

## Effect of promotional strategies on the sales performance of micro, small and medium enterprises

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### **Abstract**

It is very important for managers to identify and implement the most effective means to advertise their business and products. This study aimed to determine the effect of promotional strategies, on the sales performance of One Town One Product (OTOP) assisted MSMEs in Region 4A, which will serve as the basis for the continuous improvement of OTOP programs for MSMEs. Gathered data were evaluated using a quantitative-descriptive method among the 306 respondents. Findings revealed that promotional strategies have moderate effects on the sales performance of OTOP assisted MSMEs in Region 4A. Further, there are significant differences on the effect of promotional strategies considering business profile. The researcher recommends for the Department of Trade and Industry to explore the following promotional strategies: a) development of OTOP Logo as a strong quality brand marking of MSME products to grab attention, make strong product impression on quality and authenticity, influence visibility in the big market arena and build positive brand equity; b) combine media (television, radio and print), e-commerce platform and face to face exhibition for maximum product exposure; c) one industry one celebrity endorser for product recall; d) timely and frequent text blasts of all events for awareness; and, e) campaign to appeal to the hearts of every Filipino by highlighting the benefits to the economy and the country of buying OTOP products. Finally, the researcher advised the development and implementation of a comprehensive workshop focusing on the synergy of promotional strategies, selling competencies, and financial management to increase sales performance.

**Keywords:** promotional strategies, selling competencies, financial management

## **Effect of promotional strategies on the sales performance of micro, small and medium enterprises**

### **1. Introduction**

A series of managerial decisions and actions aimed at differentiating the company from competitors and maintaining its competitive advantage is referred to as strategy. Marketing strategy has become an important instrument in the globe for any company looking to outperform its competition. The goal of marketing strategy is to figure out what kind of market there is, how strong it is, where it's going, and how it interacts (Daniel, 2018). Implementing a marketing plan seeks to foresee all potential stumbling blocks and opportunities. To boost the company's competitiveness, a marketing strategy in the form of a promotional mix is required (Juniansih et al., 2020). The 4Ps, or Product, Price, Place, and Promotion, were once thought to be the cornerstones of marketing. Firms use marketing tactics such as product, pricing, location, and promotion to respond to market and internal circumstances to achieve their objectives (Kotler & Armstrong, 2013). Consumer awareness of a company's products can be increased through promotion. It is a component of the marketing mix that disseminates information, encourages purchases, and influences the purchasing process. Promotion is the activity or strategy used by a company to communicate the value and benefits of its products to customers. Increased sales and the development of loyalty to the brand are both aided by promotion (Išoraitė, 2016). Direct marketing, sales promotion, advertising, and public relations are some of the strategies commonly used by firms. Consumers will be more likely to purchase from a company again if it combines successful promotion with consistent brand integrity (Onigbinde & Odunlami, 2015). According to Taboli et al. (2017), promotion activities can be carried out through any sort of communication media that can transmit messages to consumers.

The use of promotional media such as television, radio, newspapers, and magazines help to improve sales volume (Daniel 2018). It is difficult to find the perfect mix of promotional activities for a certain firm at a specific moment and then employ them effectively to reach a goal because promotional mix, like advertising, face to face or online selling, sales promotion, public information management and “targeted marketing”, affect the dimensions of brand. All of these have impact on the image and quality of the brand. It is very important for managers to identify and implement the most efficacious means to advertise their business and products (Karunanithy & Sivesan, 2013). Advertising is an important part of the promotion mix (Singh, 2012). It is a mainstream model of communication for a company, promoting a company's image, product, or idea (Kotler & Armstrong, 2010). Businesses employ advertising to achieve a variety of objectives, and they advertise through a variety of mediums. Effectively crafted advertisements aid in the achievement of company objectives (Terkan, 2014). Juniansih et al. (2020) discovered that advertising was the most important factor influencing sales volume. According to Terkan (2014), advertising and marketing are commercially driven with the goals of informing the public about goods and services, encouraging people to buy, establishing, and preserving brands, and maximizing revenues for the company. Advertising is a part of the marketing process and lives on it. Effective marketing planning necessitates well-thought-out and cost-effective advertising techniques. These must be implemented to guarantee that consumers are educated about items and are

