

# THE SLIPPER-MAKERS OF THE "TSINELAS" CAPITAL OF THE NORTH: A LOOK INTO THEIR PROMOTION AND DISTRIBUTION STRATEGIES

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## ABSTRACT

*A drastic drop on the number of establishments engaged with footwear-manufacturing in Central Luzon or Region III, alone, in the Philippines was recorded in 2000 to 2010. Several studies have reported reasons for the decrease of the number of players in the footwear industry in the Philippines; however, research on the decreasing number of entrepreneurs engaged with slipper-making in the Tsinelas Capital of the North, Gapan City, Nueva Ecija and the practice of promotion and distribution mix strategies of the owners for the business' sustainable growth and success remain to be accomplished.*

*This study described profile of the business enterprises, the promotion mix strategy decision through practice of advertising, sales promotion, personal selling, direct marketing, and public relations, and distribution mix strategy decision in terms of placement of orders, processing of orders, channel of distribution, intensity of distribution, and delivery of finished orders of the thirty (30) entrepreneurs engaged with slipper-making.*

*Result of the study shows the rampant practice of non-registration of business despite length of years of operation of five (5) to forty-five (45) years exist because of tax avoidance; thus, stations and workshops of these establishments are located inside the houses or within the premise of the resident of the owners. Business mapping of the local government unit is not commonly conducted in these areas; thus, operating the business without securing proper permits are ongoing.*

*Personal selling and indirect channel of distribution (active participation of the members of the distribution channel) are common business practices of the business enterprises.*

*There exists a problem on the absence of knowledge on other promotion mix strategies for slipper-making amongst the owners and weakness on the utilization of other distribution mix strategies to access larger market.*

*Creation of a single market promotion mix strategy decision plan for the slipper-making industry of Gapan City, Nueva Ecija and establishment of an omnichannel solution provides source of actions to help the industry of slipper-making to have sustainable growth and success.*

**Keywords:** Slipper-making Enterprise, Slipper-making Industry, Promotion Mix Strategies, Distribution Mix Strategies, Distribution Channel, Slipper-making Industry, One Town One Product (OTOP), Omnichannel Solution.

## INTRODUCTION

Gapan is a component city in the landlocked province of Nueva Ecija, Philippines with its city center situated at approximately 15° 19' North, 120° 57' East, in the island of Luzon. ([www.philatlas.com](http://www.philatlas.com)). In the report presented in [philatlas.com](http://philatlas.com), the Bureau of Local Government Finance of the city, the growth rate on the annual revenue of Gapan for the period 2010 to 2016

has a percentage average of 5.32% recording a Php 481,188,389.06 in 2016 with slipper-making as one of the local income-contributing industries of the city (Abdul Rahim & Saad, 2015 ).

The slipper-making industry in Gapan City provides 15,000 people livelihoods from strap-making to delivery of finished products to different parts of the country (Galang, 2010). According to the City Planning and Development Office of the Local Government Unit of Gapan, slipper-making enterprises began in early 1930s with more than one hundred entrepreneurs engaged with slipper-making from Barangay Mangino, Pambuan, San Lorenzo, and Sta. Cruz

In the list provided by Department of Trade and Industry of Gapan City for the Shoe City Project, Gapan City has thirty-six (36) registered enterprises at present (Year 2020) engaged with slipper-making from various barangays well-known for the business (Barangays Mangino, Pambuan, San Lorenzo, and Sta. Cruz), however, from the list, only two are in operation as makers (Alam et al., 2013).

In 2009, the Board of Investments (BOI) presented a report on a 20.9 percent-decrease on the number of establishments engaged with footwear-making industry from 229 establishments in 2005 to 181 in 2009 in Central Luzon or Region III alone (Angeline, 2011). According to the study of the BOI in 2009, most of the owners of the slipper-making establishments are contented with catering to the local market because profit margin is higher, involves lesser paperwork, less people to manage and deal with, and absence of pressure on delivery time. The local market relies on direct selling, boutiques, and department stores to sell the finished products (Atafar et al., 2011).

Region III makes up 17% of the local establishments in the Philippines engaged with slipper-making ([www.boi.gov.ph](http://www.boi.gov.ph)) slippers as the Region's priority or model One Town One Product (OTOP) (Balakrishnan, 2009). ([www.dti.gov.ph](http://www.dti.gov.ph)) Priority OTOPs of Region III (Central Luzon) include Aurora- Sabutan Woven Products; Bataan- Processed Fish; Bulacan- Gowns and Barongs; Nueva Ecija- Slippers and Sandals; and, Pam-panga- Lanterns. ([www.dti.gov.ph](http://www.dti.gov.ph))

Hence, with the determination of the government and the micro and small businesses, slipper-makers in Nueva Ecija need to understand the importance of promotion and distribution strategies for the business sustainable growth and success. Business promoting is an active process which needs to be scrutinized for obtaining the best results expected by the business owners. Utilizing the manpower to the fullest to come up with strategies to promote business is essential to let it flourish (Berad, 2019; Berry, 1995).

