

BIBLIOGRAPHY

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ABSTRACT

The study was conducted to characterize the small and micro strawberry processing enterprises in La Trinidad, Benguet; assess the processors' willingness to deal with the modern retail market and to recommend measures on how inclusion will be possible.

Twenty-one small and micro strawberry processing enterprises in selected areas in La Trinidad, Benguet were interviewed as to the requirements of the study. The processors' products such as strawberry wine and preserve, as commonly produced, as well as strawberry candy and strawberry soap as results of innovation are produced during peak season of strawberry production.

The Department of Trade and Industries (DTI) gives supervision in most of the enterprises in their operation, from production to packaging, as a part of the One Town One Product (OTOP) of the municipality.

Improvement of the packaging materials and need of upgraded facilities are the perceived problems of these firms to further improve their production to make inclusion possible.

On the other hand, from the point of view of the middleman and the processors having contract with the modern retail markets, requirements of the modern retail market, where inclusion of strawberry products are based from, are summarized as: BFAD, DTI, BIR registration and packaging which includes the labels of brand name, net content, ingredients in descending order, name, address and contact numbers of the processing firm, date processed, expiry dates and nutritional facts for the awareness of the consumers.

Through the quality of their products, four of the respondents are able to get deals with the modern retail market, particularly in SM Baguio through an intervention of an intermediary. Further, these firms get benefit in terms of promotion, having wider market outlet and fast disposal of their products.

Seventeen of the processing firms never had deals; however, almost all of them are willing to penetrate the modern retail market. As perceived further by the researcher, there is an evidence to meet the modern retail markets' requirements, however, these enterprises need further improvement in their production especially in packaging and labeling of their products.

Concluding, for inclusion to materialize, a cooperative should be developed among the processors to enable them to comply with the requirements of the modern retail market; moreover, technical and financial support from supervising government agencies especially in providing upgraded facilities for efficiency of production are highly recommended.

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INTRODUCTION

Rationale of the Study

Modern retail markets are marketing channels which are often large. Supermarkets, groceries and convenience stores are among these modern retail markets to where consumers usually buy from. These retailers have the advantage of being able to use their scale to secure the best locations and get the best deals from supplier-processors and manufacturers in consigning their products and serve as marketing channels which bring products closer to the consumers.

Further, these retail outlets provide an array of complete stocks of goods and tend to charge the products at lower prices with higher quality than traditional retailers; these competitive advantages allow them to spread quickly thus, winning consumer market share. Initially, the development of modern retail market in developing and transitional economies targeted the more lucrative upper and middle class market segments. However, in countries with developing and transitional economies, the growth of urban populations combined with a growing middle class is dramatically reshaping demand. Over time, retailers have adopted differentiated strategies to expand clientele in the lower socio-economic market segments.

Change in the way companies market their products is brought about by globalization and as well, involves changes in the very interests and desires of consumers themselves. Consumers today are more sophisticated than those of past generations. They attend school for a much longer period of time; they are exposed to newspapers, magazines, motion pictures, radio, television, and travel; and they have much greater interaction with other people. Their demands are more exacting, and their taste changes



more volatile (Robbs, 2007). Furthermore, modern marketing is influenced by consumer rights or consumer protection movement. This movement insists on safe, reputable, and reliable products and services. With these reasons, marketing behavior of the consumers in terms of buying from different marketing channels is affected. As such, modern retail markets are patronized.

However, these modern retail markets have parameters and certain requirements to follow, which in addition, only big manufacturers and processors dominate the supply of products in these retail markets. In such way, the scenario is that small and micro enterprises can not penetrate these modern markets because of difficulty in meeting these requirements. Further, more centralized, consolidated producers, suppliers or processors will generally be preferred by the modern retail actors.

In addition, the modern agrifood market requires product homogeneity, continuous delivery, quality upgrading and stable shelf life. For these reasons, procurement from traditional wholesale markets is rapidly being replaced by specialized wholesalers, subcontracting with preferred suppliers, and consolidated purchases managed through regional and modern warehouses. Modern retail controls the supply chain through contracts, private standards and sourcing networks.

As mentioned earlier, modern retail markets rapidly grows creating competition with the traditional retail outlets (sari-sari stores, wet and dry market etc.), as observed, some rural areas in the country are transforming into urban areas as affected by modernization. However, in line with the growth of these modern outlets, booming of Small and Medium Enterprises (SMEs) is also visible both in national and in local business trade. For instance, with the municipality's major crop-strawberry (identified as



the One Town One Product of the locality), strawberry trading for the residents is of great opportunity in which strawberry farming and processing is one of the major livelihood in the locality. The growth and development of small and medium strawberry processing enterprises in La Trinidad, Benguet symbolizes rising commercialization, paving its way to the gateway of being the prime tourist spot and highly industrialized center.

However, strawberry production and processing is in stiff competition. Almost all of the residents in the locality are engaged in strawberry trade. Furthermore, these small and micro strawberry processing enterprises are subjected to high marketing expenses incurred in marketing their products. Spoilage of the products, inconsistencies of payments from buyers due to credit terms, poor marketing programs, and even inconsistent buyers are identified as one of the marketing problems of these enterprises.

In conclusion, producers today face a set of challenges brought about by the unprecedented changes in the modern retail market and agribusiness concentration. Their capacity to adapt is influenced by a complex set of interacting and diverse factors, which includes the broad spectrum of capital assets such as human resource, social, organizational, physical and financial capital. In lieu of this, to further position its products in the modern retail market, each small and micro strawberry processing firm must be able to adopt efficient and effective schemes and strategies in line with the requirements of the modern retail market.



Statement of the Problem

Given the stated scenario of the modern retail market and the Small and Micro Strawberry processing enterprises, the study was conducted to answer different questions as to:

1. What are the characteristics of strawberry processing industries in La Trinidad, Benguet?,
2. Are these small and micro enterprises willing and able to deal with the modern retail market?, and
3. How will small and micro enterprises comply with the requirements of the modern retail markets?

Objectives of the Study

To answer the problems of the study, the following objectives are set:

1. Characterize and assess the small and micro strawberry processing enterprises in La Trinidad, Benguet,
2. Assess the firms' ability and willingness to deal with the modern retail markets and to
3. Recommend measures on how the small and micro enterprises can successfully penetrate the modern retail markets.



Importance of the Study

Eventually, the Municipal Agricultural Office (MAO) of La Trinidad, Benguet believes that inclusion of strawberry products to the modern retail market will be a great help to the small and micro processing firms in promoting and providing convenient avenue to where they can market their products.

The study identified the prevailing requirements of the modern retail markets in wholesaling processed products. The data gathered will serve as basis for the small and micro processing enterprises which are willing to deal with them. Moreover, with the primary focus of the study to assess the strawberry processing enterprises, salient characteristics were revealed and also determined what marketing aspects need further improvement. The results of the study can be an input to the management of the enterprises in improving their operation in line with complying with the requirements of the modern retail market for the possibilities of inclusion which may benefit them in increasing their revenues. Entrepreneurs, Other than strawberry processors may also acquire more knowledge about the modern retail market which may help them in their businesses.

Likewise, the study will serve as a guide to the non-government agencies, financing institutions, foundations and research institutions which have interest in strawberry processing for providing relevant information to the local government units which may help in development of future plans and programs. Also, government agencies which are directly supervising the SMEs may be directed for sustaining the needs of these enterprises in terms of technical and financial support.



Furthermore, with the completion of this study, the researcher will fulfill her personal goals. The research as well permits and gives idea to other researchers who would like to conduct similar study as this.

Scope and Delimitation

The study focused in evaluating the strawberry processing enterprises in selected areas of La Trinidad, Benguet. The respondents are limited to the processing firms which are directly assisted by the Department of Trade and Industry (DTI).