Paid advertising, has a greater impact on sales than offline advertising, owing to paid search's proximity to the actual purchase decision and superior targeting capabilities. Display advertising has a higher Tobin's q effect than offline advertising, which is consistent with its long-term consequences (Bayer et al. 2020). Paid search advertising has a greater impact on sales than offline advertising, because it is closer to the actual purchase decision and has better targeting capabilities. Display advertising has a higher positive impact than offline advertising, which is in accordance with its long-term impacts

For new brands, sponsorship exposure has been shown to improve associations with brands, perceived or observed quality, and brand loyalty, although on established companies, sponsorship exposure has been shown to

improve brand associations, perceived or observed quality, and brand support or loyalty (Donlan, 2013). Sponsor image, according to Koronios et al. (2016), has a major impact on purchasing intent. Customers make impulsive purchases for a variety of reasons, including interaction with showgirls, promotions, the desire to purchase, and experience seeking, in addition to the existing impulsive purchase issue. Trade exhibitions, according to Situma (2012), are key marketing tools for businesses. They are essential components of the marketing mix because they combine advertising's mass reach, direct mail's targeting, direct selling, and the internet's networking benefits. Shows provided a one-of-a-kind atmosphere in which a variety of sales and marketing goals could be achieved. The events brought buyers and sellers together in one place, promoting industrial development and technology transfer, as well as boosting regional and national industry by offering a shop window for goods and attracting international investment.

Last October 12-18, 2017, the Department of Trade and Industry Region 4a enchanted the local market with the "KALAKAL CALABARZON 2017: A Regional Trade Fair" held at the Festival Supermall in Alabang, Muntinlupa City. This trade expo was organized in collaboration with DTI IV-Provincial A's Offices, CARP beneficiaries, and the DTI-ROG Assistant Secretary Demphna Du-One Naga's Town, One Product Next Generation Program (OTOP NEXT GEN). The fair drew over a hundred micro and small business owners. On October 18, a record showed that there was Php 36.5 million in cash on hand, as well as transactions in the works. Hanging and table lamps, wall décor, women's gowns, bags, wallets, jewelry cases, fashion accessories like necklaces and earrings, women's shoes and sandals, candles, organizers, storages, bags, notebooks, and stationeries made from organic materials, vases, herbal soaps, coffees, teas, cakes and pastries were among the best products manufactured in the region. OTOP (One Town One Product) is a DTI stimulus program for micro, small, and medium enterprises (MSMEs) from various communities and localities around the country to identify, strengthen, and promote their competitive edge or the products that their areas are known. OTOP Philippines Hub, also referred to as OTOP.PH refers to a retail establishment or space where One Town One Product products can be found. It was created as a pasalubong hub located in the Airports, terminals, pasalubong centers, tourist attractions, Negosyo Centers, public marketplaces, and other consumer-frequented venues, such as malls and tourist spots (Crismundo, 2020).

### *1.1 Objective of the Study*

This study aims to assess effect of the promotional strategies to the sales performance of the Micro, Small and Medium Enterprises in CALABARZON region. More specifically, this study to describe the profile of the enterprises as to their business location, business classification, number of years assisted by DTI's OTP, OTOP product category and most preferred target audience; to assess the effect of promotional strategies of the sales performance in terms of their Advertising, Publicity, Direct Marketing, Sales Promotion; to test the significant difference of Responses on Effect of Promotional Strategies on the Sales Performance When Grouped According to Profile. Lastly, proposed recommendation based on the results of the study.

## **2. Methods**

**Research Design** - To be able to collect the needed information, the researcher made use of the descriptive design method. Specifically, this study applied a quantitative-descriptive method to assess the contribution of promotional strategies to the sales performance of MSMEs.