Marketing offer (products and services) includes different aspects of producing, pricing, promoting, and selling, and placing the right products to the target market (Birjandi et al., 2007). Promotion is a key element in the marketing mix to put across the values and benefits of products and services as brand to the customers. Well-designed distribution and promotional strategies ensure long-term success, bring in more customers, ensure profitability for businesses, and build strong marketing brand (Bovee & Thill, 1992).

Promotion, likewise, helps in increasing customer traffic (Chirica, 2013). The more promotion the product has, the more knowledge the customers have about the company, hence, increasing the interests on the marketing offers (Cohen et al., 2000).

Distribution consists of a system of activities related with the transfer of goods and services between manufacturers and end consumers. Promotion and distribution strategies are interrelated (Cravens & Piercy, 2006). Promotion is the communication tool of a product or service to send to potential buyers the values and benefits they can get out of purchasing and consuming the marketing offer (products & services). Distribution is the element in the

marketing mix which makes the product and services available to the buyer at the right time in the right place in most convenient way (Creswell, Hanson & Clark Plano, et al., 2007) Products and services (and their brands) communicated to the potential buyers need also be available to them for purchase at the right time, in the right place, in most convenient way (Croxtton, 2003)

This paper as stated, determined to present how the promotional and distribution strategies uses in surviving the OTOP in the Nueva Ecija; whereas, realization process of a marketing strategy of a company lies not only in achieving specific production goals and a proper communication with recipients during realization of the promotion phase (Daniel & Sofer, 1998; Dens & Pelsmacker, 2010). It is constant and very important factor is to provide finished products to customers (Dent, 2011).

This study identified the various promotion and distribution strategies adopted by the slipper makers in Nueva Ecija for selling their products and particularly brought out the most effective technique in promoting and distributing slippers that influence customers shopping decision (Ferrell & Hartline, 2011).

Gapan City, branded as Tsinelas *Capital of the North*, prides itself with locally and hand-made tsinelas by local artisans. However, challenges such as diminishing number of registered local slipper manufacturing business enterprises of Gapan City, Nueva Ecija further add to the inherent flaw of the industry by pushing the local industry towards the degenerative path. Because of this, the researcher conducted the study and aimed to describe the slipper-manufacturing enterprises of Gapan City, Nueva Ecija through the entrepreneurs practice of promotion and distribution mix strategies which would aid the researcher in recommending actions that would strengthen the slipper-making industry of Nueva Ecija.

## RESEARCH OBJECTIVES

Generally, this study described the promotion and the distribution mix strategies of slipper-makers of the Tsinelas (Slippers) Capital of the North, Gapan City, Nueva Ecija. Specifically, the research described the profile of the slipper-making enterprises, in terms of number of years of operation, business registration, form of business ownership, number of workers, membership in organization, sources of capital, and customers or buyers and their location. The research provided description on the promotion strategies of the owners of the slipper-making enterprises in terms of advertising, sales promotion, personal selling, direct marketing, and public relations. The study aimed to describe the distribution strategies of the owners of the enterprises in terms of placement of orders, processing of orders, channel of distribution, intensity of distribution, and delivery of finished goods. The study described the overall perception of the entrepreneurs on the promotion and distribution tools available and can be utilized for the business.

Problems encountered by the entrepreneurs engaged with slipper-making are identified based on their current promotion and distribution practices and plan of action was developed to address problems and challenges identified.

## LITERATURE REVIEW

The one town, one product (OTOP) in the Philippines began in 2002 and was strengthened through Executive Order (E.O.) 176 of President Gloria Macapagal-Arroyo in 2003. One Town One Product Philippines is a program of the national government which aims to drive inclusive local economic growth through promotions and participation of community-based

enterprises (CBEs). The program was inspired by Japan's successful OVOP (One Village, One Product) Program of Governor Morihiko Hiramitsu in 1979.

Through the One Town One Product assistance program, a community determines and uses local resources to develop and produce products and services that it can call its "own" and be marketed both domestically and internationally.

Priority OTOPs of Region III (Central Luzon) include: Aurora- Sabutan Woven Products; Bataan- Processed Fish; Bulacan- Gowns and Barongs; *Nueva Ecija- Slippers and Sandals*; and, Pampanga- Lanterns. (One Town One Product (OTOP) Philippines, DTI Philippines.)