On the other hand, the study dealt with the prevailing requirements of the modern retail outlets; these are sourced out form the processors who have contracts with the Supermarket in Baguio City and the acting middleman.

The management of the modern retail markets is not available for any interviews.



REVIEW OF LITERATURE

Modern Retail Market

Retailers play an important role in getting products from producers to consumers. Retailers help direct the physical flow of goods and services from places that produce goods to places where goods are used. Since the retailer has direct contact with the users of goods and services, the retailer can discover and attempt to meet the needs and preferences of consumers (Lewison, 2006).

Market outlet emerges in new forms and consumers of today can shop for goods in a wide variety of stores. The best known type of market outlet is the department stores, however, other types of marketing outlets exist to meet widely different consumers' preferences for service levels and specific purchase. Other market outlet types are: specialty store which offer narrow product lines with deep assortment such as apparel stores, sporting goods stores, furniture stores and bookstores. On the other hand, department stores offer several product lines typically clothing, home furnishing and household goods with each line operated as a separate department managed by specialist buyers or merchandisers. While, convenience stores are small stores located near residential areas, open long hours seven days a week and carried a limited line or high turn-over convenience products at slightly higher price. Other popular market outlets are the supermarkets which are relatively large, low-cost, low-margin, self-service operation designed to serve the total needs for food, laundry and household maintenance products (Kotler, 2000).



Characteristics of the Modern Retail Market

Some key characteristics of the modern retail market which distinguish it from the traditional ones are; quality and food safety as key drivers of vertical integration; the resulting introduction of private standards and product traceability; focus on the reliability of supply, both in terms of quantity and quality; formalized contract, centralized procurement and specialized wholesale and logistic companies; the need for physical infrastructure as a result of cold chain requirements; the provision of business services by retailers to preferred suppliers; and an increasing interest in responsible and or sustainable sourcing aspects related to Corporate Social Responsibility (CSR) strategies (Anonymous, 2000).

Moreover, supermarkets and other departmentalized self-service stores as the predominant type of retail outlet for food products in other countries like the US, handles thousands of edible items including meat, fresh fruits and vegetables, dairy products, canned groceries, bakery items, and frozen foods. Some also carry items such as seafood and liquor. Non edibles found in supermarkets include household cleaners, paper products, health and beauty aids, and house wares. These markets are located in shopping centers, neighborhood areas, business centers, and along highways accessible to the customers (Robbs, 2007).

The Growth and Trend of Modern Distribution Channels

Recent studies pointed out the shift in marketing channels available to producers and the rapid rise of supermarkets in developing countries. The past years saw the emergence of supermarkets as a major form of retailing in many developing countries, becoming dominant players in many Latin American countries with the trend moving



rapidly in East and Southeast Asia and more slowly in South Asia. This development is substantially transforming the nature and the composition of domestic agrifood commerce as well as regional and overseas trade. The dominance of these new retail formats has resulted in the emergence of demanding new procurement channels and the decline of smaller informal markets that could more readily accept both small quantities and inconsistent qualities of foods from farmers and middlemen. These supermarket channels have demanding private standards similar to export requirements for size, color, safety, consistency, volume, packaging, labels, etc.

Supermarkets typically procure steady supply and large volumes of products from suppliers. For small farms, to enter into a supermarket's procurement system should require heavy capital and technological investment as well as a more skilled labor force. Agricultural standards play an important role in these procurement systems. Often, farmers simply cannot meet these standards on their own. Arrangements such as contract farming are one way to resolve the uneven relationships between many small suppliers and a few large buyers.

With the growth of retailers in various forms, traditional markets, domestic retailers and regionally operating modern retail outlets are in competition. A key outcome of this intense competition has been to reduce costs and raise quality, including quality standards, through modernizing and optimizing the procurement system in order to achieve economies of scale and efficiencies. Commonly applied strategies for enhancing competitiveness are to increase chain efficiency and/or shorten the chain in order to reduce transaction costs. Selecting optimal store locations, retail format and product



ranges along with offering discounts and store linked credit cards are other strategies for ensuring a competitive edge.

Along with the growth of modern retail market are the inevitable changes in consumers' interest occur through product choice, shopping patterns and preferences for different types of retail outlets. Issues on the sanitation of the marketing outlet, trusted product brands and even the proximity and nearness to the household matters to the now a day consumers. In all countries, media attention and lobby groups are bringing issues of health, fair trade, environmental and animal rights to consumers' attention. This is creating new market opportunities, as well as affecting standards, product differentiation, marketing strategies and corporate social responsibility along the value chain.

Drivers Affecting the Requirements of the Modern Retail Market

Quality and food safety standards. Food quality and safety requirements are increasing and becoming more crucial for several reasons. Consumer demands for quality and safe food require retailers to embed accountability and tracing mechanisms throughout the chain, resulting in increasingly stringent marketing. Thus, retailers ensure product homogeneity, consistent deliveries, high quality and stable shelf life as required by the consumer demands.

Social and environmental responsibility. Consumers are increasingly aware of the social and environmental issues related to the products they buy. This, combined with advocacy campaigns and media attention, is leading to much greater concern about social and environmental issues along the value chain. Increasing attention to such issues is being seen as a marketing plus; ignoring them is seen as a business risk. There is a growing interaction between the agribusiness actors (mainly retailers and large food



processors) and civil society in formulating and implementing good practice in environmentally friendly and socially fair production and trade processes. This raises both opportunities and challenges for small-scale producers wishing to supply to these buyers.

Information technology. Information technology plays a key role in the modernization of every aspect of supply chain management. It contributes to consumer awareness, resulting in better informed and more demanding consumers. It also allows high-tech tracking and tracing technologies to be used by buyers (retailers, processors) to ensure quality and safety throughout the chain. Chain actors, including small-scale producers, now face key challenges in becoming part of these modernized procurement systems (Anonymous, 2006).

Benefits Derived By SMEs from Modern Retailers

The modern retail markets also perform the function of wholesaling in terms of buying the products from SMEs. The physical infrastructure and facilities at wholesale markets facilitate the reduction of post-harvest losses and promote increased productivity by farmers through: 1) Product protection: goods are protected from the elements (rain, wind and sun) and stored under more hygienic conditions, thus reducing spoilage; 2) Improved handling operations: the market considerably reduces loading and unloading times as well as repeated handling of goods between unloading and display; vehicles are also parked and unutilized for shorter periods; and 3) Easier introduction of innovation and new technology: the physical concentration of a large group of operators at the same place makes it easier to introduce innovation and to develop improved storage, handling and management technology and methods (Anonymous, 2008).



Small and Micro Enterprises

According to DTI reports in 2004, micro enterprises are those enterprises whose total asset size, including capital but excluding land, is below Php below 3,000,000.00. These enterprises has an employment of one to nine persons, while, small industries are those industries with total; asset size of Php 3,100,000.00 to Php 15,000,000.00 and employs ten to ninety nine workers.

According to Mangosan (2003), the creation of new small and micro enterprises is one of the important strategies for the creation of new employment opportunities to hasten the economic recovery and growth of the country. For a long time, however, these micro and cottage enterprises have given less importance if not neglected. The political and socio-economic conditions of the past did not favor the development of some small-scale industries. During the martial law era, many large industries were developed and multinational corporations were attracted to invest. Sadly, this was a strategy which benefited only a few and left poverty to the great majority of the Filipino people.

The new era ushered in a new vision and mission for the SMEs. Its vision is to propel the economic recovery of the country through the establishment of industries. Moreover, the mission is to promote, assist and support industries especially small-scale industries. Various sector of the society including the non-government organizations, private business, civic organization and the church based groups have focused their development efforts of allocating substantial part of their resources in the promotion of small and medium industries. Operating practices and good marketing linkages for the enterprises has been encouraged and developed. This is seen to help ensure an increase in



income, higher productivity and better access to resources among small and medium enterprises to achieve economic recovery and development in the country.

