

BIBLIOGRAPHY

NGAN-OY, ME-ANN A. APRIL 2013. Marketing Practices of Different Bakeries in Bontoc Mountain Province. Benguet State University, La Trinidad, Benguet.

Adviser: David L. Joseph Bognadon, MCM.

ABSTRACT

The study was conducted to determine the marketing practices of the bakeries in terms of products, pricing, promotion and place or distribution in Bontoc. Survey questionnaire and interview were used in gathering data needed in the study. Tabular analysis using percentage and frequency counts was used primarily to describe the data.

The most commonly product produced among the bakeries were pan de sal, pan de coco, spanish bread, longjan, cinnamon, cheese and loaf. The products that provided them the highest sale were pan de sal and spanish bread as claimed by most respondents. These products had the highest sale because they were the bakery specialties, and because of the quality that was soft and delicious.

All bakery respondents based their brand name on the name of the owners. This brand projected and emphasized affordable price and the quality of the product. All bakeries were using cellophane and some used paper bread bag as their packaging materials and clear plastic container were used for cakes. The packaging label indicated the expiration date of the product, name of the business and the ingredients.



Almost all bakeries claimed that their objective in pricing their product was to make it affordable at the same time make it sure that it is competitive. The pricing method they used are cost based pricing and competition based pricing. The best pricing method was the cost based pricing method because their customers and volume of sale increased.

Respondents used personal selling, advertisement; direct marketing and public relation as their marketing tools. Advertisement was the best promotional tool because it promoted their product and increased their customers. Respondents used sari-sari store as their market outlet. Most maintained their outlet by delivering complete order and reached their market outlet by delivering products for free. All respondent also claimed that they did not have a particular market segments.

The researcher concluded that bakeries lack of product and place or distribution strategies, thus it is recommended that they must improve their product by improving their packaging and labelling of the product and must aim a wider target area or a large number of market outlets.



INTRODUCTION

Rationale

Marketing is one of the areas of responsibility of a business. It consists of all activities designed to generate and facilitate any exchange intended to satisfy human needs and wants. These activities are to plan and produce, price, promote and distribute product or services to target markets. All these activities must work together to assure successful marketing and in order to achieve organization objectives.

In our country, marketing of commodities varies widely. These variations are related to several factors, foremost of which are marketing practices involve in the movement of the products from the point of production to the ultimate consumer. Moreover, the efficiency of marketing often depends on marketing practices that are employed by the business. According to Maletsky (2010) marketing practices is a transactional by nature and focus on price, product, place and promotion to determine what benefits and cost they would consider acceptable to reach consumer effectively.

Bakery is an establishment which produces and sells flour-based food baked in an oven such as bread, cakes, pastries, pies and similar foods. These products most especially bread is a part of daily consumption habitudes of almost all the nation in the world. It is the main food for daily consumption as stated by Popescu *et al.*, (2006); this is why bakery products manufacturing was, is and always be the society main occupation.

Bontoc is the 3rd class municipality and capital Town of Mountain Province, Philippines. According to the latest census, it has a population of 24, 798 people in 5,035 household. The municipality has the highest number of businesses which is 660. This



study intends to know what are the marketing practices employed by the owners or manager in their bakery. With the expectation that this study will provide information that can guide the different bakeries in improving their strategies to have a better product and sale in the market, for those who intend to engage in bakery business.



REVIEW OF LITERATURE

The Bakery

Bakery or baker's shop is an establishment which produces and sells flour-based food baked in an oven such as bread, cakes, pastries and pies. It may sell its products locally, distribute them regionally or nationally, or export them to other countries. Along with bakeries, the industry consists of the equipment, supplies, and delivery drivers used to support the industry. Bakeries are the main component of the bakery industry, and produce the actual goods. Bakery sales may be retail, wholesale, or a combination of both. Retail bakeries are also cafes, serving coffee and tea to customers who wish to consume baked goods on the premises. Many other bakery shops provide services for special occasion such as wedding, birthday parties, or even business affairs (Ashokkumar, 2009).

