

ONLINE MARKETING OF SMALL AND MEDIUM ENTERPRISES IN SAMAR, PHILIPPINES

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ABSTRACT

Marketing is considered an important strategy in attaining the business objectives. With this, efficient tools are significant to achieve those objectives. Today, the Internet and web technologies facilitate efficient and effective marketing activities. Literatures showed that many business organizations are using online marketing to promote and advertise their products and services. The importance of online marketing has prompted the researchers to conduct this study. This study aimed to assess the status of the Small and Medium Enterprises (SMEs) in the province of Samar in adopting online marketing. It employed the descriptive research design. The questionnaire was used as the primary research instrument to gather data. The respondents of the study included the business owners and operators of Small and Medium Enterprises (SMEs) and online customers in the province of Samar. The results showed that the products/services offered by SMEs were mostly food products, clothes, shoes, jewelry, and groceries. The commonly used marketing tool by SMEs was tarpaulin. The most felt problem encountered by SMEs in the marketing of products was financial issues. Moreover, the majority of the SMEs revealed that they were likely to adopt online marketing. Overall, the results showed that there is a presence of strong demand for online marketing in the province of Samar. Therefore, SMEs in Samar are willing to adopt online marketing despite the uncertainties and problems identified in the study.

Keywords

Online Marketing,
Small and Medium
Enterprises,
Marketing, Small
Enterprises,
Medium Enterprises

INTRODUCTION

Marketing is one of the major business activities in doing business. This activity involves putting the product or service in the hands of potential customers. With this importance, marketing can be considered key strategy in attaining the business objectives.

Marketing has evolved over the past years. From traditional marketing, it has transformed into a dynamic one. Today, the Internet and web technologies are used as tools to facilitate marketing activities by business organizations. Nowadays, many business establishments have been using the Internet and other electronic media in their marketing efforts giving a chance for electronic marketing to grow in a very

dynamic way (Salehi, Mirzaei, Aghaei, & Abyari, 2012). With its sophisticated and dynamic features, the Internet could deliver the fastest and most efficient ways of doing business thereby effortlessly gaining new customers and product exposure.

In the local setting, Samar offers a good number of businesses. These businesses offer a variety of products that are potential for exports. As posted in the Province of Samar Website (2014), there is a number of foremost industries in the province. These include integrated mussel industry in Jiabong, coco oil industry in Calbayog, 'tinapa' industry in Calbayog, native cheese processing in Gandara, abaca industry, 'ticog' industry in Basey, fishing industry, and copra industry. These industries could be good sources of products that need extensive marketing.

However, marketing activities in Samar have been observed to be widely traditional. Most business owners and operators would use traditional marketing technologies like signboards and window display in promoting their products and services. This condition is affecting the performance of the products in the market due to the limited use of marketing tools and strategies.

With this existing problem on marketing in Samar, the researchers conceptualized this study. This study aimed to assess the status of the small and medium enterprises (SMEs) in the province of Samar in adopting online marketing. Specifically, it aimed to:

- 1) Determine the profile of the Small and Medium Enterprises (SMEs):
 - a) VMGO
 - b) number of years in business
 - c) average capital
 - d) type of business
 - e) services/products offered
 - f) current marketing tools used
 - g) logistic support
- 1) Determine the profile of online customers:
 - a) age
 - b) sex
 - c) civil status
 - d) highest educational attainment
 - e) the frequency of buying products online
 - f) modes of buying online
 - g) type of products bought online
 - h) reasons for buying products online
- 2) Problems encountered in marketing of products by SMEs; and
- 3) Determine the likelihood of adopting online marketing by SMEs.

RESEARCH METHOD

This study employed the descriptive research design. At the onset of the study, the researchers prepared a letter asking permission for a survey. The researchers presented these letters to the respondents with the attached questionnaire. During the distribution of the questionnaires, the researchers explained the purpose of the survey and the manner of accomplishing the questionnaire. The researchers also distributed some questionnaires through e-mails and Facebook due to time and place constraints.

The data collected were tallied and analyzed using statistical tools to come up with interpretations of the results of the study.

The respondents of the study included the business owners and operators of Small and Medium Enterprises (SMEs) in the province of Samar. In addition to SMEs, the study considered online customers as part of the respondents. In the identification of the SME-respondents, the researchers requested for the list of SMEs operating in Samar from the Department of Trade and Industry (DTI) provincial office. Based on the list given by the DTI, the researchers considered 20% of the total SMEs as respondents. With this number, the researchers were able to gather the actual number of one hundred nineteen (119) SME-respondents. On the other hand, the actual number of online customers was one hundred ninety-four (194). The online customers were identified using purposive sampling because of their experience in online shopping which could provide answers to the problem on demand in online marketing. The researchers also conducted a literature review to provide support in the formulation of the objectives of the study and the variables used.