**Participants of the Study** - The study's participants were proprietors of micro, small, and medium firms that are duly registered in region 4A. Gifts, housewares and décor/holiday décor, fashion wearables, corporate giveaways, furniture and furnishing, specialty cuisine/heirloom food, health and wellness items, and packaging materials are their offerings. Categorically, they are all OTOP (One Town, One Product) program assisted MSMEs who have engaged in various DTI promotions, such as local or international shows, trade fairs, and seminars/training programs. Based on the 2021 OTOP population of 388 assisted MSMEs, a minimum sample size of 246 yielded a 99% confidence level and a 5% margin of error according to Raosoft's sample size calculator.

One hundred percent (100%) of the respondents were given questionnaires either electronically or manually, which were collected via the same process, and 306 of them responded.

**Instruments** - The survey used modified questionnaire. The first part focused on the firmographic profile and the remaining parts dealt on the main variable of the study like Promotional Strategies. The questionnaire included a perceptual measure using a four-point Likert scale. To measure the effects of promotional strategies, the researcher used validated questionnaires, taken from Afande and Maina (2015). It is a four-factor model consisting of Advertising with Cronbach alpha of 0.862, Publicity with Cronbach alpha of 0.772, Direct Marketing with Cronbach alpha 0.900 and Sales Promotion with Cronbach alpha of 0.914

**Procedure** - The researcher used published thesis, books, articles, and journals as sources in gathering and collecting data or information. In addition, an informal interview with DTI Region 4A Regional Director, Assistant Regional Director and Marketing staff was performed to establish and align with the promotional mix being ran for OTOP and get acquainted with the MSME profiles and OTOP program. Further, the different firmographic profiles of the MSME companies in terms of location, business classification, number of years assisted by DTI-OTOP, product line category, and target customers were included in the study for a more accurate interpretation of the results, precise conclusion and in-depth recommendations. After approval of the proposal, the researcher prepared letter of request to DTI Region 4A Director to acquire consent in the conduct the research work. It was reiterated that the purpose of the survey is for academic purpose only and that all gathered information will be kept confidential. Upon the endorsement of the DTI 4A Regional Director, the research started through distribution of questionnaires via email and google form to the 388 target respondents.

**Ethical Considerations** - Ethical considerations were practiced in the conduct of the research work to warrant that every information that will be gathered will be used for research purposes only. In this study, the researcher issued a confidentiality agreement to assure respondents that all information gathered would be treated with the utmost confidentiality to protect the public reputation of the organizations and individuals involved. Moreover, respondents were also informed of the purpose of the study, which is the development of a reference framework for OTOP program improvement related to improving sales performance.

**Data Analysis** - Basically, the "Frequency distribution" method generated visual representation or illustration of collected data as shown in the firmographic profile. "Weighted mean" was used in determining the effects and/or level of agreement to identified variables and indicators. The "Analysis of variance (ANOVA)" were used in establishing significant difference on the response when grouped according to profile. Furthermore, all data were processed using statistical tools to explain and understand the research findings.

### 3. Results and discussion

**Table 1**

*Effect of DTI's promotional strategies on the sales performance in terms of advertising*

Indicators	WM	VI	Rank
1. Advertisements posted in Youtube and FB live can be viewed several times and eventually generate interest of product purchase	3.43	Moderate Effect/ Agree	1
2. Celebrity endorser is known by the target market and has a positive image that triggers customer's intent to purchase	3.25	Moderate Effect/ Agree	4
3. FB and Messenger advertisements are timely and consider the target market buying practice (ex. buying on pay days or during bonuses)	3.36	Moderate Effect/ Agree	2
4. FB and Messenger advertisements result to a base of "followers" which result to a stronger relationship with customers	3.29	Moderate Effect/ Agree	3
5. Content of Instagram are true, eye catching, interesting and drive product interest	3.20	Moderate Effect/ Agree	5
Composite Mean	3.31	Moderate Effect/ Agree	