Marketing

Marketing is the business function that identifies customer's needs and wants', determine which the target markets the organization can serve best, and appropriate products, services, and programs to serve these markets. Business must search for buyers, identify their needs, design good products and services, set price for them, promote them, and store and deliver them. Thus each company must divide up to the total market, choose the best segments and design strategies for profitability serving chosen segments better than its competitors do. This process involves three steps: market segmentation, market targeting, and market positioning (Griffin and Elbert, 2002).



Market segmentation pertains to the division of the market which consists of many types of customers into persons with similar needs and wants. The marketer has to determine which segment offers the best opportunity for achieving company objectives. This segments are (1) geographic segmentation calls for dividing the market into different geographic units such as nation, regions, states, countries, cities or neighborhoods. Many companies today are localizing their products, advertising, promotion, and sales efforts to fit the needs of individual regions, cities and even neighborhood (Kotler & Armstrong, 1999). (2) Demographic segmentation divide market into group based on variables such as age, gender, family size, family life cycle, income, occupation, education and religion, race and nationality. According to Rajeeve (2012) demographic factors are the most popular basis for segmenting customer groups, largely because consumer needs, wants, and usage rates often vary closely with demographic variables. Even when market segments are first defined using other basis, such as personality or behavior, their demographic characteristics must be known in order to assess the size of the target market and to reach it efficiently. (3) Psychographic segmentation divides buyers into different groups based on social class, lifestyle or personality and characteristic. (4) Behavioral segmentation divides the buyers into groups based on their knowledge, attitudes, uses or response to products. Many marketers believe that behavior variables are the best starting point for building market segments. Most companies enter a new market by serving a single segment and if this proves successful, they add segments (Petter and Olson, 2008).

After a company has defined marketing segments and identifies its market segment opportunities it has to decide how many and which ones to target. Market targeting involves evaluating each market segments attractiveness and selecting one or more segments to



enter. There are five patterns of target market selection (1) single segments concentration which the company may select a single segment, through concentrated marketing, the firm gains a strong knowledge of the segments needs and achieve a strong market presence. (2) Selective specialization, here the firms select a number of segments each objectively, attractive and appropriate. This multi segments coverage strategy has an advantage of diversifying the firm's risk. (3) Product specialization, here the firm specializes in making a certain product that it sells to several segments. Through a product specialization strategy, the firm builds a strong reputation in the specific product area. (4)Market specialization, here the firm concentrates on serving many needs of a particular customer group. The firm gains a strong reputation in serving this customer group and become a channel for their products that the customer group could use, and (5) Full market coverage, the firm attempts to serve all customer groups with all the products they might need (Kotler and Armstrong, 1999).

Company should target segments in which it can generate the greatest customer value and sustain it overtime. A company with limited resources might decide to serve only one or a few special segments. This strategy limits sales but can be very profitable (Rajeeve, 2012).

Once a company has decided which segments of the market it will enter, company decide what position it wants to occupy in the segments. Market positioning is arranging for a product to occupy a clear distinctive and desirable place the product occupies relative to competitors in consumer minds. Thus marketers plan positions that distinguish their products from competing brands and give them the greatest strategic advantage in their target market (Kotler and Armstrong, 2004).



In positioning the product, the company first identifies possible competitive advantage on which to build the position. To gain competitive advantage the company must offer greater value to chosen target segments either by charging lower price than competitors do or by offering more benefits to justify higher price. Then the company positions the product as offering greater value, it must deliver that greater value. Thus effective positioning begins with actually differentiating the company's marketing offer so that it gives consumer more value than they are offered by the competition. Once the company has chosen a desired position, it must take strong steps to deliver and communicate that position to target consumers. The company's entire marketing programs should support the chosen positioning strategy (Petter and Olson, 2008).



METHODOLOGY

Locale and Time of the Study

The study was conducted at Bontoc, Mountain Province from January to February 2013.

Respondent of the Study

The respondent of the study were the owners or the managers of all the bakeries in Bontoc, Mountain Province.

Data Collection

Structured survey questionnaire were used as a tool in gathering the data. The survey questionnaire was distributed to the owners or managers of all bakeries. Personal interview was done to validate and gather additional information and also to confirm information from the questionnaire.

Data Gathered

The data gathered were the marketing practices in terms of pricing, product, promotion and place or distribution in Bontoc.

Data Analysis

The data that were collected was tabulated, analyzed and interpreted according to the objective of the study.



