RESEARCH ARTICLE

PHILIPPINE ENTERPRISES SALES CHANNEL EXTENSION

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ABSTRACT

In the advancement of every after generation, people today are constant in using high-technology gadgets in almost all sort of activities. Embracing digital intervention to gain demand from the market is considered as one of the sales channels that helps to sustain the business’ growing profit in the market. Yearly, the projected income of the e-commerce industry is continuously growing. Shopping via online has been a trend among modern Filipino customers due to a number of factors such as convenience, low price, easy access to variety of products, and several online promotions. Yang et.al (2011) extended these studies highlighting the effect of customer’s channel extension behavior to the shift of perception of an organization towards the online channel. With this, the study is conducted to determine the perception of the business owners in extending their business sales channel and discuss the business performance from offline to online store. This research applies the research model presented by Yang et. al (2011) and uses data collected from MSME owners in Robinsons Place Novaliches. Perceived service quality, perceived entitativity, and self-efficacy for change of MSME owners are measured according to the model to understand their perception on business sales channel extension. In turn, results gathered indicated that the respondents have the willingness to extend their sales channel but has lingering doubts about it. Theoretical and statistical treatment are discussed throughout the study.

INTRODUCTION:

According to DTI Philippines, Republic Act 6977, as amended by RA 8289 and further amended by RA 9501 in 2008 - Micro, Small and Medium Enterprises (MSMEs) as Beneficiaries. — MSMEs shall be defined as any business activity or enterprise engaged in industry, agribusiness and/or services, whether single proprietorship, cooperative, partnership or corporation whose total assets, inclusive of those arising from loans but exclusive of the land on which the particular business entity’s office, plant and equipment are situated, must have value falling under the following categories: Micro - not more than P3 000 000, small - P3 000 001 to P15 000 000, medium P15 000 001 to P100 000 000.

The 2018 List of Establishments of the Philippine Statistics Authority (PSA) recorded a total of 1,003,111 business enterprises operating in the country. Of these, 998,342 (99.52%) are MSMEs and 4,769 (0.48%) are large
enterprises. Micro enterprises constitute 88.45% (887,272) of total MSME establishments, followed by small enterprises at 10.58% (106,175) and medium enterprises at 0.49% (4,895).

The top five (5) industry sectors according to the number of MSMEs in 2018 were: (1) Wholesale and Retail Trade; Repair of Motor Vehicles and Motorcycles (461,765); (2) Accommodation and Food Service Activities (144,535); (3) Manufacturing (116,335); (4) Other Service Activities (66,162); and (5) Financial and Insurance Activities (46,033). These industries accounted for about 83.62% of the total number of MSME establishments (Distribution of MSMEs by industry Sector, 2018 List of Establishments, PSA).

It is well-known that MSME sector provides maximum opportunities for both self-employment and jobs. In the era of globalization & liberalization; MSMEs are facing cut-throat competition at local, national, and international level. To keep their position intact in this highly competitive market, they need to cope with the changes in technologies like E-Commerce (EC), wherein they can buy and sell goods over the internet.

**E-Commerce:**
Electronic commerce refers to the new way of buying and selling of goods over the internet that continues to develop in today’s generation. It is definitely an innovative concept in the industry and has a big impact and potential to alter the traditional form of acquiring goods.

E-commerce have many positive effects on small medium enterprise such as decreases in telecommunication costs, increases in sales, time savings, and reductions in inventory overheads. To keep SMEs competitive edge over others, they need to implement E-Commerce in their day to day work (Bagale, 2014).

People were used to acquire goods and services on their nearest and most accessible physical stores before. But when the e-commerce emerged, it seems like the old and traditional way of buying and selling was altered by the e-commerce. One of the benefits of e-commerce to businesses was people were able to reach and access different stores over the internet. Thus, it made business transactions easier and faster for the consumers and online stores since the process of transaction was made over the internet (Shahjee, 2016).

**Online Shopping:**
Another term for electronic commerce or e-commerce, are the activities that relate to the buying and selling of goods over the internet (Webster 1993). Online shopping is the new trend of shopping for Filipinos due to the factors like convenience, cheaper price, more options of products, hassle free, and sale promotions (Legaspi et. al, 2018). In turn, online shopping has made changes not only to the lives of its customers but most importantly to the business world.

**Internet as a Firm’s Competitive Advantage:**
Small firms should use innovation strategy to obtain competitive advantage in rapidly changing environment. The adaptation of new technologies, quality products and other organizational strategy related factors are also revealed to have important influence on superior performance of firms (Tang et. al., 2007).

The Internet, as the most significant technological phenomenon today, provides competitive opportunities to firms (Othman, et.al, 2010). Businesses of all sizes have the opportunity to build competitive advantage with the use of internet. The main purpose of using the web is to increase sales, profits and decrease costs in negotiating a purchase-and-sale transaction (Koon Ang S., & Husain, W., 2012). Online channels can increase in sales due to increasing penetration of the Internet worldwide (Schubert, P. et. al., 2011). Opening an e-business keeps the business in touch with what’s current and levels the playing field and gives SMEs the resources needed to compete in today’s increasingly digital marketplace (Tan, G., 2012).

The aim of adopting e-business is to improve the firm’s competing ability, since businesses are being competition focus (Xiaoming M., 2010). Increasing global competition has led businesses to consider e-business strategies. E-business technologies present unique opportunities and challenges for businesses, and Small & Medium Enterprises (SMEs) are no exception (Elragal, A. and Abouseif, H., 2011). Early adoption of these technologies can give an SME a competitive advantage that is sustainable (Goessl, L., 2001).
Most SMEs do not know how to utilize e-business platforms, nor are they aware of the various forms of education available to become proficient in media. The only SMEs that have fully engaged in highly complex applications are those that are imbedded within a client or supplier chain network and were required to be compliant with the best practice e-business applications of these larger companies (Xu, Rohatgi & Duan, 2007, p.83).