*Legend:* 3.50 – 4.00 = High Effect/Strongly Agree; 2.50 – 3.49 = Moderate Effect/ Agree; 1.50 – 2.49 = Minimal Effect/Disagree; 1.00 – 1.49 = No Effect/ Strongly Disagree

The effects of DTI's promotional strategies on sales performance in terms of advertising is shown on Table 1, wherein the composite mean of 3.31 indicates that the respondents agreed on the moderate effect of the above advertising indicators on improving the sales performance. MSMEs and many of their target customers are in social media, hence, advertising and promotions using the different available platforms were noted to contribute to sales performance. According to Juniansih, et al. (2020) advertising was the most important factor influencing sales volume. The rationale behind this is that advertising has to do with building brand recognition and taking measures to build long-term profitability. It helps the business increase its value and build its reputation. A perfect example is that of San Miguel Corporation who produces San Miguel Beer, the all-time top beer in the country. The company never ceases to put up engaging, high recall advertisement whether it is pandemic or not. Also, in the league of companies that pay importance to advertising are Jollibee, McDonalds, Unilever, Procter and Gamble, Purefoods, Ginebra San Miguel, Del Monte and Nestle. Products of these companies are patronized by a lot of Filipinos; they are either ranked first or second in their respective industry and are top earners with stocks priced high in Philippine Stock Exchange.

Among the items cited, advertisements posted in Youtube and FB live can be viewed several times and eventually generate interest of product purchase obtained the highest weighted mean score of 3.43. Social media advertising market is the second biggest market within Digital Advertising. The worldwide revenue of US\$89.5 billion in 2019, as reported in Statista (2020), is expected to grow to US\$138.4 billion in 2025. Besides the growth potential in the field of social networks, an integration or proliferation of advertising spaces within messenger apps will rapidly increase the revenue potential of current market key players (Financial News Media, 2021). Nowadays, live video streaming has become very popular. Anyone with a smartphone can stream via YouTube and Facebook. Based on records, the Philippines has around 74 million smartphone users in 2019, and this number has been steadily increasing since 2015. According to Statista (2021), YouTube has a 97.2 percent subscription rate in the third quarter of 2020. ABS-CBN entertainment YouTube channel posted videos, which have received 30.8 billion views as of 2019, form part of this huge viewership.

It was followed by FB and Messenger advertisements are timely and consider the target market buying practice such as buying on paydays or during bonuses and FB and Messenger advertisements result to a base of "followers" which result to a stronger relationship with customers. Properly organized promotion of products is very effective and allows one not only to solve problems with marketing, but also constantly increase sales volumes. Furthermore, it was found out in Frolova's study (2014), that the reaction of the audience for advertisement also varies under the influence of several factors like variety of the advertised products; time of broadcasting; level of concentration of the audience's attention; and programming environment. In the Philippine scenario, monthly sales advertised by the leading e-commerce sites like Lazada, Shopee and Zalora are well accepted by Filipino buyers. In the case of San Miguel online stores, more revenue is generated if advertisements are timely and reach the target customers.

However, items such as celebrity endorser is known by the target market and has a positive image that triggers customer's intent to purchase and content of Instagram are true, eye catching, interesting and drive product interest got the lowest rating of 3.25 and 3.20 respectively. According to Nadube and Gowon's (2020) studies, celebrity endorsement has a considerable impact on sales performance. Advertisers take advantage of this by using celebrities in their commercials to boost their effectiveness and credibility (Zipporah & Mberia, 2014). Audiences perceive celebrities to be very significant, prominent, and unique, which leads to the perception of doing what they do and identifying with celebrities to have a similar image (Mwendwa & Hellen, 2014). In the OTOP segment, the celebrity endorser promotes all product types however, this was observed to be significantly felt for certain products and not for all products because the customers may find it difficult to identify the celebrity on all the endorsed products. There were 10,698, 000 Instagram users in the Philippines in February 2020 - 9.5% of its entire population. Most of them were women - 63.7% while people aged 18 to 24 were the largest user group (4,700 000) according to DTI and MSMEs.