RESULT AND DISCUSSION

General Information of the Business

Table 1 presents the general information of the respondent bakeries in terms of years of operation, beginning capital and monthly business income.

Years of operation. Almost all (90.91%) of the respondents have been in operation for less than 10 years. Only one (9.09%) has been in operation for more than 20 years. This implies that most respondent bakeries are relatively new in the industry.

Beginning capital. Putting up a bakery needs enough resources and other inputs to start the operation. Four (36.36%) of the respondents had start- up capital of 10,000, two (18.18%) start with 20,000, 30,000 and 50,000 and only one started up with more than 51,000.

Business income. Majority (72.73%) of the respondents claimed to have earn a monthly income of less than 20,000 pesos.



SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

Summary

The study was conducted to find out the marketing practices of the bakeries in Bontoc, Mountain Province. Survey questionnaire and interview were used in gathering data needed in the study. Tabular analysis using percentage and frequency counts was used primarily to describe the data.

Among the respondent bakeries in Bontoc were 10 who are in operation of less than 10 years and only one who has been operating for more than 20 years. Four respondents had started up a capital of 10,000, two started to operate with 20,000 another two who started with 30,000 and also 2 for 50,00 and only one started to operate with a capital of more than 51,000. Majority of the respondents claim to earn a monthly income of less than 20,000 pesos.

The most commonly product produced among the bakeries were pan de sal, pan de coco, spanish, longjan, cinnamon, cheese and loaf. Other products produced were cakes, “ensaymada” and buns. Among these products they produced most claimed that pan de sal and spanish earn them the highest sale because it was the bakeries specialties, expertise and because of the foremost quality of their product which is soft and delicious.

All bakery respondents based their brand name on the name of the owners. Many respondents said that what their products project with the brand is that it emphasize affordable price and only half claim to emphasize the quality of the product. All bakeries are using cellophane and some use paper bread bag as their packaging materials and clear plastic were used for cakes instead of box. The bakeries label their product by indicating



the expiration date of the product; four indicates the name of the business and only 3 indicates the ingredients.

Almost all bakeries claimed that their objective in pricing their product is to make it affordable at the same time they make it sure that it is competitive. The pricing method that majority of respondents are using is cost based pricing and competition based pricing. Most claims that the best pricing method is the cost based pricing method and that their basis is their increased in customer and volume purchased.

All respondents are displaying their product as their promotion. Aside from this the bakeries were using personal selling by directly inviting customer. Seven are using advertisement through radio and direct marketing through cell phone and six are using public relation by conducting seminars. Respondents claimed that advertisement is the best promotional tools. Majority claimed that these were the most effective promotional tools because their bakeries are known widely and that their customer increased. Most of the respondents claimed that building product awareness was their first objective.

Most of the respondents used the sari-sari store as their market outlet. Most maintain their outlet by delivering complete order and many bakeries reached their market outlet by delivering product for free. Respondents claim that aside from retailers they sell their product directly to customers. All respondent also claim that they do not have a particular market segments.



Conclusions

The following conclusions were drawn from the study:

1. The most common products produced by the bakeries are pan de sal, pan de coco, spanish, longjan, cinnamon, cheese and loaf. Other products produces are cakes, “*ensaymada*” and buns. Pan de sal and spanish are the best product because it has the highest sale and it is soft and delicious;

2. Packaging materials used by the bakeries are cellophane and paper bag for bread and clear plastic for cakes. The primary concern of the bakeries on the type of packaging materials they used is the protection of the product and less for other consideration to help in promoting the product. This is further shown by the lack of product details or information on their labels;

3. The pricing method that usually used by the bakeries were the cost based pricing and competitive based pricing. This means that bakeries were not only considering the profit of the business but they make sure that it was affordable at the same time consider its competitiveness in the market;

4. Bakeries in Bontoc applied advertising trough radio, tarpaulin and posters, personal selling trough direct inviting customers and door to door selling, direct marketing trough cell phone and public relation through seminars as their promotional tools and advertising through radio was the best promotional tools; and,

5. Majority of the bakeries prefer sari-sari store as their market outlet rather than canteen this shows that distribution channels of this bakeries are limited and they do not target a wider or larger number of outlet for their product.