Small and Medium Enterprise' (SMEs) Scenarios

Small producers in developing countries experience difficulty in accessing opportunities presented by non-traditional markets. Fuelled by rising population and concentration in urban areas, rising income, and the increasing demand for food safety, modern retailers are gaining an increasing share of the food market. Smallholder producers find difficulties in accessing these markets due to their inability to meet quality requirements, required volumes, variety and stability of supply. These constraints are magnified by inadequacies in post-harvest facilities, inventory and logistic management, and governance mechanisms that result in the failure to produce cost competitive products. Furthermore, the lack of financial resources limits the capacity of farmers to cope with the credit terms often utilized by these modern markets, and their ability to invest in appropriate technologies to better improve performance (Davao Conference Team, 2008).

Furthermore, smallholders in the supply chain often lack the internal capacity and the economies of scale to establish effective quality assurance and traceability systems. Small enterprises and producers, especially sectors that are export-dependent, may be marginalized unless they can make standard compliance cost effective and guarantee traceability for the buyers. Developing country producers and Small and Medium Enterprises (SMEs) face a number of hurdles to participate effectively in higher-value trade. Private standards present dreadful technical barriers that have a negative effect on smallholders. Exporters select only the best-performing smallholders to be organized into



groups, and these are expected to manage food safety and traceability systems. In addition to the high cost of certification, there is evidence that weaker farmers are often excluded.

Although food processing industries' development has accelerated along with the socio-economic changes, there are still problems to be solved to pave a way to further development of the food processing industry which are: 1) Poor technology and food technician for food development. This shows that food processing technologies remain in its primitive way, 2) Poor infrastructure for development of the food processing industry. Food processing facilities should be set in the center of production, 3) Increasing income for urban and rural areas. One such problem is the adverse effect of the widening gap between the rural and urban sectors. Along with these constraints that the small processing industries are facing is the poor marketing outlet to where they should place their products. Therefore, processors and manufacturers should keep pace with the consumers demand for high quality conveniently packed products in a preferable market place that suits the taste and preferences of the customers (Bangcado *et al.*, 1997).

Problems of Small and Micro Enterprises

Production. Lesser available workers during peak season, lack of permanent skilled workers, shortage of raw materials, absence of laborers and high cost of raw materials were the problems identified in the production cycle of these enterprises.

Marketing. Pricing competition, lack of market outlet and low market price were the problems which most of the small and micro enterprises are challenged. In addition, enterprises are facing high transportation cost by price competitor, too much credit and lack of market outlet of their products.



Financial. Most entrepreneurs tried to secure funds but failed to comply with the requirements of lending institutions and were given with high interest rate especially if they loaned from private institution. Moreover, shortage in capital, high interest rate of loans, mismanagement of finance, delaying tactics in following-up loans from government institutions and methods of applying for loans are time consuming problems by the entrepreneurs (Mangosan, 2003).

Fruit Processing Industries

Fruit processing is one of the legs that supports the food industry. It is also constantly changing to accommodate the supply and demand of the fruit in the diet and to keep abreast of Horticulture and engineering and nutritional needs and also for future consumption (Bangcado *et al.*, 1997). Fruit processing industry is fast becoming a major contributor to the economic development of the country. So the gap between the supply and demand of raw materials must be bridged, the need for the innovative product development and the marketing strategies as well as superior technology must be met.

Strawberry Processing Industries in La Trinidad, Benguet

The processing of strawberries such as jams, jellies, juices, and sweets is a good solution to avoid their spoilage of strawberries. Unfortunately, the strawberry processing industries still lack the facilities to do this. Most of the processed products like jams are still sold in big containers and bulky bottles making their transport still a big hassle. Another problem of the industry is the non-availability of varieties suited in the humid areas of La Trinidad. Although strawberries are considered a high value crop, produce remains to be sold in the sidewalks and small booths.



In a study conducted by Bangcado *et al.*, (1997), most fruit processing industry in La Trinidad is strawberry processing though this crop is not produced in all seasons. These enterprises all started and are continuing as small and micro enterprise, the nature of these firms is sole proprietor. These small processing firms mostly market their products in their own marketing stalls and only secondary marketing phase are groceries and supermarkets.

The most common marketing strategy of these strawberry processing are whole selling and retailing at an average price based on cost. They sell their products both in cash and in credit basis.

Problems Encountered of Strawberry Processing

Apart from the seasonality of the product, low infrastructures facilities and poor technology, strawberry processors in La Trinidad, Benguet are faced with major problems particularly on disposing their products as was revealed in the study of Aggwa *et al*, 1999. Not these entire processing firms can disposed their products in every production cycle. This is due to: 1) increased competition among producers and over supply of the production or supply of the product. As the outbreak for the opportunity of strawberry processing, firms and manufacturers continuously grew such that competition is increased. Each of these firms is competing for a number of customers who will patronize their product. Though there are few processors who retain their customer, still, there are processors as well who losses their customers, 2) Limited market area. Most of these processors dispose their products in their own marketing stalls. This reason gives them Limited Avenue for the disposal of their products, 3) Inability to increase quality. Some processors are not able to increase the quality of their products due to increase of



prices of the raw materials. This reason in turn caused their clients to shift to other processing firms, and 4) Unavailability of appropriate technologies. The study as well revealed that majority firms lack the appropriate technology to use in their production and marketing cycles. These technologies are costly/expensive which these small processors can't avail of.

Emerging Trends of the Strawberry Processing Industry in La Trinidad, Benguet

Strawberry processing is one among the legs that supports the economy. As the population continues to grow, this livelihood is taking its path towards innovation making it globally competitive. Despite the seasonality of the crop, processors still continue to bridge the gap between supply and demand.

Traditionally, strawberry products such as strawberry preserves are sold in bulk containers too fragile to be transported. However, with the latest development of Information Technology and the globalized business environment, managers and entrepreneurs alike will be more innovative and to come up new ideas to survive in their business.

The application of present technology extends availability of commercially convenient products available to the consumers. The technology also improves supplies by the encouragement and initiation of food production practice at the same time reduces losses due to spoilage and decay in harvesting fruit (Bangcado *et al.*, 1997).

Furthermore, these local entrepreneurs must conduct continuous research and keep abreast of the latest technology to gain a competitive advantage.



Conceptual Framework

Figure 1 shows the paradigm of the study. It shows that inclusion of small and micro strawberry processing firms in the modern retail markets will be influenced by their characteristics, abilities, and willingness of the strawberry processors themselves. Further, the requirements of the modern retail market will be a passage to which these small and micro enterprises will be able to penetrate them.

Further, the small and micro strawberry processing industries will be characterized according to profile of the processors (sex, civil status, number of years in operation, location of the processing firm, and legality of operation); production (products produced, volume of production, production months, source of raw materials, and quality control system) and marketing and promotional (mode of selling, mode of payment, marketing outlet, and promotion activities).

The firms' abilities will be seen in terms of their rate of compliance to the requirements of the modern retail market. Ability will be matched alongside willingness for inclusion to materialize.