**Relative Advantage on E-Commerce Implementation:**
In the literature, relative advantages have been identified as an important factor affecting implementation of e-commerce in SMEs (Baldwin, Lymer and Johnson, pp. 109). Relative advantage is the strength in which a new product is more of an advantage than other existing brands. Increased of sales, improved communication with customers, suppliers and employees, and easier order tracking are said to be the Relative Advantages of E-Commerce (Baldwin, Lymer and Johnson, pp. 109), which has a positive association with the MSMEs implementation of E-Commerce.

**Top Management Support to IS/IT Adoption:**
Previous research studies indicate that top management support has been an important factor in Information System/Information Technology (IS/IT) adoption and the chance of SMEs to adopt new technologies are lesser without the said support (Ramdani and Kawalek, 2007). Hameed et. al (2012) stated that top management support is one of the significant factors on both product and process innovation of IT adoption. Furthermore, Kutlu and Ozturan (2008) indicated that business owners and managers with positive attitude towards Information Technology (IT) tend to be more successful in adoption and implementation of new technology with the evidence from SMEs. Research study from Young and Poon (2013) showed that top management support is a more significant and sufficient critical factor for success than other factors.

**Product Pricing of Online vs. Traditional Retailers:**
According to Nair, previous and recent studies on product pricing between online and traditional retailers had shown different statements through time. Previous studies has stated that prices online were more expensive than on traditional due to the small population of online shoppers. Meanwhile, recent studies have shown results that is the opposite of the mentioned above. Online stores have products with a much lower price than traditional retailers, resulting to the boost in their revenue. It also encourages fast transaction which lessens money, time and distance.

**Barriers or Constraints to the development of Micro, Small and Medium Enterprises (MSMEs):**
**Financial & non-financial barriers:**
The constraints or hindrances to the growth and development of Micro, Small and Medium Enterprises are categorized into two: the non-financial barriers and the financial barriers or access to finance. The non-financial barriers such as cost of getting electricity, heavy regulation, high tax rates and corruption are the factors that discourages the formation of new MSMEs and the entry of existing MSMEs into larger markets (Senate economic planning office, 2012).

**Technological adoption:**
Most business have the knowledge about the benefits of technology. However, some business establishments like MSMEs appear to be applying technology to a limited extent, as they see its benefits for their personal purposes only instead of its possible contribution to their business operations. Due the MSME's low of awareness and engagement of technology, they tend to be doubtful about the return on investment in technology adoption (Singh, 2014).

**Theoretical Framework:**
The theory of entitativity was created by Donald T. Campbell in 1958 in his paper titled “Common fate, similarity, and other indices of the status of aggregates of persons as social entities” to describe the nature of groups. Campbell defines entitativity as the degree to which a collection of individual entities perceived as belonging to a group. He further gave explanation on why groups are a separate pure body than its individuals.

Entitativity has been used on different fields other than social psychology. It was also adapted on business-related research like how Yang Shuiqing, Lu Yaobin, Ling Zhao and Sumeet Gupta created their research titled “Empirical investigation of customer’s channel extension behavior: Perceptions shift toward the online channel.” This study focuses on determining the factors which affect the customers’ behavior in shifting from an offline to an online
channel. It also suggests hypotheses that include perceived service quality, perceived entitativity and self-efficacy for change of customers.

Yang et. al’s use of theory of entitativity focuses on the shift of perception from offline to the online channel. Perceived offline service quality influences perceived online service quality both directly as well as indirectly through perceived entitativity. Perceived online service quality, in turn influences customers’ behavior towards the online channel extension. The results also demonstrate that self-efficacy for change directly influences behavior towards the online channel extension, and it also has an important moderating influence on relationship between perceived offline service quality and perceived online service quality. Customer channel extension behavior as well offer practical insights to organization for managing such channel extension process.

Perceived entitativity, perceived service quality, and self-efficacy for change might offer an explanation why consumers of one channel extend their consumption to another channel.

In the information, system literature, the concept of entitativity has been applied to study the transfer of trust and usage among different entities. High perceived entitativity between an unknown target and a trusted target will lead to strong initial trusting belief about the unknown target.

According to the theory of entitativity, the perceptions of the entitativity would strongly affect the information impression formation and processing (Crawford et. Al). If the perceived entitativity is high, the group will be perceived as a coherent unit, and the new extension target will be more easily reconciled with the original target in people’s memory. If the perceived entitativity is low, customers may question behind the firm’s extending to the new target (e.g., Peijian et. al, 2009)

This study will incorporate the research model of the work mentioned above presented by Yang et. al. Unlike the original framework, researchers use the model in emphasizing the business’ perceived service quality, perceived entitativity and self-efficacy for change.

In this theory, a business with the feature of entitativity, or the degree to which a collection of individual entities perceived as a belonging to a group and self-efficacy for change, have an effect to customers in which they choose a business’ product/s. Customers considers the way the product is made and why the product is made, this is why there is a theory of entitativity wherein customers choice/s are shifted to online shopping from virtual stores because customers are meticulous for not only the popularity of the product or the label but also the product itself, the quality and the fast service.

This is where self-efficacy for change will be visible, self-efficacy for change is the ability to finish a task or work as much as possible. With the help of theory of entitativity and self-efficacy for change, the online shops are rising with these features because of the customers’ perceived perception of high-quality products and fast services. That is why businesses in the first place are building businesses considering the fast pace of customers’ perception.

Figure 1: Research Model (Yang et. al).
Statement of the Problem

This study aims to identify the willingness of Micro, Small, and Medium Enterprise with regards to the business sales channel extension, which leads them to establish their online store aside from their existing physical business entity. It also aims to identify the factors that MSME owners take into consideration in handling their business, through answering the following guide questions:

1. What are the factors that MSME owners take into consideration in the creation and delivery of their products/services to customers?
2. What is the perceived entitativity of MSME owners based on: Factors that lead MSME owners to extend their physical store to an online business Factors that prevent MSME owners in considering business channel extension
3. What is the perceived quality of business owners that may affect their decision to extend their physical stores to an online business?
4. What is the rate of confidence (self-efficacy for change) of MSME owners on the following: Their ability to advance in an online channel Their belief on online channel’s advantages

Scope and Limitations:
This study is conducted primarily for the purpose of determining the perception of Micro, Small, and Medium Enterprises (MSMEs) on business channel extension. Through this paper, we will identify the impact of perceived service quality, perceived entitativity and self-efficacy for change of the MSMEs on extending from offline to online channel. The main source of data was gathered through the 39 business owners within the vicinity of Robinsons, Novaliches, Quezon City by using the Guided-Response and Rating Scale questionnaire. This population size of participants focused only with those under clothing businesses. Participants have limited responses through the use of scales and did not have brief explanations for their answer.