RESULTS AND DISCUSSION

Table 1 shows the Frequency and Ranking on the Profile of the Small and Medium Enterprises concerning their mission, vision, goals, and objectives. The results showed that majority of the SMEs stated that their mission is to produce high-quality products and services (Rank 1), while only a few replied that their mission of engaging into business is to gain profit (Rank 6). This data could mean that most of the SMEs in Samar would value customer satisfaction rather than gaining profit.

Table 1: Frequency and Ranking on the Profile of the Small and Medium Enterprises (SMEs) on Mission, Vision, Goals, and Objectives

SME Profile Variables	Frequency	Rank
MISSION		
To produce high-quality products and services	44	1
To promote customer satisfaction	31	2
To expand the business	12	3
To help the community	10	4
To provide affordable products	7	5
To gain profit	5	6
VISION		
Provide quality products and services for the whole province of Samar	40	1
Provide quality products and services for the whole Region 8	17	2.5
Provide quality products and services for the whole Visayas	17	2.5
Provide quality products and services for the whole country	13	4
To become a big business enterprise	7	5
Contribute to the progress of the community	6	6.5
Provide the widest selection of products	6	6.5
GOALS	20	1
To provide quality products and services	19	2
To serve satisfactorily the customers	13	3
To expand the business	7	4

SME Profile Variables	Frequency	Rank
To gain profit	6	5
To help the community	5	6.5
To improve customer retention	5	6.5
To achieve good business impression	1	8.5
To ensure accurate sales transaction	1	8.5
To promote safety and security		
OBJECTIVES	30	1
To provide quality products and services	12	2.5
To meet customers' satisfaction	12	2.5
To meet customers' needs	5	4.5
To help the community	5	4.5
To expand the business	3	6
To gain profit	2	7.5
To acquire reliable suppliers	2	7.5
To help the employees	1	9.5
To join government biddings	1	9.5
To increase the business capital		

On the vision statement, providing quality products and services for the whole province of Samar is revealed as the widely adopted vision statement of the SMEs (Rank 1). Only a few of the SMEs revealed that their vision is to contribute to the progress of the community and provide the extensive selection of products (both Rank 6.5). Having that widely adopted vision statement of providing quality products and services for the whole province of Samar, it shows that most of the SMEs are being consistent to their mission statement, that is, to produce high-quality products and services.

On goals, the majority of SMEs revealed that their main goals in the business are: to provide quality products and services (Rank 1), to serve customers satisfactorily (Rank 2), and to expand the business (Rank 3). The least of the goals being considered by SMEs include to ensure accurate sales transaction and to promote safety and security (both Rank 8.5).

On objectives, the SMEs revealed that their key objectives in the business are: to provide quality products and services (Rank 1); to meet customers' satisfaction and to meet customers' needs (both Rank 2.5); and to help the community and to expand the business (both Rank 4.5).

Figure 1 shows the frequency and percentage distribution of the profile of SMEs on the number of years in business. It showed that most of the SMEs have been in the business for five years and below (33.50%), while the least belong to 21 years and above (3.10%). This data implies that majority of the SME in Samar province is just new in the business. Hence, only a few are already being considered as established ones.

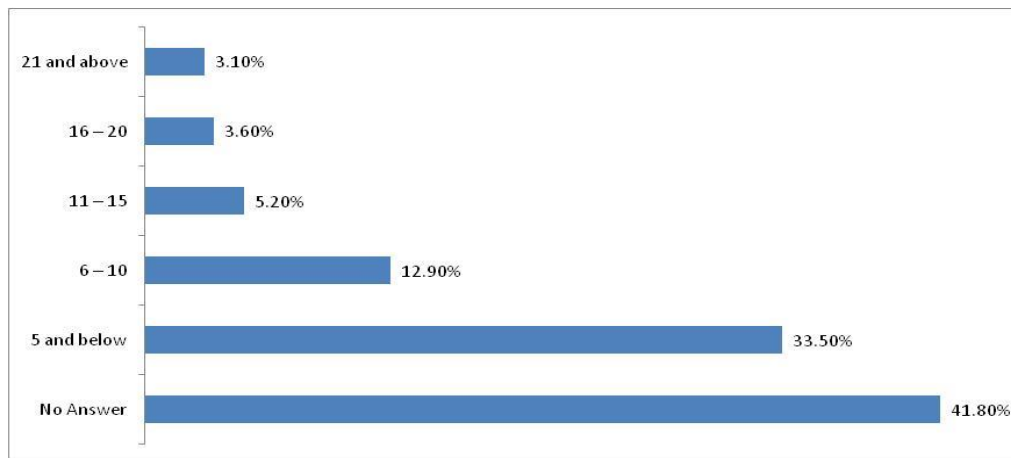


Figure 1. Bar Chart showing the Profile of SMEs regarding Number of Years in Business