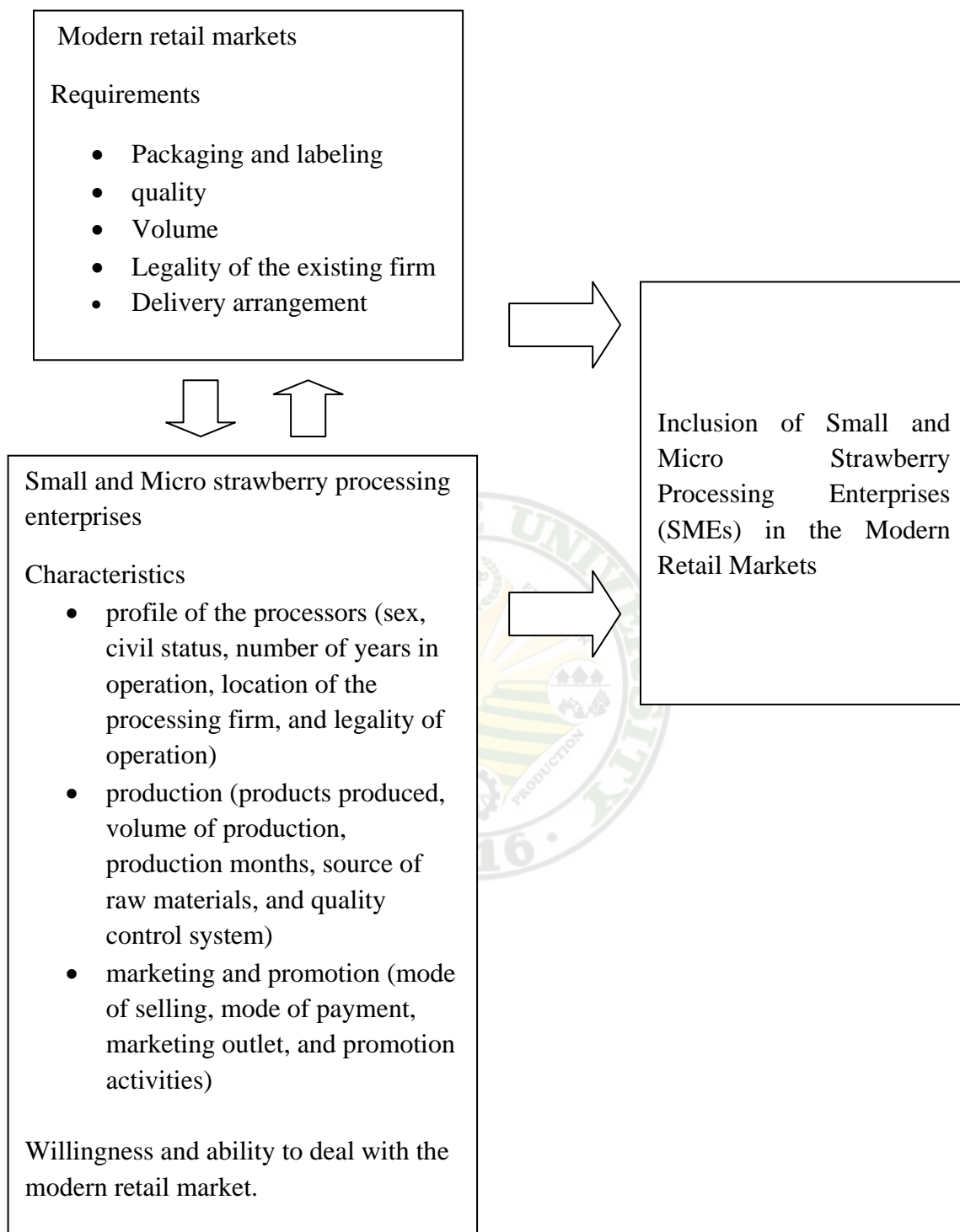


Figure 1. Paradigm of the study



METHODOLOGY

Locale and Time of the Study

The research was conducted from December 2008 to January 2009 in selected areas of the municipality of La Trinidad, where strawberry processing firms are found.

Respondents of the Study

Twenty one strawberry processing firms which are assisted by the Department of Trade and Industries (DTI) were interviewed as the primary respondents of the study. Information as to the requirements of the modern retail market was gathered from the middleman and the owner manager of the processing firms who have contract with the retail market.

Data Collection

Survey questionnaires and interview schedules were used during the data gathering to seek the necessary information. The result of the survey questionnaires was tabulated to summarize the findings based on the answered questionnaires.

Data Analysis

The data gathered from the respondents was tabulated to draw conclusions and the recommendations. Descriptive measures such as percentage and frequency counts were used primarily to describe the data.



RESULTS AND DISCUSSION

Profile of the Respondents and Characteristics of the Enterprises

Strawberry processors in La Trinidad, Benguet exist as Small and Micro Enterprises (SME) as found out in the study of Bangcado *et al.*, 1997. Among these firms, only 21 are recognized and are directly assisted by the Department of Trade and Industries (DTI) in terms of trainings and free seminars in improving the quality of their product. Four of these enterprises had already penetrated the modern retail market specifically in SM Baguio and other groceries in Manila while the rest of them are yet to be included.

Sex. Most (80.95%) of the strawberry processors are females as presented in Table 1. Maybe females possess entrepreneurial ability in processing because males are usually engaged in farming.

Civil status. On the other hand, all (100%) of the respondents are married. Sustenance of their children in terms of education primarily lies in strawberry processing.

Number of years in operation. It is notable that all (100%) firms who were able to penetrate the modern retail market have existed for more than 10 years. These processing firms are inherited from parents and grandparents. Moreover, for those who have not yet penetrated the modern retail market, booming of this enterprise is observed such that ten (58.82%) are yet starting in their operation existing for less than five years now. This proves that strawberry processing is an opportunity of earning income in the locality.

Legal form of business. Almost all (95.24%) of the strawberry processing firms are managed as Single Proprietorship, however, one or 4.76% is a Partnership business between relatives.



Table 1. Distribution of the respondents according to profile

PARTICULAR	ALREADY PENETRATED THE MODERN RETAIL MARKET (n=4)		NOT YET PENETRATED THE MODERN RETAIL MARKET (n=17)		TOTALS	
	F	P	F	P	F	P
1. SEX						
Male	2	50	2	88.23	4	19.05
Female	2	50	15	11.76	17	80.95
TOTAL	4	100	17	100	21	100
2. CIVIL STATUS						
Married	4	100	17	100	21	100
TOTAL	4	100	17	100	21	100
3. NUMBER OF YEARS IN OPERATION						
<5	0	0	10	58.82	10	47.62
6-9	0	0	1	5.88	1	4.76
>10	4	100	6	35.29	10	47.62
TOTAL	4	100	17	100	21	100
4. LEGAL FORM						
Sole Proprietorship	4	100	16	94.12	20	95.24
Partnership	0	0	1	5.88	1	4.76
TOTAL	4	100	17	100	21	100
5. LOCATION						
Longlong, Puguis	3	75	7	41.18	10	47.62
Swamp Area	1	25	7	41.18	8	38.10
Km. 4	0	0	1	5.88	1	4.76
Balili	0	0	1	5.88	1	4.76
Buyagan	0	0	1	5.88	1	4.76
TOTAL	4	100	17	100	21	100
6. TYPE OF OPERATION						
Sideline	3	75	13	76.47	16	76.19
Fulltime	1	25	4	23.53	5	23.81
TOTAL	4	100	17	100	21	100



Location. Strawberries are grown in cold part of the municipality specifically in the Swamp area which is dubbed as the Strawberry fields of the country not just because of strawberry farming but also, the presence of strawberry processing firms and souvenir areas. Though, still, strawberry processing areas are also visibly located at Longlong, Puguis.

Considering its topography and absence of pollution, is probably why majority (47.62%) of the enterprises, are located in Longlong, Puguis. On the other hand, eight (38.10%) of the enterprises are located in Swamp Area and 14.25% of the total respondents are located respectively in Km. 4, Balili and Buyagan, La Trinidad, Benguet where the owners reside.

Type of business operation. It is also notable that there is no major difference between the firms which have contracts with the modern retail market and those which have not in terms of type of business operation. Most (73.19%) of the respondents are operating as sideline business which they primarily are farmers of strawberry. Only five (23.81%) are fulltime strawberry processing firms. This shows that strawberry processing is an option to entrepreneurs who are dealing with fruit processing.

Production

The firms mainly produce processed strawberry products to which they source out their income. These enterprises are mentioned as a sideline business aside for farming as their main livelihood and other hinge businesses.