**Table 2***Effect of DTI's promotional strategies on the sales performance in terms of publicity*

Indicators	WM	VI	Rank
Exhibitions and business matching are scheduled and announced early to target customers	3.47	Moderate Effect/ Agree	2
Exhibitions and business matching activities connect MSMEs to potential local and/or international partners	3.45	Moderate Effect/ Agree	3
Exhibitions allow product sampling, sales promotion and product brochure/flyers distribution	3.54	High Effect/ Strongly Agree	1
OTOP hubs are strategically located and known by the target market	3.24	Moderate Effect/ Agree	5
OTOP hubs display products of interested MSMEs	3.33	Moderate Effect/ Agree	4
	<b>Composite Mean</b>	<b>Moderate Effect/ Agree</b>	

*Legend:* 3.50 – 4.00 = High Effect/Strongly Agree; 2.50 – 3.49 = Moderate Effect/ Agree; 1.50 – 2.49 = Minimal Effect/Disagree; 1.00 – 1.49 = No Effect/ Strongly Disagree

As observed on Table 2, the respondents positively agreed on the moderate effects of DTI's publicity strategies on sales performance, as revealed by the composite mean score of 3.41. The mean score translation given to publicity is "strongly agree/ high effect" which connotes that DTI's publicity strategies translate into revenue. Based on an interview with MSME group, further improvement of DTI's publicity on customer engagement, experience and brand recall will be highly appreciated to improve competitiveness with the many products and brands in the market and higher sales performance impact. This is affirmed by Pokrywczynski and Brinker (2014), in their study that engaging strategies provide stronger brand memory, more favorable evaluations, and higher buy intent than passive approaches. On the other hand, the item, exhibitions allow product sampling, sales promotion and product brochure/flyers distribution ranked first with a strongly agree/ high effect weighted mean value of 3.54. This is followed by Exhibitions and business matching are scheduled and announced early to target customers and Exhibitions and business matching activities connect MSMEs to potential local and/or international partners with a moderate effect mean score ratings of 3.47 and 3.45.

Tsao (2013) concluded that customers make impulsive purchases for a variety of reasons, including interaction with showgirls, promotions, the desire to purchase, and experience seeking, in addition to the existing impulsive purchase issue. In the many local and international exhibits, product samplers specifically in the food segment is a normal thing. Similarly, some OTOP MSMEs commissioned their staff to be samplers while some do it themselves during trade fairs because this has been proven to positively influence sales performance. Remaining items which were also assessed to have moderate effect are OTOP hubs display products of interested MSMEs (3.33) and OTOP hubs are strategically located and are known by the target market (with lowest mean score of 3.24). OTOP Philippines Hub, refers to a retail establishment or space where One Town One Product products can be found. It was created as a *pasalubong* hub located in the Airports, terminals, *pasalubong* centers, tourist attractions, Negosyo Centers, public marketplaces, and other consumer-frequented venues, such as malls and tourist spots (Crismundo, 2020). Each province has its own OTOP hub, and it usually caters for non-perishable products or products that will keep at room temperature, hence, food items which need refrigeration or have short shelf life are most of the times not available.