Many entrepreneurs of these MSMEs OTOPs do not plan their marketing strategies for conducting business; they combine limited knowledge on and traditional practice of strategies and achieve relatively little enough to maintain operation. Positive word of mouth and personal selling are the common, yet, effective tools for their business to earn, neglecting other promotion tools available and economical for them to utilize.

Kotler (2005), discovered that Promotions have become a critical factor in the product marketing mix which consists of the specific blend of advertising, personal selling, sales promotion, public relations and direct marketing tools that the company uses to pursue its advertising and marketing objective.

Through a good distribution plan, which implies careful selection and management of channel partnerships to deliver value to consumers, a business can resolve such imperfections in product, pricing and promotion. On the other hand, a poor sales plan would undoubtedly hinder the company's attempts to sell a better product at a fair price by introducing successful marketing communications (Ferrell & Hartline, 2011).

With the paradigm shift on over-all consumer behavior and industry behavior on slipper-manufacturing, the researcher, as member of the academic community and as a marketing practitioner is looking for ways to help local slipper -manufacturing enterprises and businesses adapt to trends that are consumer-focused (Galvez, 2011).

## RESEARCH METHODS

Branded as the "Tsinelas *Capital of the North*", Gapan City, Nueva Ecija is where the study is conducted. Considered as an important part of the *Rice Granary of the Philippines*, the City has an annual revenue for the period 2010 to 2016 of Php 481,188,389.06 with a percentage average of 5.32% with slipper-making as one of the local income-contributing industries of the city. (CPDO-LGU of Gapan City).

Included in the study slipper makers in Gapan City, Nueva Ecija. List is provided by the Regional Office Region III of the Department of Trade and Industry (DTI) and the DTI- Gapan City, Nueva Ecija. The list is from the Shoe City Project of DTI Gapan City. Enterprises are situated in Barangay Mangino, Pambuan, San Lorenzo, San Vicente and Sta. Cruz. The researcher chose the locale based on the prevalence of issues that concerns the research paper (GbolagadeAdewale & Oyewale, 2013).

The researcher used descriptive research as method for gathering data in presenting the description of the promotion and distribution mix strategies of slipper-making entrepreneurs in Gapan City, Nueva Ecija (Ghourri, Khan & Malik, 2011).

Descriptive research is concerned with structures, practices, conditions, differences, similarities, or even relationships that exist, opinions, processes, and trends evidently used in presenting facts about nature and the status of everything (Creswell et al., 2007). Likewise, it is a

systematic scientific inquiry which seeks to build a holistic, largely narrative, description to inform the re-researcher's understanding of a social or cultural phenomenon (Gyempeh, 2017).

In this study, descriptive research worked out under a combination of survey questionnaire (consists of checklist, Likert scale, and open-end questionnaires) observations, interviews, and document reviews to describe the current promotion and distribution mix strategy decision of the owners of the business enterprises (Hollensen & Opresni, 2010). Detailed data is gathered through open-end questions asked from the owners of the enterprises that provide direct quotations (Hooley et al., 2008).

## **RESULTS AND DISCUSSION**

### **Profile of the Slipper Manufacturing Enterprises Based on:**

#### **Number of years of operation**

The average length of years of operation of the slipper-making enterprises is sixteen (16) years and no enterprise is included in the study which operates less than five years, registered and unregistered (Housden, 2010; Hunt & Morgan, 1995).

#### **Business registration**

From a total of thirty (30) slipper-manufacturing business enterprises, only fourteen (14) owners registered their business name with the Department of Trade and Industry (DTI) but not with the Local Government Unit of Gapan City Business Process and Licensing Office (BPLO). The remaining sixteen (16) enterprises are operating without business license nor permit from DTI, BPLO, and other government agencies regulating and monitoring business operations. Despite of non-registration, these unregistered business enterprises engaged with slipper-making are in operation and earning income (Iancu et al., 2013; Izvercianu & Miclea, 2015)

An interview of the researcher to the owner-entrepreneur revealed that they are aware of their obligation to register business enterprise, however, opted not to do so because of the costly and tedious process of business registration in the municipality and burden of tax obligation (Karaxha, 2015; Kim, 2013).

#### **Form of business organization and ownership**

All business enterprises are in sole proprietorship form of business ownership with the family members as part of the workforce. This is the form of business common to entrepreneurs' knowledge and practice since according to them it is the easiest business ownership to form and the form they are exposed to (Kiran et al., 2014).