Products produced. Most of the products these enterprises produce are strawberry preserves and strawberry wine. However, innovations of other products which are new in the market are strawberry candy and strawberry soap made out of sole strawberry fruit.



Table 2. Distribution of the respondents according to products produced

*PRODUCTS PRODUCED	ALREADY PENETRATED THE MODERN RETAIL MARKET (n=4)		NOT YET PENETRATED THE MODERN RETAIL MARKET (n=17)		TOTAL	
	F	P	F	P	F	P
	Strawberry Preserve	3	75	9	52.94	12
Strawberry Wine	4	100	11	64.71	15	71.43
Strawberry Candy	0	0	1	5.88	1	4.76
Strawberry Soap	0	0	1	5.88	1	4.76

*multiple Response

Of those enterprises which has not yet penetrated the modern market, Strawberry preserve is produced by nine (52.94%), 12 (70.59%) engages in producing strawberry wine, while, only one (5.88%) produces strawberry soap and another (5.88%) is a strawberry candy processor.

On the other hand, all (100%) of the respondents which experienced wholesaling to the modern retail market are both strawberry wine and strawberry preserve processors.

Production month. Due to the seasonality of the main raw material, strawberry, the processors produce strawberry products during the months of December to May when there is abundant production of strawberries. Still, other firms have continuous supply of raw materials which enables them to produce for the entire year even during lean months (June-November). Of the enterprises which penetrated the modern market, two (9.52%) are producing during the peak season, yet, the other two (9.52%) firms produce continuously for the entire year.



Table 3. Distribution of the respondents according to production months

PRODUCTION MONTHS	ALREADY PENETRATED THE MODERN RETAIL MARKET (N=4)		NOT YET PENETRATE THE MODERN RETAIL MARKET (N=17)		TOTALS	
	F	P	F	P	F	P
	December- May	2	50	13	76.47	15
January-December	2	50	4	23.53	6	35.29
TOTAL	4	100	17	100	21	100

On the other hand, thirteen (61.90%) of the rest of the respondents produces every six months of the year particularly during the peak season, while, four (19.05%) produces both on lean and peak seasons. This shows that processing of a product can prolong the product of a seasonal crop. Further, though strawberry is produced in seasons, other full time strawberry processing firms can still stand through a continuous supply from direct suppliers enabling them to produce even out of the season.

Volume of production. During the months of production, the strawberry processors produce in bulk. The products serve as stocks or inventory for the succeeding selling days. Strawberry preserve can last until one year while strawberry wine gets stronger in taste and in aroma the more it is stored.

Table 4 implies that in every production run, some firms which have no contract with the modern retail market can produce the quantity produced by the dealers of the hypermarket.



Table 4. Distribution of the respondents according to volume of production

PRODUCTION MONTHS	ALREADY PENETRATED MODERN RETAIL MARKET (N=4)		NOT YET PENETRATED THE MODERN RETAIL MARKET (N=17)		TOTALS	
	F	P	F	P	F	P
	Strawberry Jam					
0	0	0	5	29.41	5	23.81
<1000	1	25	8	47.06	9	42.86
1000-1500	1	25	1	5.88	2	9.52
1600-2000	0	0	2	11.76	2	9.52
>3000	2	50	1	5.88	3	14.29
TOTAL	4	100	17	100	21	100
Average	1403					
Range (H-L)	5800					
Standard Deviation	2211					
Strawberry Wine						
0	0	0	6	35.29	6	28.57
<500	1	25	4	23.53	5	23.81
501-1000	1	0	4	23.53	5	23.81
1001-1500	0	0	1	5.88	1	4.76
1501-2000	1	25	2	11.76	3	14.28
>2500	1	25	0	0	1	4.76
TOTAL	4	100	17	100	21	100
Average	1911					
Range (H-L)	7700					
Standard deviation	1466					
Strawberry Candy						
0	4	100	16	94.11	20	94.23
>1000	0	0	1	4.76	1	4.76
TOTAL	4	100	17	100	21	100
Strawberry Soap						
0	4	100	16	94.11	20	94.23
>1,000	0	0	1	4.76	1	4.76
TOTAL	4	100	17	100	21	100



In the case of strawberry preserves, the firms produce an average of 1,403 bottles, which the range of produce is 7,700 bottles from highest volume of 8,000 and 300 bottles as the lowest value. From the normal range, standard deviation is computed to be 2,211. This means that the variation of the volume of production among the firms is significant. Moreover, these firms in the year round production produce an average of 1,911 strawberry wines. This ranges from 6,000 bottles as the highest volume and 200 as the lowest. Standard deviation of strawberry wine is 1,466. Likewise, variation of volume of production of strawberry wine is significant.

Further, strawberry candy is produced in large quantity of more than 1000 packs containing 12 pieces which are individually wrapped. While an average of 1000 pieces in 100 grams of strawberry soap bars are produced during lean months and more than 2000 pieces of it are produced during peak seasons as presented in table 4.

Source of raw materials and source of primary packaging materials. Majority (41.18%) of the processing firms which do not deal with the modern retail market, source out fresh strawberries from farmers in the Swamp area which make no difference from the processing firms which have dealt with the modern retail market as projected in Table 5. Though strawberries are grown commonly in the Swamp area, farming is also a form of livelihood among the residents in Longlong Puguis, La Trinidad, Benguet to which other firms rely their raw materials from. Other raw materials such as sugar are sourced out in bulk from the nearest grocery outlet.



Table 5. Distribution of the respondents according to source of raw inputs and primary packaging materials

SOURCES	ALREADY PENETRATED THE MODERN RETAIL MARKET (N=4)		NOT YET PENETRATED THE MODERN RETAIL MARKET (N=17)		TOTALS	
	F	P	F	P	F	P
	1. FRESH STRAWBERRIES					
Own farm in Longlong	1	25	6	35.29	7	33.33
Own farm in Swamp	0	0	1	5.88	1	4.76
From other farms in Longlong	2	50	3	17.65	5	23.81
From other farms in Swamp	1	25	7	41.18	8	38.10
TOTAL	4	100	17	100	21	100
2. PACKAGING MATERIALS						
2.a. BOTTLES						
Recycled from junk shop	2	50	9	52.94	11	52.3
Other source in Manila	2	50	1	5.88	3	8
Public market	0	0	5	29.41	5	14.9
2.b. WRAPPER						
Groceries	0	0	2	11.76	2	23.1
Public market	0	0	0	0	0	9.52
TOTAL	4	100	17	100	21	100



On the other hand, Bottles as the main packaging materials of strawberry wine and preserves most are recycled from junk shops (52.38%). The bottles are washed, cleaned and sterilized before use. Ready to use bottles are also available in the market to which five (23.81%) of the firms order from. Others sources of packaging materials are traded directly from Manila as shown in Table 5.

Quality control system. All of the processing firms implement quality control systems in their production to ensure basic health of the customers. Quality control is done through careful inspection of the products. Nine (42.85%) of the processing firms are supervised by the Department of Trade and Industries (DTI). Only one (4.76%) does product quality test by consumers' perception while eleven (52.38%) perform their own product quality control such as product shelf life test and proper selection of raw materials. Table 6 presents this result.

Table 6. Distribution of the respondents according to quality control system

QUALITY CONTROL	ALREADY PENETRATED THE MODERN RETAIL MARKET (N=4)		NOT YET PENETRATED THE MODERN RETAIL MARKET (N=17)		TOTALS	
	F	P	F	P	F	P
	Under the supervision of DTI	3	75	6	28.57	9
Shelf life test	0	0	11	52.28	11	52.38
Product quality test by consumers	1	25	0	0	1	4.76
TOTAL	4	100	17	100	21	100



Marketing and Promotion

Mode of selling. Each of these processing firms sells to trusted customers or their various “suki”. Most (57.14%) of them sells their products in retail and wholesale basis. However, some of the processing firms deal in retail and wholesale marketing only. Mode of selling depends on the type of customers the firms have.