**Table 3***Effect of DTI's promotional strategies on the sales performance in terms of direct marketing*

Indicators	WM	VI	Rank
Emails are send to target customers to promote products/ events	3.12	Moderate Effect/ Agree	5
Emails are send in proper timing and are complete with needed information	3.22	Moderate Effect/ Agree	3
Emails generate interest and sales leads for MSMEs	3.17	Moderate Effect/ Agree	4
DTI's website includes products of MSMEs under OTOP program and directory of OTOP hubs for actual product purchase	3.23	Moderate Effect/ Agree	2
DTI's website includes contact details of MSMEs under OTOP program	3.37	Moderate Effect/ Agree	1
	<b>Composite Mean</b>	<b>Moderate Effect/ Agree</b>	

*Legend:* 3.50 – 4.00 = High Effect/Strongly Agree; 2.50 – 3.49 = Moderate Effect/ Agree; 1.50 – 2.49 = Minimal Effect/Disagree; 1.00 – 1.49 = No Effect/ Strongly Disagree

The effects of DTI’s promotional strategies in terms of direct marketing have a moderate effect composite mean score of 3.22 as shown on Table 3. This was affirmed by a group of MSMEs because they encountered a lot of inquiries which are traceable from DTI’s website and announcements. Kotler and Armstrong (2013) stated that a beneficial impact on sales can be realized through direct marketing since it focuses on creating a one-on-one relationship between a company providing a product or service and the eventual consumer or customer. MSMEs agreed on the moderate effect on sales performance of DTI’s website include contact details of MSMEs under OTOP program with mean score of 3.37. The rest of the sub variables were rated agree/ moderate effect with mean scores ranging from 3.12 to 3.23. Specifically, websites include products of MSMEs under OTOP program and directory of OTOP hubs for actual product purchase score at 3.23. Website highlights the important information of a firm which gives it a competitive advantage (Salehi et al., 2012). User happiness, simplicity of use, and ease of learning are all factors that influence website usability (Kelemework & Ayele, 2018). DTI’s website is user friendly; it can be easily browsed and navigated. In here, one will be able to see news featuring MSMEs, their products during fairs and contact details. Also, if contact details are not posted, DTI provides linkage /contact details to interested buyers or partners made by DTI.

Meanwhile, emails are sent in proper timing and are complete with needed information, emails generate interest and sales leads for MSMEs, and emails are sent to target customers to promote products/ events got the low mean values of 3.22, 3.17 and 3.12 respectively. Email marketing, as reported by Abraham and Joseph (2019), sends targeted messages and promotional campaigns to specific clients to assist businesses, boost campaign replies and obtain a better return on their investment. Direct communications, with its arsenal of mailers, brochures, road shows, sampling, events, phone calls, emails, and digital connections, are favoured by advertisers as a cost-effective (Anbalagan, 2011). The lowest mean score was recorded by the item, emails are sent to customers which suggests that since email is one of the most cost effective ways to promote a product, many private companies and government agencies including DTI practice email marketing. However, since this channel involves minimal cost, the tons of similar promotional emails sent to MSMEs’ target customers by other different firms and agencies may have dampened the effects on sale performance.

The moderate effects of DTI’s promotional strategies on sales performance in terms of sales promotion with a composite mean of 3.32 is presented on Table 4. MSMEs agreed on the positive effects that sales promotions bring on their sales performance because as per their experience, items with discounts and free taste or samples move faster than the regular items and deliver higher revenues.

**Table 4**

*Effect of MSMEs promotional strategies on the sales performance in terms of sales promotion*

Indicators	WM	VI	Rank
MSMEs providing special discounts for potential buyers during trade fairs/exhibitions and on special occasions	3.39	Moderate Effect/ Agree	1
Give discount or loyalty card to encourage long term patronage	3.28	Moderate Effect/ Agree	4
Provide special buying schemes to retailers and wholesalers during trade fairs/exhibition	3.31	Moderate Effect/ Agree	3
Conduct product sampling or offer product give-aways to encourage product sales	3.36	Moderate Effect/ Agree	2
Provide value/ affordable packages on regular basis and during trade fairs/ exhibition discounts	3.25	Moderate Effect/ Agree	5
Composite Mean	3.32	Moderate Effect/ Agree	

*Legend:* 3.50 – 4.00 = High Effect/Strongly Agree; 2.50 – 3.49 = Moderate Effect/ Agree; 1.50 – 2.49 = Minimal Effect/Disagree; 1.00 – 1.49 = No Effect/ Strongly Disagree

