

Financial and Marketing Strategies of Bakery Shops in the 2nd District of Ilocos Sur

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Abstract

The increasing demand for bakery products from the population in the Philippines, the baking industry has grown and serve as integral parts of the community fabric in providing job opportunities, supporting families and boosting economy. However, several studies construed that there are underlying challenges being encountered by bakery shop owners such as fluctuation in raw material prices, product shelf-life, price-sensitivity, seasonal fluctuations in demand, rising operating cost and others. To address these concerns, this study was conducted to assess the financial and marketing strategies of Bakery Shops in the 2nd District of Ilocos Sur during the School Year 2023-2024.

Keywords:

marketing and financial strategies, bakery shops, budgeting, inventory and cash management, cost control measures, promotion and price, product and service

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1. Introduction

This study made used of the descriptive correlational design. It was limited to bakery owners who were randomly selected using simple random sampling consisted of 50 represented by twenty-three municipalities. Results showed that majority of the respondents have few number of branches, limited number of employees, operates in three decades and sole proprietors; the bakery shop owners practiced their financial strategies on budgeting, inventory, cash management and cost control measures; there is a significant relationship between the profile of bakery shops and the level of financial strategies being practiced by them; and the Bakery shop owners practiced their marketing strategies in terms of promotion, product, price and service. There is a significant relationship between the profile of bakery shops and the extent of marketing strategies being practiced by them; and there is also significant relationship between the financial and marketing practices of bakery shops. Lastly, the challenges being encountered by bakery shops in their marketing strategies is serious. It is suggested that bakery shops may build a strong collaboration with their customers,

competitors and other key players to promote the bakery industry for successful business operation and sustainability. The concern government units may provide strategic goals to help and protect business owners and future entrepreneurs; and strengthen this industry in the countryside for possible conglomeration to promote Philippine bakery industry products.

2. Research Method

This study made used of the descriptive correlational design through questionnaire as main data instrument (Adapted & modified from the Financial & Marketing Strategies of Bakeries Best Practices, 6Wresearch 2023, Department of Trade & Industry Guidelines for Bakeries & from the study of Armas, 2018 on strategies of bakeries in the Philippines). The data will be collected through a survey from bakery shops as respondents quantitatively. Further, a focus group interview will be conducted with Bakery Shops owners as respondents to determine their level of financial and marketing strategies being practiced by them.

3. Results and Analysis

Table 1
Distribution of Respondents
Bakery Shops in the 2nd District of Ilocos Sur

No.	Municipalities	List of Bakery Shops	Number of Respondents
1	Alilem	Bakery A	2
2	Banayoyo	Bakery B	1
3	Burgos	Bakery C	3
4	Candon	Bakery D	5
5	Cervantes	Bakery E	1
6	Galimuyod	Bakery F	2
7	Gregorio del Pilar	Bakery G	3
8	Lidlidda	Bakery H	1
9	Nagbukel	Bakery I	1
10	Narcavan	Bakery J	5
11	Quirino	Bakery K	1
12	Salcedo	Bakery L	1
13	San Emilio	Bakery M	3
14	San Esteban	Bakery N	1
15	Santa	Bakery O	3
16	Santa Cruz	Bakery P	1
17	Santa Lucia	Bakery Q	3
18	Santa Maria	Bakery R	2
19	Santiago	Bakery S	3
20	Sigay	Bakery T	2
21	Sugpon	Bakery U	3
22	Suyo	Bakery V	1
23	Tagudin	Bakery W	2
Total=23			N=50

Table 2
Profile of Bakery Shops in Terms of Number of Branches

Number of Branches	Frequency	Percentage
5 and below	34	68
6-10	11	22
11-15	3	6
16 and above	2	4
Total	50	100

Table 3
Profile of Bakery Shops in Terms of Number of Employees

Number of Employees	Frequency	Percentage
10 and below	3	6
11-20	17	34
21-30	28	56
31 and above	2	4
Total	50	100