#### **Membership in organization**

The registered nor the unregistered business enterprises have no active membership in any organization nor cooperative. According to the owners, becoming members of any slipper-making organizations or cooperatives do not bring benefits on the business enterprise. However, according to Tracey (2016), there are 6 benefits of joining in Membership Organizations: Professionalism, Education, Perks, Networking, Profile, and Recognition (Kotler & Armstrong, 2012). The business owners are losing the opportunities to increase their network

in establishing distribution channels. This reduces the chances of increasing their market reach, which generates a low revenue that prevents them from expanding in the future (Kotler & Keller, 2008).

In addition, without recognition in the membership organization, the slipper manufacturer will have a weak brand image. In membership organizations, fellow members can promote the slipper enterprise collectively each event, outreach, or any promotional activity (Lipschultz, 2020).

### **Number of employee/s or worker/s**

Each slipper manufacturing entrepreneur hires an average number of four to five employees working as manggagawa and intradista and are usually sourced out from family members, relatives, and referrals residing within Gapan City (McDonald & Meldrum, 2013).

Since worker are sourced from family relatives, employee turnover is unlikely, however, according to the downside of hiring family members or relatives or referrals from relatives is that it creates favoritism which can cause unease to other non-related employees. Sometimes family members, relatives or referrals are somehow expected to have an increased output since putting them there will have a debt of gratitude "*utang na loob*" amongst their relatives (McMillan & Schumacher, 1993). On the other hand, according to the study entitled "How Working for a Small Family Business Impacts Employee Satisfaction and Performance" in 2017 of Echevarria, Sloane:

*"Non-family employees tend to act in the best interest of the family firm more than family employees do and family businesses must change mindset on if family is family, he or she automatically knows how the business operates. Therefore, family owners need to make sure that all new employees—family and non-family—go through the same training program."*

### **Source/s of capital**

Source of capital majority comes from the owner's personal savings, and others from borrowed funds from relatives, from a bank, and from lending institutions. Based on the interview of the respondents, business capital from personal savings is enough to maintain business operation without plans of expansion (Mols, 1998)

### **Customers/ buyers and location**

Wholesalers and retailers are from Baclaran & Divisoria are active members of the channel of distribution, but all interviewed owners do not engage the business to satisfy single purchase from end users or individual buyers (Mustapha, 2017). This indicates low engagement of the city and other nearby municipalities as channel member in the distribution system of the enterprise in the province of Nueva Ecija which caused failure for the city or the province to earn added revenue for community development, for the consumer to utilize practical and economic pricing of pairs of slippers due to its proximity to the manufacturers, and improved business income to the enterprise because of added channel members (Obaji, 2011).

## Promotion Mix Strategy of Slipper Manufacturing Enterprises

Promotion strategies of all slipper-manufacturing enterprises are described in terms of the promotion mix (advertising, sales promotion, personal selling, direct marketing, and public relations) decision (Olson, 2011).

### Advertising

The use of available medium in the advertising mix such as television advertising, radio advertising, print advertising, outdoor advertising, and virtual advertising is not part of the advertising mix strategy decision of all entrepreneurs (Onalapo et al., 2011) According to all interviewed respondents, they do not need such promotion activities for the enterprises because they view these tools costly for small business and the business is earning enough to sustain its operation without the utilization of advertising mix strategies (Onyejiaku et al., 2018).

### Sales Promotion

sales promotion extended by the entrepreneurs to the customers such as discounts to wholesalers or retailers who buy slippers in bulk, free samples of slippers with various designs, cash refund, and return of items (Otokiti, 2010). Often, sales promotions restrict business profit potential, but allows to generate more revenue in the short run due to increased sales volume. However, in this case, the respondents have no provision on the estimate of the total expenditure for sales promotion; thus, actual record of the account is not presented and included in the study. Sales promotion is extended by the manufacturers to customers every order placed and purchased made (Roberts etl., 2019).

### Personal Selling

<b>Personal Selling</b>	<b>Frequency</b>	<b>Rank</b>
The Enterprise conducts		
A. Face to face interaction with potential buyer/customer to sell slippers. (Inaalok nang personal ang potensiyal na mamimili para magbenta ng tsinelas.)	30	1
B. Hiring of individuals who will do personal selling.	16	2
C. Trainings for individual/s doing personal selling.	0	

All entrepreneurs conduct face-to-face sales transaction to persuade potential customers to buy (Rosenbloom, 2012). In this study, all enterprises conduct personal selling to offer the slippers to potential buyers as shown in table 1, even though no training is given to the persons hired to conduct personal selling. Personal selling is done once by eleven enterprises in its entire operation but conducting such promotion practice annually for the remaining enterprises. However, owners do not record expenditures for doing personal selling (Rupolia, Choudhary, & Purohit, 2013). Personal selling may or may not increase the gross sales depending on how it is

done. If done correctly, sales can increase by about 50%. The salesman can improve the image of the product due to product knowledge. The salesman can expose the functions and qualities of the product not normally seen by the consumers (Sangeeta, 2015). However, personal selling includes more manpower, time, and trainings which can add up to indirect manufacturing costs. The enterprises can expect a relative increase in sales, but also a relative increase in costs (Sherlock, 2010).