Methodology:
Aside from using a primary source of data which is conducting a survey, this study also uses some secondary sources of data such as internet and books. The researchers gathered information through legitimate online journal websites and a few available books on the library which is related to the topic of this research. These data comes from both local and foreign sources.

The researchers used Guided-Response type and Rating Scale type questionnaire as a measurement device. The researcher used these questionnaires to determine the impact of perceived service quality, perceived entitativity and self-efficacy for change of the MSMEs on shifting from an offline to an online channel extension.

This technique was used to help the respondents for measuring their answers to the questions in the questionnaire by rating it from the range of numbers given.

4-Point Modified Scale:

| Rating Scale | Range      | Interpretation   |
|--------------|------------|------------------|
| 1            | 1 – 1.75   | Not Important    |
| 2            | 1.76 – 2.50| Less Important   |
| 3            | 2.51-3.25  | Important        |
| 4            | 3.26-4     | Very Important   |

Likert Scale:

| Rating Scale | Range        | Interpretation       |
|--------------|--------------|----------------------|
| 1            | 1 – 1.80     | Strongly Disagree    |
| 2            | 1.81 – 2.60  | Disagree             |
| 3            | 2.61 – 3.40  | Neutral              |
| 4            | 3.41 – 4.20  | Agree                |
| 5            | 4.21 – 5.00  | Strongly Agree       |

Self-Efficacy Scale:

| Rating Scale | Range | Interpretation |
|--------------|-------|----------------|
### Research Design:

This study is a quantitative research about the impact of perceived service quality, perceived entitativity and self-efficacy for change of the MSMEs in shifting from offline to online channel extension. The researcher utilize descriptive research design since its main purpose is to find the impact of the three factors mentioned above in the business’ channel extension behavior and to describe the current status of MSMEs which entities are solely offline and solely online.

### Data Gathering Procedure:

The researcher conducted a questionnaire method using non-probability sampling which are purposive and quota sampling techniques, wherein the selected respondents are those who can only satisfy the given qualifications and specified number of respondents of certain types is included in answering all the questions that were specifically created for clothing business owners. The researchers interviewed 39 business owners within the vicinity of Robinsons, Novaliches, Quezon City by means of conducting a Guided-Response and Rating Scale type of questionnaire which is based on the purpose and statement of the problem of this research. The questions that the researcher provided are inclined with perceived service quality, perceived entitativity and self-efficacy for change intended for business owners.

### Sample Size:

The researchers conducted a survey to MSME owners that focuses on clothing business at Robinsons Place Novaliches which has a total population of 44. This said population came up with 39 sample size respondents using the sample size formula of sample size calculator.

\[
SS = \frac{Z^2(P)(1-P)}{c^2}
\]

Where:
- \(Z\) = 1.96 for 95% confidence level
- \(P\) = 0.5
- \(c\) = 0.05 confidence interval

Solution:

\[
SS = \frac{[(1.96)^2](0.5)(1 - 0.5)}{(0.05)^2}
\]
SS=384.16
Formula for finite population
\[ \text{NewSS} = \frac{SS}{1 + \frac{SS-1}{\text{pop}}} \]
Where: pop = population
Solution:
\[ \text{NewSS} = \frac{384.16}{1 + \frac{384.16-1}{44}} \]
New SS= 39.57074632 or 39

Data analysis
Data gathered from MSME owners were analyzed. The following tables are the result from the survey conducted at Robinsons Place Novaliches.

**Table 1:-**
Frequency and Percentage Distribution of the Respondents in the Terms of Age

| AGE    | FREQUENCY | PERCENTAGE |
|--------|-----------|------------|
| 20-25  | 17        | 43.6       |
| 26-31  | 14        | 35.9       |
| 32-37  | 5         | 12.8       |
| 38-43  | 2         | 5.1        |
| 44-49  | 1         | 2.6        |
| Total  | 39        | 100.0      |

**Table 2:-**
Factors in Considerations on the Creation and Delivery of your Product/s to Customers

| FACTORS                        | 4 (IV) | 3 (I) | 2 (LI) | 1 (NI) | WM | VI       |
|--------------------------------|--------|-------|--------|--------|-----|---------|
| Affordable price               | 33     | 6     | 0      | 0      | 3.85| Very Important |
| Quality products               | 36     | 3     | 0      | 0      | 9.92| Very Important |
| Branding                       | 17     | 17    | 5      | 0      | 3.31| Important |
| Accessibility                  | 22     | 15    | 2      | 0      | 3.51| Very Important |
| Service quality                | 29     | 9     | 0      | 1      | 3.69| Very Important |
| **OVERALL WEIGHTED MEAN:**     |        |       |        |        | 3.656| Very Important |

Legend: 1 – 1.75 Not Important (NI), 1.76 – 2.50 Less Important (LI), 2.51 – 3.25 Important (I), 3.26 – 4 Very Important (VI)

**Table 3:-**
Factors in Consideration for Business’ Sales Channel Extension (Offline-Online)

| FACTORS                                | 5 (SA) | 4 (A) | 3 (N) | 2 (D) | 1 (SD) | WM | VI       |
|----------------------------------------|--------|-------|-------|-------|--------|-----|---------|
| Boost popularity of the business and its products | 27     | 10    | 1     | 1     | 0      | 4.62| Strongly Agree |
| Continuous development of technology    | 19     | 17    | 3     | 0     | 0      | 4.41| Strongly Agree |
| Better promotions                       | 22     | 13    | 4     | 0     | 0      | 4.46| Strongly Agree |
| Better marketing                        | 24     | 13    | 4     | 0     | 0      | 4.56| Strongly Agree |
| Attract better and wider market         | 27     | 11    | 1     | 0     | 0      | 4.67| Strongly Agree |
| **OVERALL WEIGHTED MEAN:**              |        |       |       |       |        | 4.544| Strongly Agree |
Legend: 1-1.80 Strongly Disagree (SD), 1.81-2.60, Disagree (D), 2.61-3.40 Neutral (N), 3.41-4.20 Agree (A), 4.21-5.00 Strongly Agree (SA)