Table 4
Profile of Bakery Shops in Terms of Years of Operation

Years of Operation	Frequency	Percentage
10 years and below	8	16
11-20	11	22
21-30	26	52
31 and above	5	10
Total	50	100

Table 5
Profile of Bakery Shops in Terms of Types of Ownership

Types of Ownership	Frequency	Percentage
Sole Proprietorship	41	82
Partnership	7	14
Corporation	2	4
Others	0	0
Total	50	100

TABLE 6
The Level of Financial Strategies Being Practiced by Bakery Shops in Budgeting, Inventory, Cash Management and Cost Control Measures

INDICATORS	MEAN	DESCRIPTIVE VALUE
BUDGETING		
1.Regularly track my bakery's financial performance to identify areas of improvement and growth opportunities through effective financial planning.	3.42	MP
2.Analyze sales data, expenses and profit margins to make feasible decisions.	2.49	SP
3.Set realistic financial goals and review them periodically for update and make necessary changes.	4.40	P
4.Prepare a bakery budget plan to allocate operations,		

marketing and financial plan.	4.52	HP
5.List all bakery's income sources such as direct sales, wholesales, cost and expenses to monitor sales growth, profit and cash standing.	4.19	P
WEIGHTED MEAN	3.80	PRACTICED
INVENTORY		
1.Monitors and maintains the flow of my bakery products from production, distribution to sales.	2.57	MP
2.Integrate the inventory control method such as batch tracking of raw bakery products and safety stocks.	3.69	P
3.Keep track of ordering, stocking, storing and using inventory control measures to handle the flow of production and distribution to sales.	3.40	MP
4.Regularly monitoring the stock levels including labelling and packaging, analyzing sales data and plan orders with supplier to replenish stocks.	2.69	MP
5. Utilize strategic inventory plan to ensure continuous availability of bakery products without daily in fulfilling customers' needs/ orders.	3.23	MP
WEIGHTED MEAN	3.12	MODERATELY PRACTICED
CASH MANAGEMENT		
1.Create /plan a cash financial forecast and adjust it regularly to monitor the actual expenses vs budget.	4.41	P
2.Monitor and analyze the inflow and cash flow of cash regularly.	3.19	MP
3.Review the daily operating activities, investing and financing activities of cash flows.	3.40	MP
4.Minimize cost and expenses to accommodate bakery product innovations to increase sales and revenue.	4.58	HP
5.Track cash balances, sales forecast and ensure that bake shop meets its financial obligations including suppliers.	3.89	P
WEIGHTED MEAN	3.89	PRACTICED
COST CONTROL MEASURES		
1.I regularly monitor and control operational costs such as the number of ingredients needed to produce the bakery products without sacrificing its quality.	4.55	HP
2.Properly maintains the production equipment to prevent wastage and spoilage.	4.65	HP
3.Maintains proper allocation of materials, labor costs and overhead.	4.43	P
4.Integrate effective cost control measures to minimize costs and maximize profit without compromising the quality of bakery products.	3.60	P
5.Identify cost savings opportunities and strategic allocation of costs in analyzing variances to make necessary safety measures/ actions.	3.80	P
WEIGHTED MEAN	4.21	PRACTICED
OVERALL WEIGHTED MEAN	3.76	PRACTICED

Relative Value	Statistical Limit	Descriptive Equivalent
5	4.50- 5.00	Highly Practiced (HP)
4	3.50- 4.49	Practiced (P)
3	2.50- 3.49	Moderately Practiced (MP)
2	1.50- 2.49	Slightly Practiced (SP)
1	1.00- 1.49	Not Practiced (NP)

TABLE 7

The Significant Relationship Between the Profile of Bakery Shops and The Level of Financial Strategies Being Practiced by them in Terms of Budgeting, Inventory, Cash Management and Cost Control Measures