Figure 2 displays the bar chart showing the profile of the SMEs regarding their average capital. Most of the SMEs belong to the range 500,000 pesos and below (70.60%), followed by 2,000,001 and above (16.80%). The least is within 1,000,001 – 1,500,000 pesos (1.70%). This data could mean that majority of the businesses in Samar province are small enterprises as evidenced by their capital.

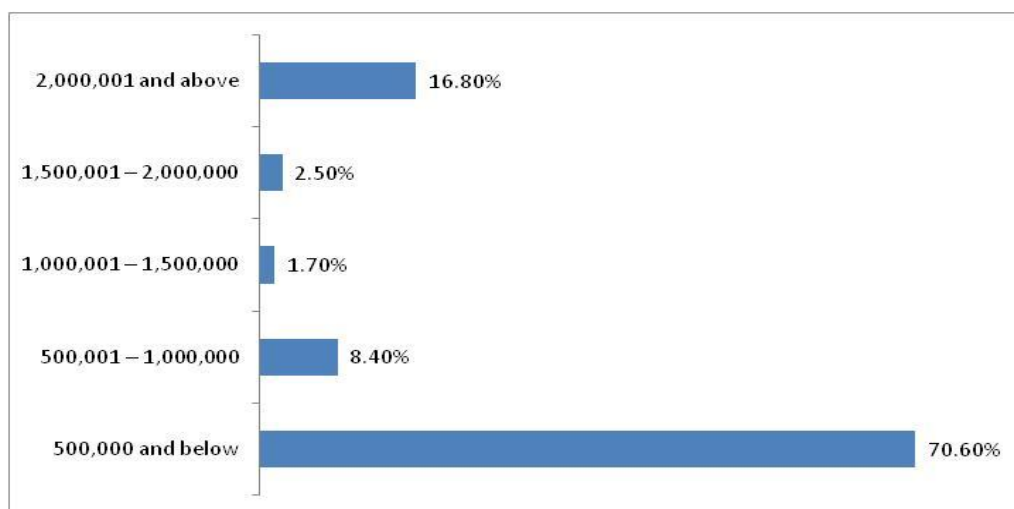


Figure 2. Bar Chart showing the Profile of SMEs regarding their Average Capital

Figure 3 shows the type of business where the SMEs engaged. The figure revealed that there were SMEs which mostly engaged in 'Trading' (41.20%), followed by 'Services' and 'Manufacturing' (31.90% & 13.40% respectively). This data indicates that most the SMEs in Samar are engaged in the business of buying and selling of commodities, products, or services.

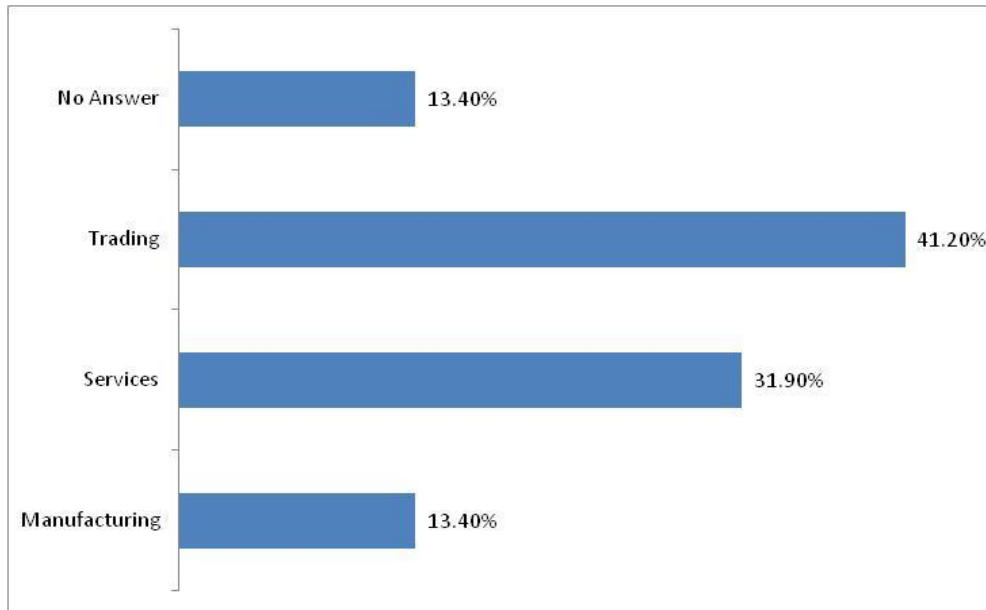


Figure 3. Bar Chart showing the Profile of SMEs regarding Type of Business

Table 2 displays the profile of the Small and Medium Enterprises (SMEs) on services/products offered, current marketing tools used, and logistic support.

