally through sidewalk heaps for usable buys, but were not eager to be associated with this sort of shopping because what they bought was of inferior quality.

Today ukay-ukay serves not only the CDE markets, but also budget-conscious, variety-seeking AB customers who know that the stalls carry a wide range of used goods and export overruns, including toys, linen, handbags and shoes.

Even when the items are second-hand, consumers may still prefer them to local makes because of their brand names and perceived quality, and feel like winners after a successful bargain hunt.

They still don't wish to be identified as buying nothing but ukay-ukay, but in one respect their behavior is quite unusual. In conventional shopping, a dissatisfied customer tells others of her grief, possibly to warn against a specific establishment. The ukay-ukay customer tells others when she feels particularly triumphant, possibly because her story demonstrates her acumen as a risk-taking shopper.

Predictably, the Federation of Philippine Textile Industries has complained about a drop in its members' incomes, and just as predictably, the government has made noises about cracking down on importation of used clothing for commercial purposes. But like pirated VCDs, the ukay-ukay business has built up demand and momentum, and like Ol' Man River, it just keeps rolling along.

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