Indicators	Ave.Part II Budgeting	Ave.Part II Inventory	Ave.Part II Cash Management	Ave.Part II Cost Control Measures	Ave _Part II Overall
Number of Branches					
Pearson r					
Sig. (2-tailed)	-0.112	-0.130	-0.097	0.189	-0.150
DV	0.385	0.359	0.312	0.290	0.337
N	VLNC	VLNC	VLNC	VLPC	LNC
	50	50	50	50	50
Number of Employees					
Pearson r					
Sig. (2-tailed)	-0.096	-0.082	-0.102	0.105	-0.175
DV	0.338	0.310	0.305	0.302	0.314
N	VLNC	VLNC	VLNC	VLPC	VLNC
	50	50	50	50	50
Years of Operations					
Pearson r					
Sig. (2-tailed)	0.117	-0.105	-0.115	0.190	0.087
DV	0.380	0.312	0.303	0.295	0.323
N	VLPC	VLNC	VLNC	VLPC	VLNC
	50	50	50	50	50
Types of Ownership					
Pearson r					
Sig. (2-tailed)	0.135	-0.083	-0.098	0.171	0.125
DV	0.510	0.415	0.534	0.290	0.437
N	VLPC	VLNC	VLNC	VLPC	LPC
	50	50	50	50	50
					-0.113 VLNC

R – Values	Descriptive Equivalent
0 – (±0.20)	Very Low or Negative Correlation
(±0.21) – (±0.40)	Low Positive or Negative Correlation
(±0.41) – (±0.60)	Moderately Positive or Negative Correlation
(±0.61) – (±0.80)	Highly Positive or Negative Correlation
(±0.81) – (±1)	Very High Positive or Negative Correlation

TABLE 8

The Extent of Marketing Strategies Being Practiced by Bakery Shops in Terms of Promotion, Product, Price and Service

INDICATORS	MEAN	DESCRIPTIVE VALUE
PROMOTION		
1.Offers discounts and free taste in launching new products.	3.67	P
2.Promotes products through banners/ streamers / leaflets and business cards.	4.13	P
3. Acknowledge positive or negative customer reviews or feedbacks.	3.67	P
4.Spreads coupons and freebies in introducing products.	4.15	P
5. Use social media platforms/ online marketing in promoting bakery products	2.23	SP

WEIGHTED MEAN	3.57	PRACTICED
PRODUCT		
1.Offers good quality products which contains unique ingredients or nutritious materials to standout on customers delights.	3.91	P
2.Creates/develops new and innovative food product for customers to purchase.	4.40	P
3.Offers products that can satisfy customers cravings and creates satisfactions.	4.62	HP
4.Implement effective quality control measures from production, packaging and delivery to sales.	3.55	P
5. Understand /review SWOT analysis on the strength, weaknesses, opportunities and threats of the bakery products as basis for areas of improvement.	2.15	SP
WEIGHTED MEAN	3.73	PRACTICED
PRICE		
1.Offers an attractive price for customers.	4.35	P
2.Set price based on what the competition charges.	4.12	P
3.Offers price at a low initial price for new products to attract customers and increase its price once the product has been established.	2.60	MP
4.Evaluate pricing potentials in considering the affordability of the bakery products.	3.47	MP
5. Examine the price trends, cost allocations and customers feedback in offering prices.	4.69	HP
WEIGHTED MEAN	3.85	PRACTICED
SERVICE		
1.Serves cafes, tea and other soda drinks aside from the main bakery products to customers who wish to consume the baked goods on the premises.	4.85	HP
2.Accept made to order cakes to cater customers special occasions.	4.90	HP
3.Delivers bakery products to customers premises through mobile selling.	3.22	MP
4.Offers good quality services by building good rapport with customers in catering community involvement.	2.39	SP
5. Considers customers feedback /survey to improve bakery services.	2.55	P
WEIGHTED MEAN	3.58	PRACTICED
OVERALL WEIGHTED MEAN	3.68	PRACTICED