On services offered, it showed that the top three offered services/products by the SMEs are food products (Rank 1), clothes, shoes, and jewelry (Rank 2), and groceries (Rank 3). The least offered services/products include electrical household appliances, over-the-counter medicines (sold without a prescription), and prescribed medicines (all Rank 17). The result implies that there is an enormous demand for these services/products in the province.

On current marketing tools used, the top three commonly used marketing tools are tarpaulin (Rank 1), word-of-mouth (Rank 2), and banners (Rank 3). The least are magazines and newspapers (Rank 20). Therefore, there is a clear indication that a majority of the SMEs in the province of Samar are using non-electronic marketing tools. These SMEs have been using the traditional means to advertise and promote their products.

On logistics support, it showed that 'payment' is mostly used, followed by 'delivery' and 'facilities and equipment' (Rank 1, 2, & 3 respectively). Only a few have answered 'security' as part of their logistics support. These results could mean that SMEs mostly use these logistics for successful flow of information and delivery of products to their clients. However, security is not the main concern during business transactions.

Table 2: Frequency and Ranking on the Profile of the Small and Medium Enterprises (SMEs) on Services/Products Offered, Current Marketing Tools Used, and Logistic Support

SME Profile Variables	Frequency	Rank
SERVICES/PRODUCTS OFFERED		
Food Products	30	1
Clothes, Shoes, and Jewelry	17	2
Groceries	12	3
School Supplies	10	4
Electronic Equipment (e.g. Computer, Phone, Camera)	8	5
Sports and Outdoor Equipment	7	6.5
Furniture	7	6.5
Books	5	9
Cosmetics	5	9
Services	5	9
Tools and Do-it-Yourself Supplies	4	11
Children's Products/Toys	3	13
Car Parts, Motor Vehicle Parts	3	13
Gardening Supplies	3	13
Computer Software (e.g. games)	2	15
Electrical Household Appliances	1	17
Over-the-Counter Medicines (sold without prescription)	1	17
Prescribed Medicines	1	17
CURRENT MARKETING TOOLS USED		
Tarpaulin	52	1
Word-of-Mouth	41	2
Banners	35	3
Telephones/Cellphones	32	4
Billboards	21	5
Social Media Account	16	6
E-mail	15	7
Brochures	11	8.5
Chat	11	8.5
Leaflets	10	10
Catalogs	8	11.5
Pamphlets	8	11.5
Directories	7	13.5
Radio	7	13.5
Official Website	6	15
Blogs	5	16.5
TV Programs	5	16.5
Guide Books	4	18.5
Others	4	18.5
Magazines and Newspapers	1	20

SME Profile Variables	Frequency	Rank
LOGISTICS SUPPORT		
Payment	57	1
Delivery and Shipping	54	2
Facilities and Equipment	28	3
Product Promotion	26	4
Trained Personnel	22	5
Order Tracking	21	6
Consultation and Assistance	19	7
Security	9	8
Others	2	9

Figure 4 shows the profile of online customers regarding age. It showed that most of the respondents belong to age bracket 21-30 (45.90%). These figures imply the majority of the online buyers are young. It could mean further that those who are active in online buying come from ages 21 to 30.