### Table 4:
Factors in the Absence of Consideration for Business Sales Channel Extension

| FACTORS                                      | 5 (SA) | 4 (A) | 3 (N) | 2 (D) | 1 (SD) | WM   | VI  |
|----------------------------------------------|--------|-------|-------|-------|--------|------|-----|
| High expenses                                | 13     | 13    | 10    | 2     | 1      | 3.90 | Agree |
| Lack of materials/resources                  | 11     | 16    | 6     | 6     | 0      | 3.82 | Agree |
| Enough profit from the current channel extension | 13     | 19    | 5     | 1     | 1      | 4.08 | Agree |
| Inadequate skills in adapting online channel | 15     | 17    | 4     | 1     | 2      | 4.08 | Agree |
| **OVERALL WEIGHTED MEAN:**                  |        |       |       |       |        | 3.97 | Agree |

Legend: 1-1.80 Strongly Disagree (SD), 1.81-2.60, Disagree (D), 2.61-3.40 Neutral (N), 3.41-4.20 Agree (A), 4.21-5.00 Strongly Agree (SA)

### Table 5:
Determination of the Perceived Service Quality of MSME Owners

| FACTORS                                      | 4 (IV) | 3 (I) | 2 (LI) | 1 (NI) | WM   | VI  |
|----------------------------------------------|--------|-------|--------|--------|------|-----|
| Quality of store equipment                   | 26     | 13    | 0      | 0      | 3.67 | Very Important |
| Internal/external store appearance           | 30     | 9     | 0      | 0      | 3.77 | Very Important |
| Employee appearance                          | 24     | 15    | 0      | 0      | 3.62 | Very Important |
| Appearance of promotional materials          | 26     | 13    | 0      | 0      | 3.67 | Very Important |
| Excellent delivery service (if available)    | 26     | 12    | 1      | 0      | 3.64 | Very Important |
| Excellent service of employees (e.g. courteousness, attentively, willingness to cater customers) | 34     | 5     | 0      | 0      | 3.87 | Very Important |
| Convenient operating hours                   | 29     | 8     | 2      | 0      | 3.69 | Very Important |
| Safe and honest transaction                  | 32     | 7     | 0      | 0      | 3.82 | Very Important |
| **OVERALL WEIGHTED MEAN:**                  |        |       |        |        | 3.72 | Very Important |

Legend: 1 – 1.75 Not Important (NI), 1.76 – 2.50 Less Important (LI), 2.51 – 3.25 Important (I), 3.26 – 4 Very Important (VI)

### Table 6:
Self-efficacy to advance in an online channel

| Factors                                                                 | 0 | 10 | 20 | 30 | 40 | 50 | 60 | 70 | 80 | 90 | 100 | WM | VI  |
|-------------------------------------------------------------------------|---|----|----|----|----|----|----|----|----|----|-----|-----|-----|
| Subscribe into webpage/website plans.                                   | 1 | 0  | 1  | 1  | 1  | 1  | 7  | 3  | 5  | 13 | 1   | 6   | 6.92 | AMCD |
| Sign up for free account or page in social media sites.                 | 1 | 0  | 0  | 1  | 1  | 1  | 7  | 2  | 1  | 9  | 7   | 10  | 7.59 | AMCD |
| Do promotional activities online                                        | 1 | 1  | 1  | 1  | 1  | 4  | 1  | 4  | 9  | 6  | 10  | 7.44 | AMCD |
| Spend time answering inquiries on page/site.                            | 1 | 2  | 2  | 1  | 0  | 6  | 3  | 4  | 9  | 3  | 8   | 6.77 | AMCD |
| Accept orders sent online.                                              | 1 | 2  | 0  | 1  | 1  | 4  | 1  | 1  | 6  | 3   | 19  | 7.87 | AMCD |
| Have a chance to extend your business to online                          | 1 | 0  | 0  | 2  | 0  | 6  | 0  | 2  | 7  | 5   | 16  | 7.97 | AMCD |
| Technology has an impact to the business.                               | 1 | 0  | 0  | 2  | 1  | 3  | 3  | 3  | 6  | 2   | 18  | 7.95 | AMCD |
| **OVERALL WEIGHTED MEAN:**                                              |    |    |    |    |    |    |    |    |    |    |     | 7.501| AMCD |
Table 7:-

| Self-efficacy on online channel extension       | 0  | 10 | 20 | 30 | 40 | 50 | 60 | 70 | 80 | 90 | 100 | WM | VI |
|------------------------------------------------|----|----|----|----|----|----|----|----|----|----|-----|----|----|
| Buying online is efficient.                     | 1  | 0  | 0  | 0  | 1  | 8  | 3  | 4  | 6  | 3  | 13  | 7.56| AMB|
| Online business has competitive advantage.      | 1  | 0  | 0  | 2  | 3  | 3  | 3  | 8  | 2  | 16 | 7.82| AMB|
| Online business can have wide categories of product. | 1  | 0  | 0  | 2  | 1  | 3  | 3  | 13 | 4  | 12 | 8.00| AMB|
| Ratings and comments of the product are true.  | 1  | 0  | 0  | 2  | 6  | 3  | 5  | 8  | 5  | 9  | 7.44| AMB|
| Have a chance to extend offline business.       | 1  | 0  | 0  | 1  | 3  | 2  | 4  | 8  | 3  | 17 | 8.21| AMB|
| OVERALL WEIGHTED MEAN:                         |    |    |    |    |    |    |    |    |    |    |     | 7.81| AMB|

Legend: 0 Do not believe (DNB), 1 – 4.9 Below moderately believes (BMB), 5 – 5.9 Moderately Believes (MCD), 6 – 9.9 Above moderately believes (AMB), 10 Highly certain believes (HCCD)