MSMEs providing special discounts for potential buyers during trade fairs/exhibitions and on special occasions ranked first with mean value of 3.39. A group of interviewed MSMEs stated that Filipino buyers are very much attracted to discounts as exemplified by long lines at the cashier during sale season According to Lian-ju and Yingying (2011), pricing is the most important factor for consumers, followed by meal types, traffic, availability duration, and discount. Subsequently, Liu et al. (2016) found that time pressure, discount level, and

advertising are all elements that may affect the purchase amount of products. Generally, majority of the Filipinos love discounts. In fact, online sales made by e-commerce giants like LAZADA and Shopee are well patronized in the country. Similarly, when MSMEs offer discounts during trade fairs, they usually experienced an increase in sales performance.

It was followed by conduct product sampling or offer product giveaways to encourage product sales and provide special buying schemes to retailers and wholesalers during trade fairs/exhibition. Sampling is one of the commonly used marketing tactics that help improve sales. More specifically, as mentioned by Biswas et al. (2014) and Chen et al. (2016), it aims to persuade the participant to make an ethical buying decision. MSMEs in the food category almost always provide product samples to their target customers. This must be done because their products are not yet popular the market. In general, food samples which passed the taste of customer have high probability of being sold.

On the other hand, items like giving discount or loyalty card to encourage long term patronage and providing value/ affordable packages on regular basis and during trade fairs/ exhibition discounts ranked the least. MSMEs agreed that loyalty cards encourage long term patronage as observed in many loyalty cards given by fast food, banks, supermarkets and many others in the Philippines. According to Shaw and Tan (2015), these programs encourage repeat purchases and promote client retention by providing incentives to buy more frequently and in larger quantities, resulting in increased spending. According to a group of MSMEs, the value/affordable packages improve sales revenue however it ranked the least because some items in the pack may not be needed by the customer but a need of the MSMEs. The MSMEs may have included said item/s in the value pack probably because of its high inventory or need to introduce new product. This promotional strategy is not only practiced by MSMEs but also by big firms as this was proven and tested to improve sales performance

The comparison of responses on the effects of promotional methods on sales performance are categorized by business profile as shown on Table 5. The reported p-values were below 0.05 alpha level, indicating a considerable difference when grouped by business location, OTOP product category, and most favored target audience. This indicates that the replies are statistically different from the post hoc test. The results were shown to be stronger on businesses based in Rizal, with a microbusiness size, OTOP assistance for 1 to 3 years, OTOP products of fashion wearables and others, and preferred target audiences of consumers, retailers, wholesalers, and others. The MSMEs' varied assessments of the impact of promotional methods on sales performance can be related to differences in the MSMEs' business locations, OTOP product categories, chosen target audience, and business classification in terms of advertising and direct marketing, as well as the number of years the MSMEs have been assisted by DTI's OTOP in the areas of advertising and publicity. To cite an example on business location, Rizal Province aside from being a first-class province, was also named as the Philippines' most competitive province. Hence, as a neighboring province of Metro Manila, it is an ideal location for investments, business establishments, and settlements. This is based on an indicator that compared the economic vitality, efficiency, and infrastructure of municipal governments. Its proximity to the center of trade which is Manila makes it the most favored location to generate sales, although Cavite and Laguna have been also identified as industrialized zones. Firms or businesses, according to location theory, evaluate where and why economic activities occur to optimize benefits. As a result, in most situations, the outcomes of small or big surveys have been used to evaluate suitable locations for starting a new firm (Kimmelberg & Williams, 2013).