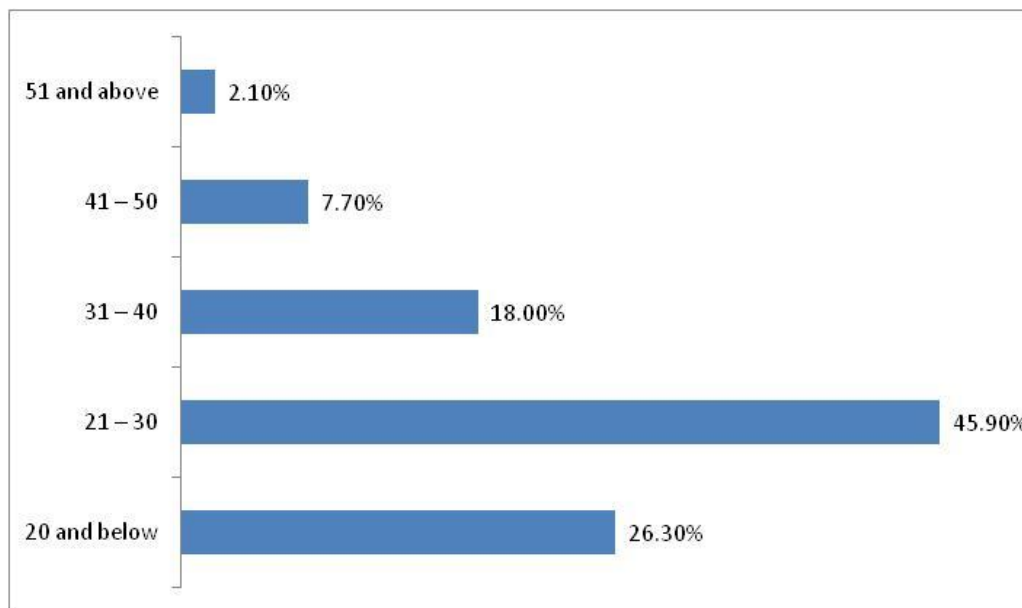


Figure 4. Bar Chart showing the Profile of Online Customers regarding their Age

Figure 5 displays the profile of online customers regarding sex. It showed that most of the online customers were females (59.80%).

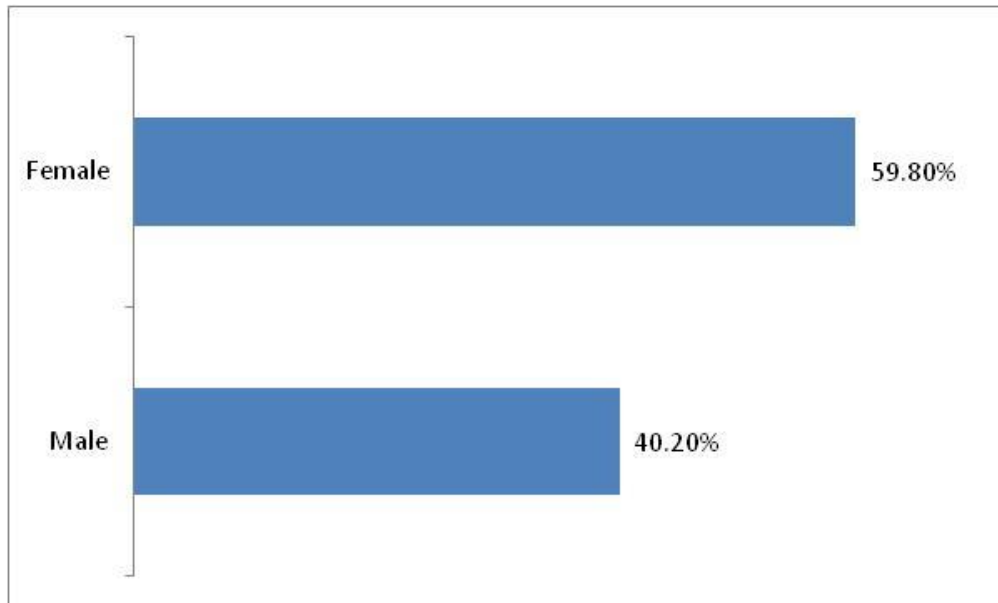


Figure 5. Bar Chart showing the Profile of Online Customers regarding their Sex

Figure 6 revealed that most of the online customers were single (71.10%). The results could mean that these people are active in online buying since being single, they are not pre-occupied with family matters.