Results and Discussion:-

Part I:

| Years In Business Sector     | Frequency | Percent |
|------------------------------|-----------|---------|
| 1 year below                 | 10        | 25.6    |
| 2-3 years                    | 16        | 41.0    |
| 4-5 years                    | 8         | 20.5    |
| 6 years                      | 5         | 12.8    |
| Total                        | 39        | 100.0   |

| Years Of Business            | Frequency | Percent |
|------------------------------|-----------|---------|
| 1 year below                 | 7         | 17.9    |
| 2-3 years                    | 15        | 38.5    |
| 4-5 years                    | 8         | 20.5    |
| 6 years above                | 9         | 23.1    |
| Total                        | 39        | 100.0   |

| Form Of Enterprise           | Frequency | Percent |
|------------------------------|-----------|---------|
| Sole Proprietorship          | 25        | 64.1    |
| Partnership                  | 14        | 35.9    |
| Total                        | 39        | 100.0   |

| Type Of Business             | Frequency | Percent |
|------------------------------|-----------|---------|
| Manufacturing Business       | 1         | 2.6     |
| Merchandising Business      | 38        | 97.4    |
| Total                        | 39        | 100.0   |

| Start-Up Capital             | Frequency | Percent |
|------------------------------|-----------|---------|
| Php 5000 below               | 12        | 30.8    |
| Php 6000 - Php 10000         | 9         | 23.1    |
| Php 11000 - Php 15000        | 4         | 10.3    |
| Php 16000 above              | 14        | 35.9    |
| Total                        | 39        | 100.0   |
Part II:
B1. 33 respondents say that in consideration on the creation of products to customers, affordable price is very important.

| Factors       | Frequency | Percent |
|---------------|-----------|---------|
| Important     | 6         | 15.4    |
| Very Important| 33        | 84.6    |
| Total         | 39        | 100.0   |

B2. For the 92% MSME’s owner’s respondent, quality of product is very important in consideration on the creation of products to customers, while the 8% respondent says it is important.

| Factors       | Frequency | Percent |
|---------------|-----------|---------|
| Important     | 3         | 7.7     |
| Very Important| 36        | 92.3    |
| Total         | 39        | 100.0   |

B3. Only 5 over 39 respondents answered that branding is less important in consideration on the creation of products to customers, while the rest are saying that branding is really a matter for them.

| Factors       | Frequency | Percent |
|---------------|-----------|---------|
| Less Important| 5         | 12.8    |
| Important     | 17        | 43.6    |
| Very Important| 17        | 43.6    |
| Total         | 39        | 100.0   |

B4. Accessibility is very important for the 56% MSME’s owners respondent in consideration on the creation of products to customers.

| Factors       | Frequency | Percent |
|---------------|-----------|---------|
| Less Important| 2         | 5.1     |
| Important     | 15        | 38.5    |
| Very Important| 22        | 56.4    |
| Total         | 39        | 100.0   |

B5. According to 29 respondents which is 74%, says that service quality is very important in consideration on the creation of products to customers.

| Factors       | Frequency | Percent |
|---------------|-----------|---------|
| Not Important | 1         | 2.6     |
| Important     | 9         | 23.1    |
| Very Important| 29        | 74.4    |
| Total         | 39        | 100.0   |

Factors in Consideration on the Creation and Delivery of your Product/s to Customer

| Factors         | 4 (IV) | 3 (I) | 2 (LI) | 1 (NI) | WM   | VI   |
|-----------------|--------|-------|--------|--------|------|------|
| Affordable price| 33     | 6     | 0      | 0      | 3.85 | Very Important |
| Quality products| 36     | 3     | 0      | 0      | 9.92 | Very Important |
| Branding        | 17     | 17    | 5      | 0      | 3.31 | Important     |
| Accessibility   | 22     | 15    | 2      | 0      | 3.51 | Very Important |
| Service quality | 29     | 9     | 0      | 1      | 3.69 | Very         |
Factors in consideration on the creation and delivery of products to customers such as affordable price, quality product, branding, accessibility and service quality are very important to the MSMEs owners as what the respondents perceived it to be. Papanastassiou and Rougani stated that, offering lower price, better service, good quality were analyzed in consumer behavior.

Thus, Khasawneh said that people prefer the branded products because they consider that branded items have more quality than non-branded products. Additionally, Zeithaml expresses price-quality relationship association of factors affecting purchase decisions of consumers.

**Part III:**
C1. The 69.2% which is 27 out of the 39 respondents strongly agreed that one of the factors of business sales channel extension is boosting the popularity of the business and its products.

| Disagree | Frequency | Percent |
|---------|-----------|---------|
| Neutral | 1         | 2.6     |
| Agree   | 10        | 25.6    |
| Strongly Agree | 27 | 69.2 |
| Total   | 39        | 100.0   |

C2. 19 respondents which is the 48.7% of the 39 respondents strongly agreed that the continuous development of technology is one of the factors in consideration for business sales channel extension.

| Frequency | Percent |
|-----------|---------|
| Neutral   | 3       | 7.7     |
| Agree     | 17      | 43.6    |
| Strongly Agree | 19 | 48.7 |
| Total     | 39      | 100.0   |

C3. Out of the 39 respondents, 22 or 56.4% strongly agreed that one of the factors to consider in business sales channel extension is the better promotions.

| Frequency | Percent |
|-----------|---------|
| Neutral   | 4       | 10.3    |
| Agree     | 13      | 33.3    |
| Strongly Agree | 22 | 56.4 |
| Total     | 39      | 100.0   |

C4. 61.5% or the 24 respondents out of 39 strongly agreed that one of the factors in considerations for business sales channel extension is the better marketing.

| Frequency | Percent |
|-----------|---------|
| Neutral   | 2       | 5.1     |
| Agree     | 13      | 33.3    |
| Strongly Agree | 24 | 61.5 |
| Total     | 39      | 100.0   |
C5. 27 respondents or the 69.2% of the 39 respondents strongly agreed that attracting better and wider market is one of the factors in consideration for business channel extension.

|                    | Frequency | Percent |
|--------------------|-----------|---------|
| Neutral            | 1         | 2.6     |
| Agree              | 11        | 28.2    |
| Strongly Agree     | 27        | 69.2    |
| Total              | 39        | 100.0   |