Mode of payments. In both retailing and wholesaling, the processors are paid in cash, installment and in consignment basis as agreed by both the processors and their customers. Most (90.48%) of the processing firms are paid directly in cash by direct customers. Further, firms which consign their products in the modern retail market are paid via check.

Table 7. Distribution of the respondents according to mode of selling

MODE OF SELLING	ALREADY PENETRATED THE MODERN RETAIL MARKET (N=4)		NOT YET PENETRATED THE MODERN RETAIL MARKET (N=17)		TOTALS	
	F	P	F	P	F	P
	Wholesale	0	0	6	35.29	6
Retail	0	0	3	17.65	3	14.29
Both	4	100	8	47.06	12	57.14
TOTAL	4	100	17	100	21	100



Table 8. Distribution of the respondents according to mode of payment

*MODE OF PAYMENT	ALREADY PENETRATED THE MODERN RETAIL MARKET (N=4)		NOT YET PENETRATED THE MODERN RETAIL MARKET (N=17)		TOTALS	
	F	P	F	P	F	P
	Cash	4	100	15	88.24	19
Installment	0	0	5	29.41	5	23.81
Consignment	4	100	8	47.06	12	57.14

*Multiple Response

Market outlet. Table 9 shows that in multiple responses, the firms market their products in their own stalls in the production site (33.33%), rented stalls in Swamp area (38.10%) Baguio City public market (47.62%) and in other stalls in Swamp area where most (52.38%) of the firms consign their products into. Also, Benguet State University marketing center is a marketing venue to one (4.76%) of the firms. Modern retail markets are penetrated by four (19.04%) of the strawberry processing firms particularly in groceries in Manila and in SM City, Baguio.

These strategic market outlets are perceived by the processors as tourist destinations to where they bring an array of their products displayed to attract buyers which usually are domestic and foreign tourists.



Table 9. Distribution of the respondents according to market outlet

*MARKET OUTLET	ALREADY PENETRATED THE MODERN RETAIL MARKET (N=4)		NOT YET PENETRATED THE MODERN RETAIL MARKET (N=17)		TOTALS	
	F	P	F	P	F	P
Groceries	2	50	0	0	2	9.52
Hypermarket	2	50	0	0	2	9.52
Own stall in the production site	3	75	4	23.53	7	33.33
Rented stall in the Swamp area	0	0	8	47.06	8	38.10
Consign to other stalls in Baguio	3	75	7	41.18	10	47.62
Consign to other stalls in swamp	4	100	7	41.18	11	52.38
Consign to other institutions (eg. BSU)	1	25	0	0	1	4.76

*multiple response

Promotional activities. Through media, press releases, trade fairs, and website, strawberry products are being promoted. However, due to lack of capital, majority (76.19%) has no promotional activities. Still yet, eleven (52.38%) does promotion of their products through trade fairs during occasion especially during the annual conduct of strawberry and flower festivals. On the other hand, the strawberry soap is advertized by DTI via website, at the same time, interviewed for promotion in television and press releases which is highlighted as the One Town One Product (OTOP) of La Trinidad. Table 10 presents this result.



Table 10. Distribution of the respondents according to promotional activities

*PROMOTIONAL ACTIVITIES	ALREADY PENETRATED THE MODERN RETAIL MARKET (N=4)		NOT YET PENETRATED THE MODERN RETAIL MARKET (N=17)		TOTALS	
	F	P	F	P	F	P
	Printed materials	0	0	1	5.88	1
Media	0	0	1	5.88	1	4.76
Web site	0	0	1	5.88	1	4.76
Trade fairs	4	100	7	40.18	11	52.38
None	0	0	14	82.35	14	47.62

*multiple response

Problems and Needs of the Strawberry Processing Firms Toward Inclusion to the Modern Retail Market

As was found out in the study of Ag-agwa *et al*, 1999, strawberry processing firms face problems which hinder their operation.

By rank, packaging and labeling is identified, according to all (100%) of the respondents as the primary need of the enterprises which calls for improvement to successfully penetrate the modern retail market. Moreover, table 11 shows figures that all (100%) of the firms asserted that they need upgraded materials and facilities for the improvement of their production. Table 11 also projects that the firms which have contracts with the modern retail market faces the same problems as faced by the rest of the respondents.



Table 11. Distribution of the respondents according to needs and problems on production, marketing, human resource and finance towards inclusion to the modern retail market

NEEDS AND PROBLEMS	ALREADY PENETRATED THE MODERN RETAIL MARKET (N=4)		NOT YET PENETRATED THE MODERN RETAIL MARKET (N=17)		TOTALS	
	F	P	F	P	F	P
	1. PRODUCTION					
Upgraded facilities	4	100	17	100	21	100
Expansion of processing area	2	50	10	58.82	12	57.14
2. MARKETING						
Packaging And Labeling	4	100	17	100	21	100
Promotion	3	75	6	35.29	9	42.86
3. FINANCE						
Lack of capital	2	50	16	94.12	18	85.71
4. HUMAN RESOURCE						
Lack of laborers	1	25	3	117.65	6	28.57

*multiple response

Meanwhile, almost all (85.71%) of the enterprises need capital and financial support to continue in their operation. Further, in terms of marketing, nine (42.86%) of the respondents said that they need improvement in promoting their products to attract more buyers. On the other hand, expansion of the processing area was also mentioned as one of the needs of the processing enterprises for convenient production. In terms of human resources, laborers are still needed by the firms in their production.



Findings of the study made by Ag-agwa *et al* (1999) then are facts considering the problems faced by these enterprises. Moreover, these problems need to be responded as cited in the study.

Willingness of Strawberry Processors in Inclusion to the Modern Retail Market

Willingness. Almost all (76.19%) of the respondents which has not yet penetrated the modern retail market are willing to deal with them. This shows that these processing enterprises perceive modern retail outlets as an avenue to increasing their revenues.

However, along with the willingness of these enterprises to penetrate the modern retail market, are their conditions such as: when they are ready with much inventory of their product, expansion of their processing areas, supported by the government agencies for financial needs and when BFAD registration is availed. The processors' willingness is a factor in dealing with the modern retail market.

Reasons of willingness towards inclusion. Table 13 presents that 15 (100%) of the processing firms which are willing to deal with the modern retail market, believe that their income will increase as they include their products in it.

Table 12. Distribution of the respondents according to willingness to inclusion

WILLINGNESS	FREQUENCY (n=17)	PERCENTAGE
Willing	15	88.24
Not willing	2	11.76
Total	17	100



Also, wider market outlet and free promotion of the product are the reasons of the respondents on why they would want to deal with the modern retail market. Further, the processors believe that much buyers approach the modern retail outlets from time to time for their basic needs. As such, wholesaling to these market outlets is also an avenue to where they can dispose their products aside from waiting for tourist visitors along the Swamp area.

On the other hand, slow or time-consuming transaction, which includes mode of payment and compliance to the requirements of the modern retail market, is asserted by the unwilling firm as its sole reason for refusal to deal with them. Further, the strawberry soap-producing firm is not willing to deal with the modern retail outlets with a reason that the outlet being passive or inactive. The nature of the business is reiterated as a direct selling firm which they deal directly with the end users.

Table 13. Distribution of the respondents according reasons of willingness to deal with the modern retail market

*REASONS	FREQUENCY (N=15)	PERCENTAGE
Market expansion	15	100
Promotion of the product	13	81.25
Increase income	15	100

*multiple response



Prevailing Requirements of the Modern Retail Market

Along with the operation of the modern retail markets are their requirements to which any enterprise must follow in order to position their products in these modern retail markets. According to an interview with Mrs. Maria Que, owner manager of Jason's Homemade Products which supplies Khim Amon Enterprises, located in SM Baguio, requirements are named as: 1) the firm must be legally registered with the Bureau of Food and Drugs (BFAD). Careful inspection of the processing firm is done by this agency to prove that the firm is operating in accordance to hygienic and sanitary ways. Along with the registration with BFAD, the firm must as well be registered with the Department of Trade and industry (DTI). This agency assist SME's in terms of seminars, trainings etc. that is beneficial to the firm. Also, it permits the firm to use a trade name specifically for its operation. Furthermore, the firm must be able to secure license to operate in its respective municipality, this allows the firm to operate legally until its license lapses. These agencies, above all, give proof that the firm can legally operate and can freely sell its product in the retail market.