### **Direct Marketing**

The researcher asked the slipper manufacturers on their knowledge on other available tools for promotion of the slippers to the market, the respondents have limited to no knowledge on available and suited promotion mix strategy for the business specifically direct marketing. This is evident on the absence of any direct marketing activities of the business enterprises to promote slippers to customers (Singh, 2012).

One response was: *“Hind kasi bagay ‘yang mga direct direct na ‘yan na sinasabi dito sa listahan sa negosyo ko. Simple lang kailangan ng tsinelas kase at wala naman akong planong palakihin ito.”* (Direct marketing activities included in the list do not fit with my business. Slipper-making business only needs simple approach and besides, I do not have plans to go big.)

*“Ay ang alam ko lang kasi maging tapat ka lang sa buyer mo, at ikukuwento ka nila sa ibang tao na interesado. Nirerekomenda ako ganon. Kaya nagtagal ako sa negosyo ko na ito.”* (All I know is this: if you show honesty or sincerity to your buyer, your buyers will do the promotion thing for you. He will recommend you to other potential customers. That is mainly the reason why I have been in this business for a long time.)

### **Public Relations**

Six (6) entrepreneurs decided to participate in One Town, One Product (OTOP) trade fairs, but did not record expenses spent in the said activity and participated into these OTOP-sponsored public relations activities only once in the entire business operation (Singh & Pandey, 2012) Enterprises have no active participation in radio shows, television shows nor are not featured on vlogs or blogs, news articles and online streaming as part of public relation activities. According to the owners, these activities bring no impact on their business.

### **Distribution Mix Strategy of Slipper Manufacturing Enterprises**

Distribution mix strategy of slipper manufacturing enterprises are described in this study in the following distribution mix decision: placement of orders, processing of orders, channel of distribution, intensity of distribution, and delivery of finished goods (Szopa & Pękała, 2012).

#### **Placement of Orders**

Most orders are placed through cellphone calls which accounts for 100% response. According to Statista, the Philippines has 70% mobile phone users. The remaining 30% includes indigenous people and children that are not capable of using gadgets. This indicates that through mobile phone, the slipper manufacturers have a chance of reaching out 70% of the market that uses mobile phones. Enabling placement of orders through Social Media like Facebook will not only increase market reach, but the consumers will have many forms of placing orders. It is by



far easier to place orders via Facebook as the consumer, retailer or wholesaler can directly place orders after seeing the product (Tadajewski, 2010).

### Processing of Orders

Processing of orders to finish slippers takes five to ten days to accomplish and finish one hundred to one hundred twenty pairs of slippers per transaction (Targino & Urdan, 2013).

### Channel of Distribution Manufacturers Rely on Indirect Channel of Distribution

All enterprises implement indirect channel of distribution which consists of wholesaler, or retailer, or sales agent as channel members. According to the respondents, indirect channel of distribution provides them access to an increased consumer base without the challenge of reaching to each individual buyer and avoids the complexities of managing distribution logistics (Torii & Nariu, 2004).

### Intensity of Distribution

Selective distribution approach to sell slippers is the approach utilized by the enterprises for the intensity of distribution. The manufacturers sell slippers to few customers, in this case to few numbers of wholesalers and retailers, to offer the product to the end customer or end user (Trihatmoko, 2018).

### Delivery of Finished Goods

<b>Physical Distribution</b>	<b>Frequency</b>	<b>Rank</b>
The Enterprise		
Delivers slippers to the customer using common carriers such as jeepney, tricycle, pedicab. (Transportation intermediaries available for hire to the public)	18	1
Delivers slippers to the customers using contract carriers. (Transportation intermediaries that contract owned by private individual shippers)	7	2
Delivers slippers using owned private carrier. (Owns trucking)	5	3
Other	0	

Table 2 shows that 60.0% utilizes jeepneys, tricycle, pedicab as a mode of transportation to deliver their products. 23.3% hire contract carriers while only one enterprise use trucking to deliver slippers.

Using different couriers vary from the size of the delivery. Jeepneys, tricycle and pedicab may be used for small orders. But these transportation or common carriers are not designed for carrying products but for carrying passengers. To add, these common carriers are not also trained to handle delivery of products and may result to product mishandling or damage. Unlike the common carriers, contract carriers are specifically designed to transport products from one point

to another. Personnel are trained to handle different types of products in different bulks. These private shippers also possess the tool to carry bulky and heavy products.