Factors in Consideration for Business Sales Channel Extension (Offline-Online)

| FACTORS                                      | 5 (SA) | 4 (A) | 3 (N) | 2 (D) | 1 (SD) | WM | VI   |
|----------------------------------------------|--------|-------|-------|-------|--------|-----|------|
| Boost popularity of the business and its products | 27     | 10    | 1     | 1     | 0      | 4.62 | Strongly Agree |
| Continuous development of technology         | 19     | 17    | 3     | 0     | 0      | 4.41 | Strongly Agree |
| Better promotions                            | 22     | 13    | 4     | 0     | 0      | 4.46 | Strongly Agree |
| Better marketing                             | 24     | 13    | 2     | 0     | 0      | 4.56 | Strongly Agree |
| Attract better and wider market              | 27     | 11    | 1     | 0     | 0      | 4.67 | Strongly Agree |
| OVERALL WEIGHTED MEAN:                       | 4.544  |       |       |       |        |     | Strongly Agree |

According to Nair, the number of e-commerce sites and e-commerce mobile applications are growing larger and faster, making these businesses recognized by many people around the world. Thus, it reflects to the 69.2% of the total respondents who agreed that boosting the popularity of the business as well as its products is one of the factors to consider in business channel extension. These business firms believe that internet has an impact on the demand of their business in the market. 48.7% of the 39 respondents agreed that the continuous development of technology is one of the factors in consideration for business channel extension. It relates to what Nguyen stated, that E-commerce became a new field of application of internet technology. Technology is definitely widely used today and with the continuous application of this in businesses, firms explores and discovers how to use the internet effectively and also how to make their business viable and successful. Large number of the respondents agreed that better promotions and wider market are one of those significant factors in consideration for business channel extension. According to Zhu, et. al., business firms are expanding their business channels to get the most out of their ongoing multi-channel businesses and to create a sustainable buyer and seller environment in the society.

**Part IV:**

D1. 26 or 67% of the 39 respondents agrees that high expenses is one of the factor in the absence of consideration for business channel extension.

|                    | Frequency | Percent |
|--------------------|-----------|---------|
| Strongly Disagree  | 1         | 2.6     |
| Disagree           | 2         | 5.1     |
| Neutral            | 10        | 25.6    |
| Agree              | 13        | 33.3    |
| Strongly Agree     | 13        | 33.3    |
| Total              | 39        | 100.0   |

D2. Out of 39 respondents, 16 or 41% of them agrees that lack of materials/resources is the factor in the absence of consideration for business extension.

|                | Frequency | Percent |
|----------------|-----------|---------|
| Disagree       | 6         | 15.4    |
| Neutral        | 6         | 15.4    |
| Agree          | 16        | 41.0    |
| Strongly Agree | 11        | 28.2    |
| Total          | 39        | 100.0   |
D3. Enough profit from the current channel is one of the factors in the absence of consideration for business extension, that 19 or 48.7% of the 39 respondents agrees.

|                      | Frequency | Percent |
|----------------------|-----------|---------|
| Strongly Disagree    | 1         | 2.6     |
| Disagree             | 1         | 2.6     |
| Neutral              | 5         | 12.8    |
| Agree                | 19        | 48.7    |
| Strongly Agree       | 13        | 33.3    |
| Total                | 39        | 100.0   |

D4. 17 or 44 of the 39 respondents agrees that inadequate skills in adopting online channel is one of the factors in the absence of consideration for business channel extension.

|                      | Frequency | Percent |
|----------------------|-----------|---------|
| Strongly Disagree    | 2         | 5.1     |
| Disagree             | 1         | 2.6     |
| Neutral              | 4         | 10.3    |
| Agree                | 17        | 43.6    |
| Strongly Agree       | 15        | 38.5    |
| Total                | 39        | 100.0   |

Factors in the Absence of Consideration for Business Channel Extension

| FACTORS                          | 5 (SA) | 4 (A) | 3 (N) | 2 (D) | 1 (SD) | WM  | VI  |
|----------------------------------|--------|-------|-------|-------|--------|-----|-----|
| High expenses                    | 13     | 13    | 10    | 2     | 1      | 3.90| Agree|
| Lack of materials/resources      | 11     | 16    | 6     | 6     | 0      | 3.82| Agree|
| Enough profit from the current channel extension | 13     | 19    | 5     | 1     | 1      | 4.08| Agree|
| Inadequate skills in adapting online channel | 15     | 17    | 4     | 1     | 2      | 4.08| Agree|
| OVERALL WEIGHTED MEAN:           | 3.97   |       |       |       |        |     | Agree|

The constraints or hindrances to the growth and development of Micro, Small and Medium Enterprises are categorized into two: the non-financial barriers and the financial barriers or access to finance. The non-financial barriers such as cost of getting electricity, heavy regulation, high tax rates and corruption are the factors that discourages the formation of new MSMEs and the entry of existing MSMEs into larger markets (Senate economic planning office, 2012). Based from the survey that was conducted at Robinsons Place Novaliches, most of the MSME owners agrees that high expenses, lack of materials or resources and enough profit from the current channel are the reasons that discourage them from having business channel extension. Furthermore, 17 or 44% of the 39 respondents agrees that one of the factor in their absence of consideration for business channel extension is inadequate skills in adopting online channel which is caused by their lack of awareness and engagement of technology, as they are doubtful about the return on investment in technology adoption (Singh, 2014).