Recommendations

Based on the conclusion of this study, in order to have the best marketing practices, the bakeries must make sure that their product is the best and has the quality which is soft and delicious. Marketing strategies should not be directed for profit only. Packaging materials must protect their product and serve as a marketing tool and the package must also be attractive and informative, capable of being used as a competitive weapon to project a product image. Labels must be complete of details like name of producer, time and place of production. The labels must contain the information such as the package size and contents, product claims and list of ingredients all of this must deserve careful attention during product planning because these are important features of products. For cake producers it is recommended that they should consider custom-made boxes and other packaging materials with the logo of the bakery.

It is recommended for the business to use cost-based pricing where the price is based on achieving a given margin over and above the cost of manufacturing, marketing and distribution. In the study most of the bakeries in Bontoc have a single target market outlet for the product. Promotional tools are recommended for a wider market. Consider also the good site location because these are important advantages in the market.



LITERATURE CITED

- ANNON. 2006. Packaging of Products. Retrieve on November 20 at <http://www.Packaging/bakery-products.html>.
- ASHOKKUMAR, Y., 2009. Theory of Bakery and Confectionary. Retrieve on November 20 at [http:// www. Theory/ Bakery/confectionary](http://www.Theory/Bakery/confectionary).
- BENNETT, P. D. 1988. Marketing. USA: McGraw- Hill Companies Inc. Pp. 286-287.
- BRENNAN, R., CANNING, L. & MCDOWELL, R. 2007. Business to Business Marketing. SAGE Publication Inc. Pp. 195, 204.
- BUELL, V. P. 1984. Marketing Management. USA: McGraw- Hill Companies Inc. Pp. 24.
- EVANS, J. R & BERMAN, B. 2002. Marketing. USA: Atomic Dog Publishing. P. 338.
- GREGOIRE, M. B. & SPEARS, M. C. 2004. Food Service Organization 5ed Upper Saddle River. New Jersey: Prentice Hall. Pp. 578-579.
- GRIFFIN, R. W. & ELBERT, R. J. 2002. Business 6ed. New Jersey: Prentice Hall Inc. P. 296.
- HUGHES, R. J., KAPOOR, J. R. & PRIDE, W. M. 1996. Business 5ed. Boston: Houghton Mifflin Company. Pp. 404, 407.
- KOTLER, P. & ARMSTRONG, G. 1999. Principle of Marketing. New Jersey: Prentice Hall, Inc. Pp. 202, 212, 215, 220.
- KOTLER, P. & ARMSTRONG, G. 2004. Principle of Marketing. New Jersey: Prentice Hall, Inc. Pp. 254, 259, 274-275, 566.
- KOTLER, P. 2000. Marketing Management. New Jersey: Prentice Hall. P. 383.
- KOTLER, P & KELLER, K. L. 2006. Marketing Management 12ed. New Jersey: Pearson Education Inc. Pp. 551, 558.
- MALETSKY, J. 2010. Describing Marketing Practices. Retrieve on November 20 at [http://www.Describing/marketing-practices/ University of Pretoria.html](http://www.Describing/marketing-practices/UniversityofPretoria.html).
- PAPCO-O, 2010. Marketing Practices of Different Bakeries in La Trinidad Benguet. Under Graduate Thesis, Benguet State University, km5 La Trinidad, Benguet.



- PERREAULT, W. D. JR. & McCARTHY, E. J. 2000. Essentials of Marketing. USA: McGraw- Hill Companies Inc. Pp. 180, 190.
- PETTER, J. P. & OLSON, J. C. 2008. Consumer Behavior and Marketing Strategy 8ed. New York: McGraw-Hill Companies Inc. Pp. 373, 383, 399.
- POPESCU, D. V., ONETE, B. C., NISTOREAN, P. 2006. The Bread necessity or Trifle? "Trade Magazine" no.1, Bucharest, P. 6.
- PORTER, M. E. 1985. Competitive Advantage: Creating and Sustaining Superior Performance. New York: Free Press. P. 383.
- RAJEEVE, L. 2012. Market Segmentation Strategies. Retrieve on November 20 at <http://www.buzzle.com/articles/market-segmentation-strategy.html>.