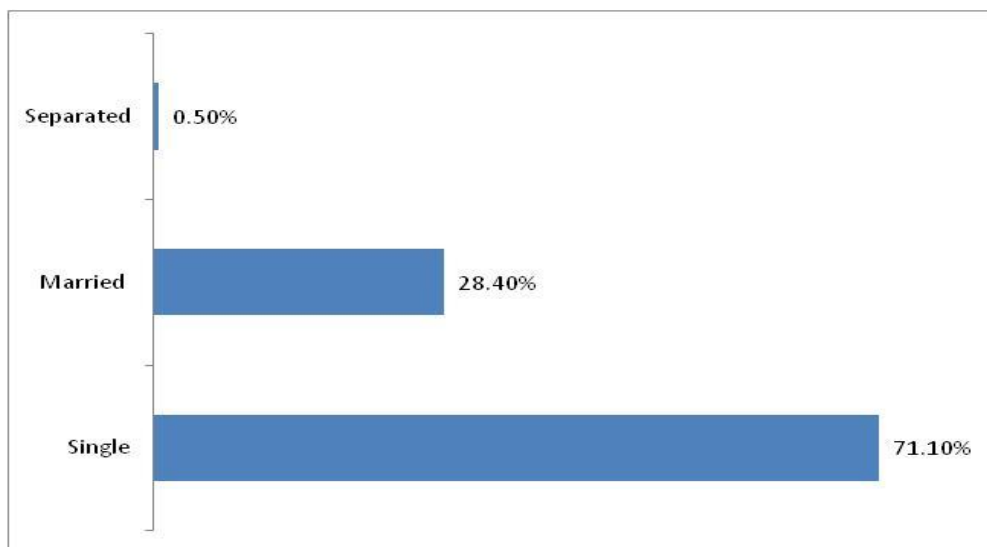


Figure 6. Bar Chart showing the Profile of Online Customers regarding their Civil Status

Figure 7 shows that a number of online customers are college graduates. This data indicates that online buying is widely used by college graduate people than any other.

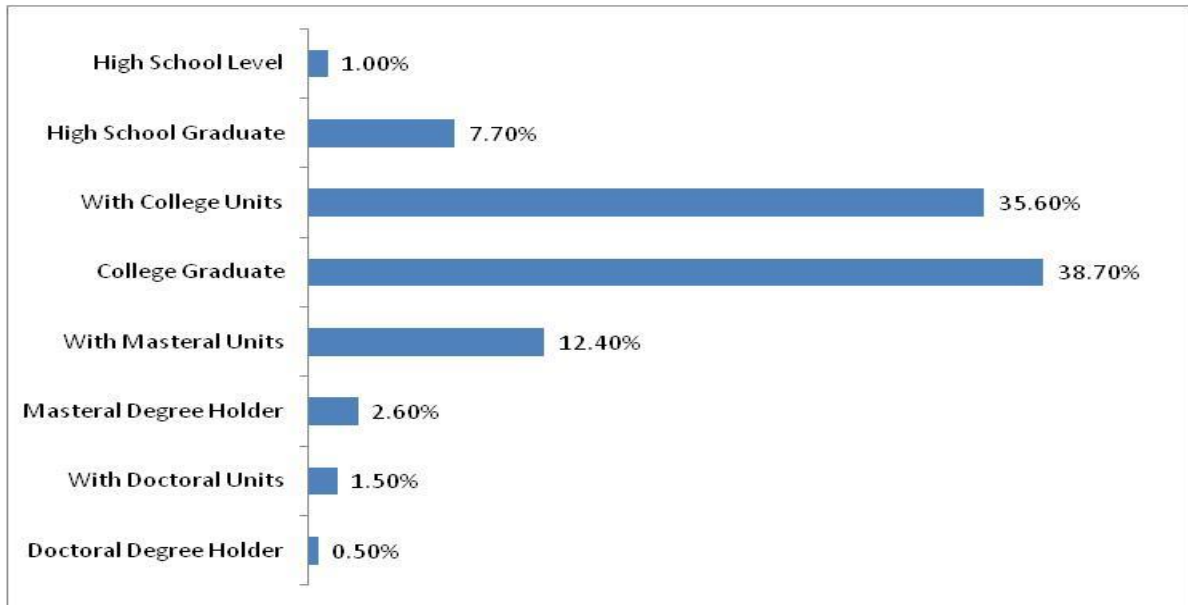


Figure 7. Bar Chart showing the Profile of Online Customers regarding their Highest Educational Attainment

On the frequency of buying products online, Figure 8 shows that most of the respondents would buy products once (29.40%), followed by once a month (24.70%) and once every six months (22.70%). This data means that there is an occurrence of online buying at least once in a year. Such result does not conform to the Civic Consulting (2011) study where most of the consumers surveyed would buy products online once a month (25%). The difference is attributed to the research environment of each study.