**Table 5**

*Difference on effect of promotional strategies on the sales performance when grouped according to profile*

Business Location	U / $\chi^2_c$	p-value	Interpretation
Advertising	33.56	0.000	Highly Significant
Publicity	65.772	0.000	Highly Significant
Direct Marketing	28.613	0.000	Highly Significant
Sales Promotion	75.664	0.000	Highly Significant



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Business classification			
Advertising	24.551	0.000	Highly Significant
Publicity	4.591	0.101	Not Significant
Direct Marketing	10.642	0.005	Highly Significant
Sales Promotion	3.677	0.159	Not Significant
Number of Years assisted by DTI's OTOP			
Advertising	24.472	0.000	Highly Significant
Publicity	19.201	0.001	Highly Significant
Direct Marketing	2.284	0.684	Not Significant
Sales Promotion	9.233	0.056	Not Significant
OTOP Product category			
Advertising	60.115	0.000	Highly Significant
Publicity	48.796	0.000	Highly Significant
Direct Marketing	86.015	0.000	Highly Significant
Sales Promotion	46.754	0.000	Highly Significant
Most preferred target audience			
Advertising	34.173	0.000	Highly Significant
Publicity	40.09	0.000	Highly Significant
Direct Marketing	48.534	0.000	Highly Significant
Sales Promotion	97.334	0.000	Highly Significant

Legend: Significant at p-value < 0.05

The varying products that originate from these provinces also account to the varied assessments. It should be noted that specific products are carried and promoted thru the OTOP programs. These include bamboo, garments, shoes and slippers from Rizal, processed foods, wearables and gifts, handicrafts and holiday decors from Laguna, coconut products from Quezon, coffee and other industry of Cavite, and processed food including coffee and cacao, home style and wearables from Batangas.

As to business classification, there was also significant difference on advertising ( $p = 0.000$ ) and direct marketing ( $p = 0.005$ ) because the obtained p-values were less than 0.05 alpha level. This indicates that the responses vary significantly, and this was observed on those business size categorized as micro enterprises. While basically, DTI runs the same program for all MSMEs in different categories as micro, small, and medium, the micro-entrepreneurs disclosed significantly varied responses. This suggests that the access and effects of DTI's program vary not only for its business size but factors like product and location differ as well.

Lastly, there was also significant difference on advertising ( $p = 0.000$ ) and publicity ( $p = 0.001$ ) when grouped according to number of years assisted by OTOP. Based on the post hoc test conducted, the significant difference lies on those assisted for 1 to 3 years which are new, energetic, and aggressive to learn, adapt and grow. Nowadays, changes in the advertising industry have become inevitable. Conventional methods have been gradually replaced by digital platforms. But despite of the different methods used by businesses, traditional and online advertisements are considered both effective ways to reach clients although digital is developing at a faster rate and offers more opportunities.

#### 4. Conclusion and recommendations

The findings of this study on the effect of promotional strategies of One Town One Product (OTOP) assisted MSMEs in the CALABARZON region, derived the following conclusions: DTI's and MSMEs promotional mix strategies like advertising, publicity, direct marketing, and sales promotion have positive significant effects on the sales performance. There are significant differences on the effect of promotional strategies, effect of MSMEs' selling competencies and the effect of financial management on sales performance in terms of business profile.

The researcher recommends for the Department of Trade and Industry to explore the following promotional strategies: a) development of OTOP Logo as a strong quality brand marking of MSME products to grab attention, make strong product impression on quality and authenticity, influence visibility of MSME products in the big market arena and build positive brand equity; b) combine media (television, radio and print), e-commerce platform and face to face exhibition for maximum product exposure; c) one industry one celebrity endorser for product recall; d) timely and frequent text blasts of all events for awareness; and, e) campaign to appeal to the hearts of

every Filipino by highlighting the benefits to the economy and the country of buying OTOP products . DTI may consider inclusion of a more in-dept marketing plan development/ workshop in the OTOP seminars. Marketing plans reinforce the selling skills because it will define the market, target customers, competition, product's unique selling proposition and strategies on how to sell the product. Further, DTI and MSMEs may opt to evaluate the trainings they have done and identify other selling skills that need training and/ or reinforcement.

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