Moreover, the modern retail market requires several factors for 2) proper labeling of the product. It should bear the necessary information for the customers' awareness. 2a) the products should be labeled with the brand name or the trade name of a legally existing firm and 2b) specific name of the product; 2c) net content of the product in grams or in milliliters, 2d) nutritional facts or list of all the nutrients that the customer will benefit after consumption, 2e) percent proof must also be indicated (for strawberry wine). Also, 2f) the ingredients to which the product was made of should be included in the product label. The ingredients should be arranged in descending order, the ingredient which is



largely used in the product should be indicated first followed by rest of the ingredients which are used in lesser quantity.

Along with the ingredients, the product should be labeled with the 2g) name and 2h) address of the processing firm, 2i) contact number/s, 2j) date when the products are processed, 2k) expiration dates, and other necessary information as 2l) BFAD number and should be tagged with “product of the Philippines”. Similar way, the product must be 3) sealed properly to prolong its shelf life.

On the other hand, Mrs. Maria Que’s firm is required by hypermarket to 4) deliver their product for two times a month in specific 5) quantity that it requires (usually 204 bottles for strawberry preserves and 24 bottles of strawberry wine) or so long as half of the product displayed are disposed. This is for inventory purposes.

Moreover, in support with the statements of Mrs. Que, Mr. Cesar Ramos, owner of the Cesar’s Best strawberry products a strawberry processing in Longlong, Puguis which supplies the super market division of SM, Baguio, added that the same modern retail market necessitates his processing firm with the same requirements as to the legality of the processing firm.

However, Mr. Ramos, said that the modern retail market prefer the strawberry wine which is colored red in large amount since, accordingly are preferred by the customers. 6) Further, Mrs. Nenet, the middleman, said that the trading firm should agree a contract with the modern retail market; any spoilage or damages the product incurred before disposal should be returned to the processing firm for replacement as indicated in the contract agreed.7) Also, the supplying firm must have an open account with Bangko De Oro (BDO), for payment transactions. The hypermarket pays the firm via check. 8)



Official receipts are also required from the processing firm to prove its legal existence to the government in paying for its taxes.

Moreover, though not mentioned by the middleman, barcodes are also required for the processing firms entering the modern retail market for easy price determination. Barcodes also permit exports of the product in other countries.

Compliance to the above mentioned requirements give possibility of inclusion of small and micro strawberry processing enterprises in the modern retail market.

Perceived Ability to Deal with the Modern Retail Market
(According To respondent's Point Of View)

Fifteen of the respondents asserted their willingness out of seventeen respondents which have not yet penetrated the modern retail market. Table 14 shows the respondents perceived rate of compliance with the modern retail market respectively.

Table 14. Distribution of the respondents according to perceived rate of compliance to the requirements of the modern retail market (N=15)

REQUIREMENTS	RATINGS										
	<50%		60%		70%		80%		>90%		
	F	P	F	P	F	P	F	P	F	P	
Product features											
Packaging and label	3	20	2	13.33	6	40	4	26.67	0	0	
Quality	2	13.33	2	13.33	1	6.67	1	6.67	9	60	
Delivery arrangement	3	20	5	20	2	13.33	1	6.67	4	26.67	
Volume	4	26.67	2	13.33	5	33.33	3	20	1	6.67	
Legality of operation	3	20	1	6.67	1	6.67	1	6.67	9	60	



Packaging and labeling. Factors for assessments of the packaging materials include the appearance of bottle as primary packaging and the appropriate labeling of the packaging materials. 40% of the respondents said that they can comply with the requirements of the modern market in terms of packaging and label of their products by 70% while three (20%) believe that they can comply for less than only 50%. This proves strawberry processing firms need improvement in their product packaging. As shown in Table 5, almost all of the firms use recycled bottles for primary packaging of strawberry wine and preserve which are sourced out from junk shops.

Quality. In terms of the quality, majority (60%) believe that they produce quality products which drives them to an assessment of >90% compliance with the requirements of the modern retail market. This, quality of their products is assured because they perform quality control in every production run. On the other hand, two (13.33%) gave an assessment of less than 50% rate of compliance to the quality requirement.

Delivery arrangement. Moreover, due to the seasonal production of strawberry, not all of the firms can assure continuous delivery of strawberry products for the whole year. However, four (26.67%) asserted that they can comply with the delivery arrangement of the modern market more than 90%. Some of these are the firms which produce strawberry products for the whole year.

Volume. Further, still, due to the seasonality of strawberries, production of strawberry products are limited during lean months, however, produced in large quantity during peak seasons. Due to this reason, only one (6.67%) of the processing firms can comply with the volume requirement for more than 90%. This is the firm which produces once or twice a week in very production month.



Most of the enterprises produce as much as 1000-3000 of their products which motivates them to comply with the volume requirement. However, some of these enterprises can comply less than 50% and only five (33.33%) can comply by 70%.

Legality of operation. All (100%) of the enterprises are registered with DTI, while only a half (50%) is registered with BIR. This shows that the firms legally exist as to the requirement of legality of operation.

Perceived Ability to Comply with the Requirements of the Modern Retail Market (According To the Researcher's Point Of View)

The small and micro processing enterprises must therefore comply with the above mentioned requirements of the modern retail market in order to penetrate them successfully.

Table 15 presents the ability of the firms to meet the requirements of the modern retail market as perceived by the researcher based on ocular assessment.

As mentioned, all (100%) of the processing firms are registered with the Department of Trade and Industry (DTI), however, only ten (66.67%) has recognized brand names. Almost only half or 40% is registered with the Bureau of Internal Revenue (BIR) while no one (0%) has registration under the Bureau of Food and Drugs (BFAD). Registration with these agencies proves that they are legally existing as a business entity as a requirement of the modern retail market.

Realistically, Table 14 shows that majority of the firms assessed that they can comply with this requirement by 70% in terms of packaging and labeling of the products. However, these firms use bottles which are used repeatedly through recycling. Recycled bottles don't project good impression on the product the way it must. For instance,



strawberry wines are likened to a food seasoning, *patis*, and don't give convenience to the consumers, thought not at all times.

Moreover, only ten or 66.67% indicated the address of their processing firms. While, other label requirements such as net content, ingredients of the product, date of production, expiry dates and nutritional values are not indicated in the packaging. In addition, some of the respondents doesn't have recognized trade names and are using ordinary labels which are bought from printing shops.

This asserts that packaging and labeling of the products should be improved in lined with the requirements of the modern retail market for further promotion and for consumer awareness of the product.

On the other hand, majority of the firms asserted their compliance by >90% for the quality requirement. Procedures for fermenting wines are followed in the production of strawberry wine though, still synthetic flavorings are used. In cases of strawberry preserves and candies, the firms use whole berries in one-is-to-one ratio with sugar which will enable them to comply with the quality requirement. Moreover, production of quality products will permit these enterprises to deal with the modern retail market.

It is also observed that all of the processing firms can meet the delivery arrangement as required by the modern retail market since their frequency of production is more than once in every week of their production months. Though the main raw material is produced seasonally, majority of the processors produce as much which serve as inventory during lean months. This enables the firms to comply with the volume requirement.



In conclusion, there is an evidence of compliance by the small and micro strawberry processing firms to the requirements of the modern retail market; however, further improvement is needed especially in packaging and labeling of the product before they can successfully trade with the modern retail market.