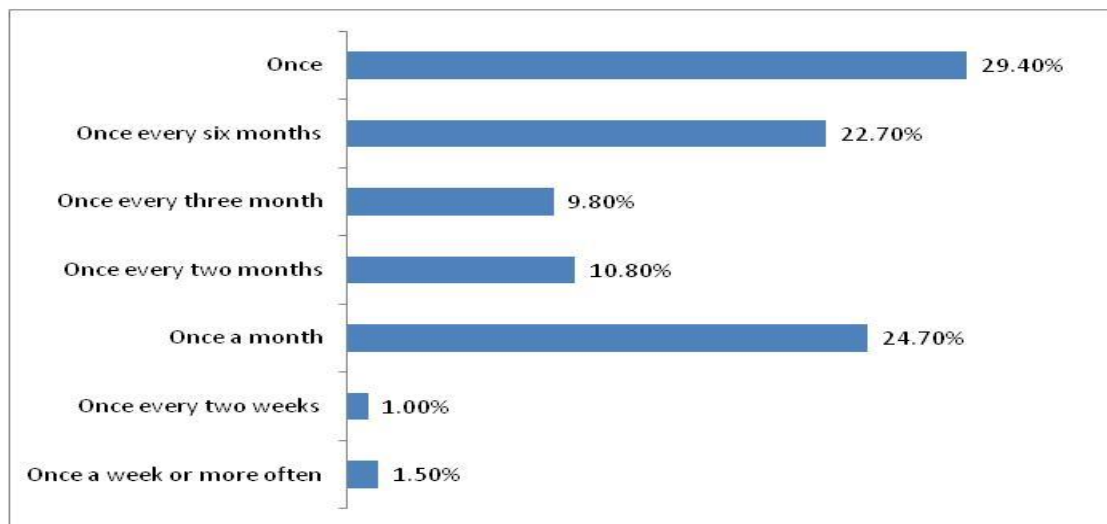


Figure 8. Bar Chart showing the Profile of Online Customers regarding Frequency of Buying Products Online

Table 3 illustrates the results of the study on the profile of online customers on modes of buying online, the type of products bought online, and reasons for buying online.

On modes of buying online, it showed that the top three modes were a website, social media, and e-mail (Rank 1, 2, & 3 respectively). This data implies that websites, social media sites, and e-mail are the most popular or widely used means of buying online products and they can be more successful than the rest of the modes. This further implies that SMEs should invest more on these three modes in marketing their products.

On the type of products bought online, the study revealed the top three types of products bought online are 'Clothes, Shoes, and Jewelry', 'Electronic Equipment (e.g., Computer, Phone, Camera)' and 'Cosmetics'. The least is 'Prescribed Medicines'. This result indicates that personal products are popular on the Internet as opposed to other types of products such as food, electrical, computer, sports, gadgets, medicines, and others. Except on the third type of product, these results are in agreement with the study of Civic Computing. The said study revealed also the top three type of products purchased online recently by consumers were 'Electronic equipment (incl. computer, phone, camera)' (18%), 'Clothes, shoes and jewelry' (17%), and 'Books' (10%). Both studies are also consistent with the least type of product bought online that is 'Prescribed Medicines'.

The top three reasons for buying products online were 'I save time by buying online', 'I find cheaper products online', and 'I can order at any time of the day/week.' The results can be summarized that people would buy a product online because it is more advantageous regarding time and price as opposed to walk-in approach, hence 'I do not like going to shops' gained the least response from the respondents. These results are consistent with the Civic Consulting findings. The said study enumerated the top three most important reasons of the consumers for buying products online were 'I find cheaper products online (66%)', 'I save time by buying online' (50%), and 'I can order at any time of the day/week' and 'It's easier to compare prices online' (both 33%). These results can be good reasons for SMEs to pursue online marketing.

Table 3: Frequency and Ranking on the Profile of Online Customers on Modes of Buying Online, Type of Products Bought Online, and Reasons for Buying Online

Online Customers Profile Variables	Frequency	Rank
MODES OF BUYING ONLINE		
Website	142	1
Social Media	80	2
E-mail	42	3
Chat	37	4
Blogs	13	5
Others	5	6
TYPE OF PRODUCTS BOUGHT ONLINE		
Clothes, Shoes, and Jewelry	133	1
Electronic Equipment (e.g. Computer, Phone, Camera)	108	2

Online Customers Profile Variables	Frequency	Rank
Cosmetics	38	3
Electrical Household Appliances	34	4
Books	33	5
Computer Software (e.g. games)	25	6
Children's Products/Toys	23	7.5
Sports and Outdoor Equipment	23	7.5
Furniture	17	9
Food Products	14	10
Tools and Do-it-Yourself Supplies	13	11
Car Parts, Motor Vehicle Parts	12	12
CDs/DVDs	11	13
Others	10	14
Car, Motor Vehicles	8	15
Child Care Articles	7	16
Gardening Supplies	6	17.5
Groceries	6	17.5
Over-the-Counter Medicines (sold without prescription)	2	19
Prescribed Medicines	1	20
REASONS FOR BUYING PRODUCTS ONLINE		
I save time by buying online	125	1
I find cheaper products online	92	2
I can order at any time of the day/week	87	3
There's more choice online	86	4
Products are delivered to a convenient place	74	5
It's easier to compare prices online	62	6
I can find more information online	53	7
I can only find certain products online	45	8
I find better quality products online	38	9
I can return products easily	25	10
I don't like going to shops	24	11
Others	4	12