Relative Value	Statistical Limit	Descriptive Equivalent
5	4.50- 5.00	Highly Practiced (HP)
4	3.50- 4.49	Practiced (P)
3	2.50- 3.49	Moderately Practiced (MP)
2	1.50- 2.49	Slightly Practiced (SP)
1	1.00- 1.49	Not Practiced (NP)

TABLE 9

The Significant Relationship Between the Profile of Bakery Shops and The Extent of Marketing Strategies Being Practiced them in Terms of Promotion, Product, Price and Service

Indicators	Ave.Part IV Promotion	Ave.Part IV Product	Ave.Part IV Price	Ave.Part IV Service	Ave _Part IV Overall
Number of Branches					
Pearson r					
Sig. (2-tailed)	-0.103	-0.132	0.171	-0.075	-0.139
DV	0.378	0.320	0.312	0.280	0.323
N	VLNC	VLNC	VLPC	VLNC	VLNC
	50	50	50	50	50
Number of Employees					
Pearson r	0.086	-0.150	-0.122	0.104	-0.082
Sig. (2-tailed)	0.345	0.337	0.375	0.312	0.342
DV	VLPC	VLNC	VLNC	VLPC	VLNC
N	50	50	50	50	50
Years of Operations					
Pearson r	0.110	0.134	-0.116	0.123	0.251
Sig. (2-tailed)	0.381	0.342	0.307	0.298	0.321
DV	VLPC	VLPC	VLNC	VLPC	LPC
N	50	50	50	152	50
Types of Ownership					
Pearson r					
Sig. (2-tailed)	0.104	-0.167	-0.184	0.110	-0.137
DV	0.515	0.417	0.540	0.295	0.413
N	VLPC	VLNC	VLNC	VLPC	VLNC
	50	50	50	50	50
					-0.107 VLNC

TABLE 10
The Significant Relationship Between the Financial and Marketing Practices of Bakery Shops

TABLE 11

The Challenges Being Encountered by Bakery Shops in Ilocos Sur in Their Financial and Marketing Strategies

INDICATORS	MEAN	DESCRIPTIVE VALUE
FINANCIAL STRATEGIES		
BUDGETING		
1.Inconsistent monitoring of bakery's financial performance against budget.	4.25	S
2.Budgetary plan are not fully executed/met due to fluctuating cost of raw materials and unforeseen expenses.	4.47	S
3.Poor strategic plan to enhance safety measures in handling financial constraints/emergency funds.	4.13	S
4.Unexpected cost of raw materials affects the budget allocation.	4.75	VS
5.Unstable price of commodities in buying prime products (such as sugar, flour and others) affects my budget allocation.	4.70	VS
WEIGHTED MEAN	4.46	SERIOUS
INVENTORY		
1.I encountered financial difficulty in purchasing high cost of raw materials due to shortages of supply which may sacrifice costs in producing prime bakery products (e.g. bread " <i>pandesal</i> ").	4.67	VS
2.Poor inventory control due to unsalable products movement.	3.40	MS
3.Encounters equipment breakdowns, poor supply and spoilage.	3.56	S
4. Poor handling of stocks and cost control measures which may cause running out of inventory.	3.24	MS
5. Supply chain delays which may cause interruptions in the production of bakery products.	3.60	S
WEIGHTED MEAN	3.69	SERIOUS
CASH MANAGEMENT		
1. Insufficient safety measures of handling cash inflows and outflows.	3.77	S
2. Lack of monitoring the costs, expenses, waste ingredients and labor which lowers profit margins.	4.15	S
3.Poor execution of cash handling due to rising of operating costs.	4.43	S
4.Cash management plan is not fully executed due to adverse situations in the cost of raw materials and other concerns.	4.85	VS
5. Lack of monitoring in the daily operating activities, investing and financing activities of cash flows.	4.20	S
WEIGHTED MEAN	4.28	SERIOUS
COST CONTROL MEASURES		
1.Lack of contingency plan to control cost in high price of raw materials which results to low income.	4.17	S
2.Poor safety measures to attend fluctuation of prime products determinants.	4.54	VS
3. Poor integration of effective cost control measures to minimize costs and maximize profit without compromising the quality of bakery products	3.57	S
4. Lack of monitoring on the proper allocation of materials, labor costs and overhead.	4.10	S