Part V:

E1. Quality of store equipment • Out of 39 respondents, 26 of them or 66.7% consider the quality of store equipment as very important.

|                      | Frequency | Percent |
|----------------------|-----------|---------|
| Important            | 13        | 33.3    |
| Very Important       | 26        | 66.7    |
| Total                | 39        | 100.0   |

E2. International/External store appearance • In 39 survey forms, 77% (30 respondents) sets the internal/external store appearance as very important
### E3. Employee Appearance
- 24 business owners, out of 39, take responsibility in their employees’ appearance (61.75%) as very important.

| Importance   | Frequency | Percent |
|--------------|-----------|---------|
| Important    | 15        | 38.5    |
| Very Important| 24       | 61.5    |
| Total        | 39        | 100.0   |

### E4. Appearance of Promotional Materials
- 66.7% (26) of 100% (39) view the appearance of promotional materials as very important.

| Importance   | Frequency | Percent |
|--------------|-----------|---------|
| Important    | 13        | 33.3    |
| Very Important| 26       | 66.7    |
| Total        | 39        | 100.0   |

### E5. Excellent Delivery Service (if only available)
- Only 1 person considers the excellent delivery service as less important, but 26 persons out of 39 specify that this is very important.

| Importance     | Frequency | Percent |
|----------------|-----------|---------|
| Less Important | 1         | 2.6     |
| Important      | 12        | 30.8    |
| Very Important | 26        | 66.7    |
| Total          | 39        | 100.0   |

### E6. Excellent Service of Employees
- Out of 39 respondents, 34 consider excellent service of employees as very important (87%).

| Importance   | Frequency | Percent |
|--------------|-----------|---------|
| Important    | 5         | 12.8    |
| Very Important| 34       | 87.2    |
| Total        | 39        | 100.0   |

### E7. Convenient Operating Hours
- In 39 survey forms, 74% (29 respondents) set the convenient operating hours as very important, but 5% (2 respondents) of it, thought this as less important.

| Importance     | Frequency | Percent |
|----------------|-----------|---------|
| Less Important | 2         | 5.1     |
| Important      | 8         | 20.5    |
| Very Important | 29        | 74.4    |
| Total          | 39        | 100.0   |

### E8. Safe and Honest Transaction
- 32 business owners, out of 39, take responsibility about safe and honest transaction (82%).

| Importance   | Frequency | Percent |
|--------------|-----------|---------|
| Important    | 7         | 17.9    |
| Very Important| 32       | 82.1    |
| Total        | 39        | 100.0   |
Determination of the Perceived Service Quality of MSME Owners

| FACTORS                                      | 4 (IV) | 3 (III) | 2 (II) | 1 (I) | WM | VI |
|----------------------------------------------|--------|---------|--------|-------|----|----|
| Quality of store equipment                   | 26     | 13      | 0      | 0     | 3.67 | Very Important |
| Internal/external store appearance           | 30     | 9       | 0      | 0     | 3.77 | Very Important |
| Employee appearance                          | 24     | 15      | 0      | 0     | 3.62 | Very Important |
| Appearance of promotional materials          | 26     | 13      | 0      | 0     | 3.67 | Very Important |
| Excellent delivery service (if available)    | 26     | 12      | 1      | 0     | 3.64 | Very Important |
| Excellent service of employees (e.g. courteousness, attentively, willingness to cater customers) | 34     | 5       | 0      | 0     | 3.87 | Very Important |
| Convenient operating hours                   | 29     | 8       | 2      | 0     | 3.69 | Very Important |
| Safe and honest transaction                  | 32     | 7       | 0      | 0     | 3.82 | Very Important |
| OVERALL WEIGHTED MEAN:                       |        |         |        |       | 3.72 | Very Important |

Based on the tables, the determination of the perceived service quality of MSME owners are very important for the owners of the said shops but in some cases, some of the determinants are considered less important like the convenience in operating hours and the excellence in delivery service.

More than half of the respondents said that the quality of their store equipment is very important. It is said that this kind of technology or equipment helps the businesses to perform better (Tang et al., 2007) Businesses nowadays become competitive, flexible and adaptive (Chan and Chan, 2010) because of the fast pace of consumers' change of mind that is according to the product they need or want (Maruffuzzaman and Ashan, 2009) and the appearance of the store affects the decision making of the customer, so 77% of 39 business owners agreed that the appearance of the store should be appealing as it is labeled as very important. Employees’ appearance can also affect the consumers to buy the product they offer. 24 out of 39 owners consider that the employees’ appearance should be presentable. Customers are affected in the way the service provider physical attractiveness such as friendliness, credibility and competence. And can be enhanced by employing appropriate dress code that represents the business (Kusluvan) Whether companies are looking to increase their profits motivate staff, encourage customers to visit a store/website or to introduce a new product to the market, promotional products are the answer. (Anderson, Malinova 2012) Based on this information, this is highly recommended for the owners to improve their promotional material, which is also said by them that the appearance of the promotional material is very important (66.7%).

26 businesses of 39 like the fact that the excellent delivery service should be implemented because this is very important. Especially, if it provides easier order tracking as said on how this relative advantage and it has a positive effect towards e-commerce implementation (Baldwin, Lymer, and Johnson, pp. 109). As it includes in Relative Advantage, improved communication with consumers (Baldwin, Lymer and Johnson, pp. 109) should be better in physical stores compared to the connection between e-commerce and customers, so almost all of the MSMEs answered the survey (34 out of 39) hold to the idea of the employees' excellence in service. Almost ¾ of the respondents, (74%) believes that the convenience in the operating hours of their business is classified as very important. The convenience of the customers is found in one of the domain service convenience such as operating hours (Berry et al., p.1). Trust in online interactions is derived from positive, familiar and secure and honest transactions that are repeated between consumers and vendors. (Trotta 2018), thus the majority of the business owners rated the safe and honest transactions as very important also to build good relations with customers.

Part VI:
F1. Out of 39 respondents, 16 which is 14% of the respondents are highly certain they can do to subscribe into webpage.

| Rate | Frequency | Percent |
|------|-----------|---------|
| 0    | 1         | 2.6     |
| 20   | 1         | 2.6     |
| 30   | 1         | 2.6     |
| 40   | 1         | 2.6     |
F2. 10 respondents which is the 27% of 39 respondents who answered that they are 100% confident to sign up for free account or page in social media sites.

| Rate | Frequency | Percent |
|------|-----------|---------|
| 0    | 1         | 2.6     |
| 10   | 1         | 2.6     |
| 20   | 1         | 2.6     |
| 30   | 1         | 2.6     |
| 40   | 1         | 2.6     |
| 50   | 7         | 17.9    |
| 60   | 2         | 5.1     |
| 70   | 1         | 2.6     |
| 80   | 9         | 23.1    |
| 90   | 7         | 17.9    |
| 100  | 10        | 25.6    |
| Total| 39        | 100.0   |

F3. 27% or 10 out of 39 respondents who are highly certainly can do the promotional activity online.