Five enterprises or 16.6% use their privately-owned carrier to deliver slippers to the customers (Wolny & Mueller, 2013)

For the 19 enterprises, freight cost is shouldered by the enterprise which manufactured and delivered the slippers, however, two owners let the customers pay for the freight cost. Decision on selection of carrier and mode of transport are left on the side of the slipper manufacturer; thus, bears the risk of damage with a frequency rate of fourteen out of twenty-one. Risks of damage is also placed on the shoulders of customer and chosen carrier with one rate each. Based on the interview, the owners described the current distribution mix strategy implemented and practiced by the enterprises let them manage the business with ease.

### Overall Perception on Promotion and Distribution Strategies

	<b>Statement</b>	<b>Mean</b>	<b>Verbal Interpretation</b>
<b>1</b>	Advertising practice increases sales volume of the enterprise.	1.12	Strongly Disagree
<b>2</b>	Advertising practice improves profitability of the enterprise.	1.12	Strongly Disagree
<b>3</b>	Sales promotion tools increase sales volume of the enterprise.	2.83	Agree
<b>4</b>	Sales promotion tools improve profitability of the enterprise.	2.62	Agree
<b>5</b>	Personal selling approach increases sales volume of the enterprise.	3.78	Strongly Agree
<b>6</b>	Personal selling approach improves profitability of the enterprise.	3.34	Agree
<b>7</b>	Direct marketing tool increases sales volume of the enterprise.	1.12	Strongly Disagree
<b>8</b>	Direct marketing tool improves profitability of the enterprise.	1.12	Strongly Disagree
<b>9</b>	Public relations activities increase sales volume of the enterprise.	1.12	Strongly Disagree
<b>10</b>	Public relations activities improve profitability of the enterprise.	1.12	Strongly Disagree
<b>11</b>	Distribution strategies of the Enterprise improve manufacturer-customer relationship.	1.20	Strongly Disagree
<b>12</b>	Distribution strategies of the Enterprise build customer loyalty.	1.21	Strongly Disagree
<b>13</b>	Distribution strategies of the Enterprise increase the number of new customers	2.85	Agree
<b>14</b>	Distribution strategies of the Enterprise increase sales volume.	2.85	Agree
<b>15</b>	Distribution strategies of the Enterprise improve business profitability.	2.60	Agree
<b>16</b>	Distribution strategies of the Enterprise improve manufacturer-customer relationship.	2.60	Agree
<b>17</b>	Distribution strategies of the Enterprise build customer loyalty.	2.38	Agree

Table 3 shows that slipper-making entrepreneurs perceived sales promotion and personal selling as tools to increase sales volume and improved profitability of the business, but strongly disagreed on direct marketing, public relations, and advertising.

However, to the entrepreneurs, distribution strategy of the enterprise may increase sales volume and improves profitability of the business. Distribution strategy is more likely to improve

manufacturer-customer relationship and build customer loyalty compared with Promotion strategy.

**Problems Encountered by the Business Enterprise**

The identified major problems of the slipper manufacturers in relation with product distribution is delay due to shortage of raw materials used for making slippers, shortage on the number of workers to finish orders, and power interruption.

Based on the result of the interview, for problems on delay due to shortage of raw materials, shortage on the number of available workers, and power interruption, the manufacturers requested customers for extension on the delivery of placed orders of pair of slippers and suggested to the researcher that they would want to ask for sources or providers of raw materials needed to make slippers within the city or nearby cities and provinces. Suggested solution from the respondents is to have an available source of power such as generator set available for them for a fee to continue production despite of power outage to meet deadline of product delivery.

Identified challenges on product promotion is the limited to no knowledge of the business owners on promotion strategies available to slipper manufacturers in Nueva Ecija and limited knowledge on other promotion mix strategies fit for slipper manufacturing enterprises.

The owners usually follow the promotion mix strategy decision of other manufacturers. Common to their knowledge (and practice) is offering discounts and credit options to the buyers.

With this result, the researcher asked on solutions to this situation. For the manufacturers, they usually do not view this as major problem since the current practice on promotion strategy increases production of finished pair of slippers and yield income enough to sustain operation.