5.Poor execution on the strategic allocation of costs in analyzing variances to make necessary safety measures/ actions.	4.22	S
WEIGHTED MEAN	4.12	SERIOUS
OVERALL MEAN	4.14	SERIOUS
MARKETING STRATEGIES		
PROMOTION		
1.Insufficient marketing promotion to address intense competition.	4.13	S
2.Insufficient marketing strategies in seasonal fluctuations in demand.	4.85	VS
3.Poor practices of marketing promotions due to insufficient fund.	4.16	S
4. Lack of marketing plan in crafting customer's needs, feedback and promotion to target new/regular customers.	4.48	S
5.Lack of sales promotion to cater the shift of customers' behavior / mode of buying.	3.14	MS
WEIGHTED MEAN	4.15	SERIOUS
PRODUCT		
1.Difficulty in launching new products to cater customers preference shifts.	4.25	S
2.Difficulty in innovating products to cater the evolving trends on health and dietary concerns.	4.78	VS
3. Higher demands for customized bakery products.	4.40	S
4. Poor implementation of effective quality control measures from production, packaging and delivery to sales.	4.49	S
5. Unable to creates/develops new and innovative bakery products for customers sudden shift of preferences.	3.53	S
WEIGHTED MEAN	4.29	SERIOUS
PRICE		
1.Fluctuation of raw materials prices affects the cost of bakery products.	4.67	VS
2.Price sensitivity of customers in rising bakery products.	4.40	S
3.Price variation of other bakeries will create dissatisfaction of potential customers.	4.17	S
4.Unable to cope up with the rise in price of raw materials without compromising the quality aspects.	4.28	S
5.Unable to examine the price trends, cost allocations and customers feedback in offering prices	4.45	S
WEIGHTED MEAN	4.39	SERIOUS
SERVICE		
1.Difficulty to meet the growing customers demand and service expectations.	4.60	VS
2.Poor execution of distribution strategies in using online delivery service platforms.	3.42	MS
3.Insufficient strategy when customers prefer to buy available products near their locality itself.	3.67	S
4. Lack of customers feedback /survey which requires further innovation to improve bakery services	3.45	MS
5. Poor execution of good quality services by building good rapport with customers in catering community involvement due to financial and time constraints.	4.43	S
Weighted Mean	3.91	SERIOUS
Overall Weighted Mean	4.19	SERIOUS
AVERAGE OVERALL MEAN	4.17	SERIOUS

Relative Value	Statistical Limit	Descriptive Equivalent
5	4.50- 5.00	Very Serious (VS)
4	3.50- 4.49	Serious (S)
3	2.50- 3.49	Moderately Serious (MS)
2	1.50- 2.49	Slightly Serious (SS)
1	1.00- 1.49	Not Serious (NS)

4. Conclusion

Based on the findings of this study, the following conclusions were drawn:

1. The bakery shop owners have limited numbers of branches, enough number of employees, operates in two decades and functions as sole proprietors.
2. The financial strategies in terms of budgeting, inventory, cash management and cost control measures are being practiced by bakery shops.
3. There is a significant relationship between the profile of bakery shops and the level of financial strategies being practiced by them in terms of budgeting, inventory, cash management and cost control measures.
4. The marketing strategies in terms of promotion, product, price and service are practiced by bakery shop owners.
5. There is a significant relationship between the profile of bakery shops and the extent of marketing strategies being practiced by them in terms of promotion, product, price and service.
6. There is a significant relationship between the financial and marketing practices of bakery shops.
7. The challenges being encountered by bakery shops in their marketing strategies is serious.

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