Table 15. Distribution of strawberry processing according to their compliance with the requirements of the modern retail market as perceived by the researcher

REQUIREMENTS	FREQUENCY (N=15)	PERCENTAGE
Legality of the firm		
• BFAD registration	0	0
• DTI registration	15	100
• BIR registration	6	40
Packaging and label indicates:		
• Own Brand name	10	66.67
• Net content	0	0
• Ingredients	0	0
• Name and address of the processing firm indicated	10	66.67
• Date processed	0	0
• Expiration dates	0	0
Delivery arrangement	15	100
Volume requirement	10	66.67



The Experience with the Modern Retail Market

Number of years in contract. Among the twenty one strawberry processing enterprises, only four enterprises have contracts with the modern retail market. Among the four, only two (50%) are still supplying the modern retail market while two (50%) are no longer supplying the modern retail market, this is because these firms are not existing as wide scale producers and thus, are unable to meet the volume requirement. Also, distance from the place is a reason to cease their contract with the modern retail market in Manila.

The identified modern retail market which these enterprises supplies is in SM, Baguio since this is the type of modern retail market which is easily penetrated by the SMEs. Strawberry products are identified as a tourist product, however are also consumed by households, that's why the reason of easily penetrating the hypermarket to where is also a tourist destination in Baguio City.

Table16. Distribution of the respondents according to number of years of contact with the modern retail market

NUMBER OF YEARS	Frequency (N=4)	PERCENTAGE
<1	1	25
1-3	2	50
4-5	1	25
>5	0	0
TOTAL	4	100



Motivating factors of wholesaling to the modern retail market. These enterprises have each of their motivating factors which have driven them to supply the modern retail market. Two (50%) is motivated by a relative which has contact with the modern retail market and requested by modern retailers them selves, while another two (50%) included their product in the modern market though a middleman. These processing firms are able to penetrate the modern retail market because of the quality of their products and one (25%) having BFAD registration. This also shows that the firms have networks with the modern retail market which they deal with.

Benefits derived. The firms believed that they gain more benefit through wholesaling their products in the modern retail market, they are able to dispose all of their products, thus, no spoilage of their products is incurred and spoilage cost is minimized.

Table 17. Distribution of the respondents according to motivations to deal with the modern retail market

MOTIVATING FACTORS	FREQUENCY (N=4)	PERCENTAGE
Through a relative	1	25
Through middleman	2	50
Having recommended from trade fairs by the modern market	1	25
TOTAL	4	100



Table 18. Distribution of the respondents according to benefits derived from wholesaling to the modern retail market

*BENEFITS DERIVED	FREQUENCY (N=4)	PERCENTAGE
Promotion of the product	4	100
Wider marketing outlet	4	100
Fast disposal of the product	3	75
Having constant customer	3	75

*multiple response

Wholesaling to the modern retail market is a part of their strategy of promoting their products with out much expense. Customers perceive the quality of the products because it has penetrated the modern retail market. Further, fast disposal of their products and having constant customers are also benefit to these enterprises. Protection of the products in being exposed to sunlight and hard rain, which may give effect on their products, is also a benefit to the firms.

Problems encountered. However, these enterprises incurred problems in wholesaling to the modern retail market which are identified as the inability to meet the volume as required by the modern retail market due to seasonality of the raw material, mode of payment and lack of financial assistance. Yet, one (25%) says that it has no problem in dealing with the modern retail market because it has constant production and enough capital.



Table19. Distribution of the strawberry processors according to problems encountered from wholesaling to the modern retail market

*PROBLEMS	FREQUENCY (N=4)	PERCENTAGE
Mode of payment	1	25
Lack of assistance/capital	1	25
Unable to meet vol. Requirement	2	75
None	1	25

*multiple response



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APPENDICES A

Communication Letter

Benguet state University
College of Agriculture
La Trinidad, Benguet

December 11, 2008

The Owner/Manager
Strawberry Processing Enterprise

Sir/madam:

I am Christine L. Lopez, a fourth year Bachelor of Science in Agribusiness student (BSAB) majoring in Enterprise Management. I am presently conducting a study titled INCLUSION OF SMALL AND MICRO STRAWBERRY PROCESSING ENTERPRISES IN THE MODERN RETAIL MARKET IN BAGUIO CITY AND LA TRINIDAD, BENGUET, in partial fulfillment for the requirement of the course.

In this regard, may please ask a portion of your precious time to answer all the questions to complete the research. Rest assured that all information your will give will be kept confidential. Thank you very much and God bless!

Respectfully yours,

CHRISTINE L. LOPEZ
Researcher

Noted:

DARLYN D. TAGARINO
Adviser



APPENDIX B

Survey Questionnaires

I. General Information

Name of the business: _____

Name of the owner (optional): _____

Age: _____ gender: _____ civil status _____

II. Characteristics of the enterprise

Years engaged in strawberry processing __ < 5 years __ 6-9 years __ > 10 years

Present capital __ < 100,000 __ 100,100-500,000 __ 500, 100-1,000,000 __ > 1,000,000

Form of Business: ___ single proprietor ___ partnership ___ corporation

Location of the processing plant: _____

III. Abilities of the enterprise**A. Production:**

1. What are the products produced? During what months do you produce strawberry products? During these months, how many do you produce?

(Lean season)

Product	production month	volume
_____	_____ to _____	_____
_____	_____ to _____	_____
_____	_____ to _____	_____

(Peak season)

Product	production month	volume
_____	_____ to _____	_____
_____	_____ to _____	_____
_____	_____ to _____	_____

2. Where do you source out your raw materials?

Materials	source
_____	_____
_____	_____
_____	_____

3. What kind of quality control does your enterprise implements?

___ product quality tester with the supervision of government agency

___ own product quality tester

___ product shelf life test

___ others, please specify _____

___ none at all

B. recognition of the firm and its legality of operation

1. Is your enterprise registered?

___ no _____ yes



8. Based on your experience, what are the advantages and disadvantages in marketing to the modern retail markets?

Advantage/s

Disadvantage/s

_____	_____
_____	_____
_____	_____
_____	_____

9. What kind of promotional activities do you implement?

___ printed materials (Ex. fliers/posters etc.)

___ Media (ex. Radio, television)

___ website

___ trade fairs

___ no promotional activities

10. What do you think you still have to improve on your products to penetrate the modern retail market? (Please enumerate)

Product

activity/ies

_____	_____
_____	_____

IV. Willingness (in case not yet included in the modern retail markets)

1. Are you willing to deal with the modern retail markets like groceries and supermarkets?

___ yes

___ no

Why?

(If no, thank you very much for your time! if yes, please proceed)

2. Assess your ability to comply with the requirements of the modern retail markets.

Requirements	Rate of compliance				
	< 50 %	60%	70%	80%	> 90%
Volume					
Quality					
Packaging					
Legality of operation					
Delivery arrangement					



APPENDIX C

Interview schedule

I. general information

Name of the firm _____

Location _____

II. Modern retail market penetration

1. What is the name of the modern retail market you sell your products?

2. What of your products do you sell to this grocery?

3. Are you still supplying your products to this grocery?

_____yes _____no

If no, when did you stop and why?

4. When you first got the deal with this market outlet, what did they require from you?

_____BFAD requirement

_____DTI permit

_____mayor's permit

_____license to operate

_____specific volume of delivery _____

_____delivery time (specify number and days) _____

_____year of existence

_____others _____

5. Are there specific requirements that they want for the product?

	Yes	no	specify
Color	_____	_____	_____
Packaging	_____	_____	_____
Bottle size	_____	_____	_____
Bottle shape	_____	_____	_____
Texture	_____	_____	_____
Long shelf life	_____	_____	_____
Bar codes	_____	_____	_____
Nutritional value information	_____	_____	_____
Packaging label	_____	_____	_____