**Proposed Action Plan for Slipper Manufacturing Enterprises in Gapan City, Nueva Ecija**

The proposed action plan for the entrepreneur in terms of business enterprise and his or her promotion and distribution mix strategy decisions are (Table 4):

<b>Table 4</b>		
<b>PROMOTION AND DISTRIBUTION MIX STRATEGY DECISIONS</b>		
<b>Findings</b>	<b>Action to be Taken</b>	<b>Involved Agency</b>
Unregistered slipper-making enterprises	Conduct root-cause analysis for non-registration of slipper-making enterprise  Conduct business mapping through the assistance of the local barangay units  Launch one-stop-shop-business-registration caravan on wheels	Local Barangay Units of Gapan City, Local Government Unit of Gapan City, DTI Gapan City, DTI RFU III
Personal selling and sales promotion are the only promotion mix strategies utilized  Limited to no	Development of Promotion Mix Decision Plan for slipper-making industry for single-market strategy campaign “ <i>Lakad Pilipino, Lokal Suportado</i> ” or “ <i>Use Local, Walk Global</i> ” to strengthen Gapan City’s branding as Tsinelas Capital of the	PGU of Nueva Ecija, LGU of Gapan City, DTI Gapan City, DTI RFU III, Slipper Manufacturers

<p>knowledge on promotional mix strategies</p>	<p style="text-align: center;">North</p> <p>Form a Technical Working Group (TWG) whose members are from Provincial Government Unit (PGU) of Nueva Ecija, LGU of Gapan City, DTI-OTOP, DTI Business Management Clinic (BMC), and slipper manufacturers.</p> <p>Conduct market research for the slipper-manufacturing industry of Gapan City.</p> <p>Conduct trainings and workshop for slipper-manufacturing business owners.</p>	
<p>Placement of orders are done through cellphone call or telephone call and directly to the enterprise's shop</p> <p>Use of indirect channel of distribution</p> <p>Limited number of wholesalers located in Nueva Ecija and other areas near the province</p> <p>Limited number of retailers located in Nueva Ecija and other areas near the province</p> <p>Delay of delivery caused by shortage of raw materials</p>	<p>Creation and adoption of STEP-IN System (Solution for Tsinelas EntrePinoy In Nueva Ecija)</p>	<p>Provincial Government Unit of Nueva Ecija, LGU of Gapan City, DTI-OTOP hub of nearby cities and provinces, malls, Department of Science and Technology, Department of Information and Communications Technology, Cooperative Development Authority and concerned cooperatives, financial institutions, private and public Higher Education Institutions such as Central Luzon State University.</p>

**Promotion Mix Strategy Decision**

Formation of a Technical Working Group (TWG) whose members are from Provincial Government Unit (PGU) of Nueva Ecija, LGU of Gapan City, DTI-OTOP, DTI Business Management Clinic (BMC), and slipper manufacturers is proposed to conduct a market research for the slipper-manufacturing industry of Gapan City, Nueva Ecija, to hold trainings and workshop for slipper-manufacturing business owners in all business aspects especially on Marketing Management, and, to develop single market Promotion Mix Strategy Decision plan for the slipper-making industry of Gapan City with the title campaign “*Lakad Pilipino, Lokal*

*Suportado*” or “*Use Local, Walk Global*” to strengthen Gapan City’s branding as Tsinelas Capital of the North.

### **Distribution Mix Strategy Decision**

An omnichannel solution called STEP-IN (Solution for Tsinelas EntrePinoy in Nueva Ecija) is recommended for creation and adoption by the researcher. This is a unified solution for manufacturers, suppliers of raw materials, members of the distribution channel, and buyers which is a unique omnichannel infrastructure aims to build coherent, aligned experience across multiple platforms. An integration of marketplace and unifies vendor panels to route online orders to OTOP. Ph. Providing comfort and convenience to customers, improving business profitability through online visibility and presence of slipper manufacturing enterprises, and progress report tracking of the business by the different government agencies concerned with MSMEs.