Table 4 shows the frequency and ranking of the problems encountered in the marketing of products by Small and Medium Enterprises (SMEs). Based on the results, the top three problems that SMEs felt are 'financial issues', 'lack of facilities and equipment', and 'security threats'. The top reason, which is financial issues was similar with Dlodlo & Dhurup (2010) where the essential barriers to e-marketing adoption were costs involved in the implementation of e-marketing. However, it did not conform with the findings of Zaiied (2012) and Gautam (2012) where the top barriers were 'lack of Internet security' (4.63) and "shortage of skilled staff" (3.68) respectively.

Table 4: Frequency and Ranking on the Problems Encountered in Marketing of Products by Small and Medium Enterprises (SMEs)

Problems Encountered	Frequency	Rank
Financial issues	45	1
Lack of facilities and equipment	41	2
Security threats	27	3
Lack of skilled staff	24	4
Lack of information	17	5
Lack of government incentives	10	6
Change in government regulations	9	7
Organizational resistance to change	6	8.5
Lack of legal and regulatory policy	6	8.5
Others	3	10

The above results could mean as the primary reasons for SMEs not to further adopt online marketing since online marketing entails a huge investment regarding finances, facilities & equipment, and the security of data and information.

Figure 9 shows the frequency and percentage distribution of the likelihood of adopting online marketing by Small and Medium Enterprises. The results showed a majority of the SME-respondents answered for 'Yes' (58.80%) as opposed to 'No' (37.80%). Based on the results of the study, there is a clear indication that SMEs in Samar are willing to adopt online marketing, despite the previously cited problems. Therefore, the enormous demand for online marketing in the province of Samar is evident.

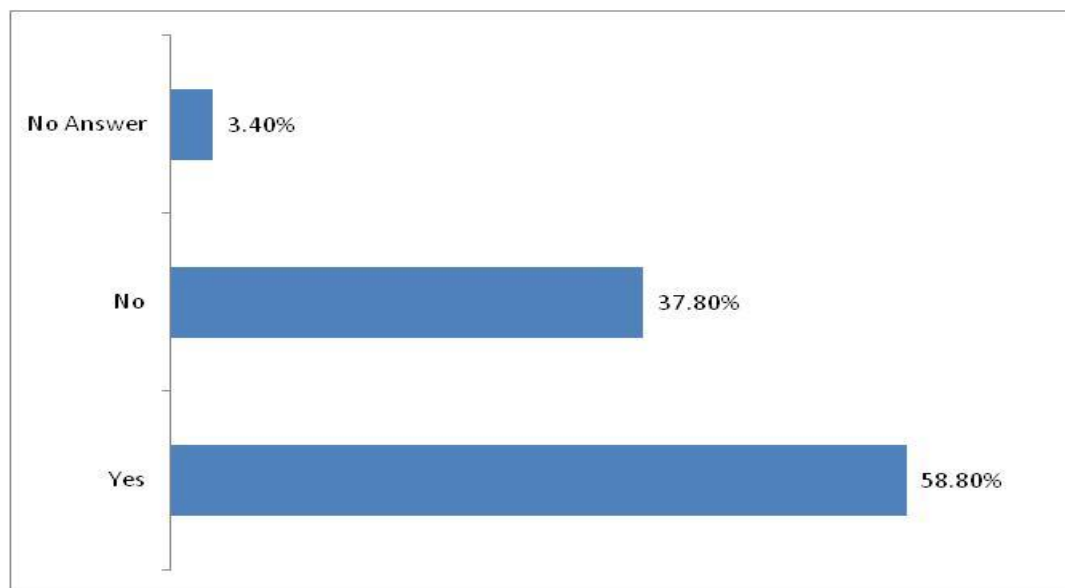


Figure 9. Bar Chart showing the Likelihood of Adopting Online Marketing by Small and Medium Enterprises

CONCLUSION

Online marketing has become a prevalent marketing tool. Many business organizations today have adopted online marketing due to the advantages that it generates. As evidenced in various literature and studies, it has become an effective tool to advertise and promote products and services. For this reason, SMEs in Samar were likely to adopt online marketing. The responses coming from the online customers on the frequency of buying online, modes of buying online, types of products bought online, and reasons of buying products online have further shown that there is a demand of online marketing in the Province of Samar. In the light of the findings derived from the study, a reliable framework for online marketing may be established for the SMEs in Samar. Also, the SMEs, government agencies, and other stakeholders may use the findings as inputs in coming up with development plans concerning the implementation of online marketing.

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