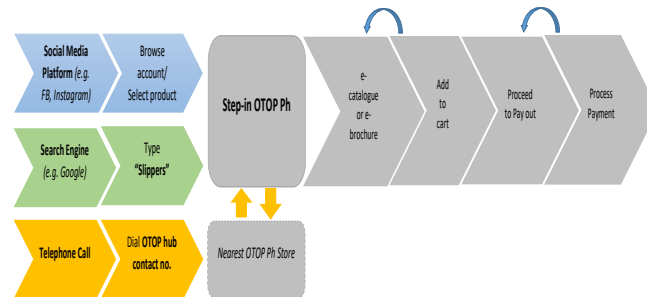
### **RECOMMENDATION**

Establishment of solely owned business engaged with slipper-making which requires a small amount of capitalization is easy to form, so non-registration of business of the owners of slipper-manufacturing enterprises is a rampant practice in the industry for many years. Unregistered businesses are in operation for 5 to 45 years without securing business license and without being caught by the responsible agencies (BIR, BPLO, and DTI). Because of the entrepreneur’s mindset on tax obligation, assembly stations or workshops of the business enterprise is generally located in residential areas as part of the house of the owner of the business. Local Barangay Units, BPLO of LGU of Gapan City, DTI-RFU III, DTI Gapan City, and BIR Cabanatuan City should form technical working group (TWG) for the conduct of business (tax) mapping in residential areas in Barangay Mangino, Pambuan, San Lorenzo, and Sta. Cruz, for the conduct of root-cause analysis for such behavior of owners regarding non-registration of business, and for the formation and implementation of one-stop-shop-business registration caravan on wheels where all slipper manufacturers are encouraged to register their businesses. DTI, DICT, and TESDA should create TWG for the formation of database of all local artisans making locally-made slippers in Gapan City and establishment of Tsinelas Academy to strengthen and continue local craftsmanship on slipper-making and the creation of Business Management Clinic (BMC) composes of Management, Marketing, and Accounting experts from the academic community and industry practitioners as doctors to per-form consultation, diagnosis and prognosis (or mentorship) to the registered business enterprises;

Promotion mix strategy decision strategy of enterprises focuses on transactional tell-and-sell scheme or the sales orientation of marketing management philosophy. This approach aims to convert goods (slippers) to cash and generate sales. Promotion mix strategy decision of the enterprises (personal selling and sales promotion) is a bandwagon effect amongst owners or a psychological phenomenon whereby people do something primarily simply because everyone else is doing it. Business enterprises motivates or “pushes” wholesalers and retailers to buy more from them by extending incentives to these channel members. PGU of Nueva Ecija, LGU of Gapan City, DTI-OTOP-BMC of RFU III, and owners of registered slipper manufacturing enterprises should create Promotion Mix Strategy Plan for the single-market campaign for the slipper-making industry of Gapan City, Nueva Ecija entitled “*Lakad Pilipino, Lokal Suportado*”

for the slipper-making industry of Gapan City to strengthen Tsinelas *Capital of the North* branding;

Placing orders through telephone and cellphone calls are two common, comfortable, and economical ways for the channel members to communicate with the owners of the slipper-making enterprises; however, this may reduce the enterprises potential to be reached by customers via ease of access and communication through online platforms. The enterprise employs indirect channel of distribution involving active participation of the wholesalers, retailers, and salespeople as members in the distribution channel because the business only distributes and sells slippers selectively, which provides owners ease of managing the distribution channel of the business; The manufacturers deliver the slippers using common carriers such as public utility vehicles because these are transportation intermediaries that are always available for hire; Distribution mix strategy of the enterprises is the approach practiced by the business because the income generated from the implementation of the promotion and distribution strategies is enough to sustain business operation. It can be deduced that owners have no plans on business expansion to capacitate larger sales volume and units of production because of the owners selling mindset - the necessity to immediately convert finished products to cash- in contrast with entrepreneurial mindset. PGU of Nueva Ecija, LGU of Gapan City, DTI-OTOP hub of nearby cities and provinces, malls, DOST, DICT, City Engineering Office, CDA, concerned cooperatives, financial institutions, private and public HEIs should form TWG for the creation of STEP-IN or *Solution for Tsinelas EntrePinoy in Nueva Ecija* (Figure 1) which promotes suggested structure for channel of distribution of the slipper manufacturers (Figure 2).



**FIGURE 1  
PLACEMENT OF ORDERS THROUGH STEP-IN**



**FIGURE 2  
DUAL CHANNEL OF DISTRIBUTION SYSTEM**

## CONCLUSION

Delay on delivery of slippers to the customers are caused by shortage of raw materials, shortage on the number of available workers, and power interruption. All factors identified by the manufacturers are uncontrollable variables that affect the product distribution. Identified challenges on product promotion is limited to no knowledge of the business owners on promotion mix strategies extended to slipper manufacturers in Nueva Ecija and limited knowledge on other promotion mix strategies fit for slipper manufacturing enterprises. The owners usually follow the promotion mix strategy decision of other manufacturers. Common to their knowledge (and practice) is offering discounts and credit options to the buyers which also brings positive effect on sales volume and business profit. Owners of slipper manufacturing enterprises should actively utilize the existing shared service facility (SFF) in the City to avoid delivery delays of slippers to buyer due power interruption and active use of STEP-IN for the database of local artisans making locally made slippers and database for local suppliers of raw materials for slipper-making within or near the City; Other studies on value chain analysis on slipper-making business, human resource development and management aspect of slipper-making enterprises, marketing management aspect of the slipper-manufacturing industry of Gapan City, a study which includes suppliers, wholesalers and retailers as respondents, values and attitude of business owners, succession plan of family-owned slipper manufacturing business, and study on the implementation of the omnichannel solution for the slipper enterprises should be conducted by the researcher of this study or future researchers to create deeper understanding on the slipper-manufacturing industry of Gapan City, Nueva Ecija.

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