| Rate | Frequency | Percent |
|------|-----------|---------|
| 0    | 1         | 2.6     |
| 10   | 1         | 2.6     |
| 20   | 1         | 2.6     |
| 30   | 1         | 2.6     |
| 40   | 1         | 2.6     |
| 50   | 4         | 10.3    |
| 60   | 1         | 2.6     |
| 70   | 4         | 10.3    |
| 80   | 9         | 23.1    |
| 90   | 6         | 15.4    |
| 100  | 10        | 25.6    |
| Total| 39        | 100.0   |

F4. 9 respondents which is the 23% of 390 respondents who are 80% confident to spend time answering inquiries on page/site.

| Rate | Frequency | Percent |
|------|-----------|---------|
| 0    | 1         | 2.6     |
| 10   | 2         | 5.1     |
| 20   | 2         | 5.1     |
| 30   | 1         | 2.6     |
| 50   | 6         | 15.4    |
| 60   | 3         | 7.7     |
| 70   | 4         | 10.3    |
| 80   | 9         | 23.1    |
| 90   | 3         | 7.7     |
| 100  | 8         | 20.5    |
| Total| 39        | 100.0   |
F5. Out of 39 respondents, 19 which is the 49% of the respondents who are 100% confident to accept orders sent online.

| Rate | Frequency | Percent |
|------|-----------|---------|
| 0    | 1         | 2.6     |
| 10   | 2         | 5.1     |
| 30   | 1         | 2.6     |
| 40   | 1         | 2.6     |
| 50   | 4         | 10.3    |
| 60   | 1         | 2.6     |
| 70   | 1         | 2.6     |
| 80   | 6         | 15.4    |
| 90   | 3         | 7.7     |
| 100  | 19        | 48.7    |
| Total| 39        | 100.0   |

F6. 16 respondents which is the 41% of the 39 respondents who are highly certainly can do to extend their business online, while 1 or 26% of the respondents who cannot do it at all.

| Rate | Frequency | Percent |
|------|-----------|---------|
| 0    | 1         | 2.6     |
| 30   | 2         | 5.1     |
| 50   | 6         | 15.4    |
| 70   | 2         | 5.1     |
| 80   | 7         | 17.9    |
| 90   | 5         | 12.8    |
| 100  | 16        | 41.0    |
| Total| 39        | 100.0   |

F7. 18 or 46% of 39 respondents who are 100% confident that technology has an impact to the business.

| Rate | Frequency | Percent |
|------|-----------|---------|
| 0    | 1         | 2.6     |
| 30   | 2         | 5.1     |
| 40   | 1         | 2.6     |
| 50   | 3         | 7.7     |
| 60   | 3         | 7.7     |
| 70   | 3         | 7.7     |
| 80   | 6         | 15.4    |
| 90   | 2         | 5.1     |
| 100  | 18        | 46.2    |
| Total| 39        | 100.0   |

Self-efficacy to advance in an online channel

| Factors                                      | 0 | 10 | 20 | 30 | 40 | 50 | 60 | 70 | 80 | 90 | 100 | WM | VI |
|----------------------------------------------|---|----|----|----|----|----|----|----|----|----|-----|----|----|
| Subscribe into webpage/website plans.        | 1 | 0  | 1  | 1  | 1  | 7  | 3  | 5  | 13 | 1  | 6   | 6.92| AMCD|
| Sign up for free account or page in social media sites. | 1 | 0  | 0  | 1  | 1  | 7  | 2  | 1  | 9  | 7  | 10  | 7.59| AMCD|
| Do promotional activities online             | 1 | 1  | 1  | 1  | 4  | 1  | 4  | 9  | 6  | 10 | 7.44| AMCD|
| Spend time answering inquiries on page/site. | 1 | 2  | 2  | 1  | 0  | 6  | 3  | 4  | 9  | 3  | 8   | 6.77| AMCD|
| Accept orders sent online.                   | 1 | 2  | 0  | 1  | 1  | 4  | 1  | 1  | 6  | 3  | 19  | 7.87| AMCD|
Out of 39 respondents, 16 which is 14% of the respondents are highly certainly can do to subscribe into webpage. This shows that Internet usage has increased tremendously and rapidly in the past decade (“Internet Use Over Time,” 2014). Websites have become the most important public communication portal for most, if not all, businesses and organizations. A well-designed website with high usability has been found to positively influence visitor retention (revisit rates) and purchasing behavior (Avouris, Tselios, Fidas, & Papachristos, 2003; Flavián et al., 2006; Lee & Kozar, 2012). 27% of 39 respondents that they are highly certainly can do the promotional activity online. This means that providing shopping services on social networks can provide business growth for retailers due to the diversity of consumers who use social media sites. The wide range of consumers utilizing social networks means that most target markets can be reached (Cha 2009). This provides an effective platform for retailers to promote their brand and products to potential consumers. According to Shankar et al. (2011), shopper marketing can join forces with shoppers to improve products, create clear messages, identify promoters, and serve as a connection to in-store activities, thus demonstrating the importance of social media within a retailer’s marketing plan. Advancements within social media sites have created consumer communities that are defining new ways in which companies and customers can interact with one another to share information on brand products. Out of 39 respondents, 19 which is the 49% of the respondents who are 100% confident to accept orders sent online. This manifest that MSMEs are facing cutthroat competition at local, national, and international level. To keep their position intact and sustained in a long run in this highly competitive market, they need to cope up with the changes in technologies. Like E-Commerce (EC), wherein they can buy and sell goods over the internet. 16 respondents which is the 41% of the 39 respondents who are highly certainly can do to extend their business online, while 1 or 26% of the respondents who cannot do it all. This reveals that Internet, as the most significant technological phenomenon today, provides competitive opportunities to firms (Othman, et.al, 2010). Businesses of all sizes have the opportunity to build competitive advantage with the use of internet. The main purpose of using the web is to increase sales, profits and decrease costs in negotiating a purchase-and-sale transaction (Koon Ang S., & Husain, W., 2012). Online channels can increase in sales due to increasing penetration of the Internet worldwide (Schubert, P. et. al., 2011). 18 or 46% of 39 respondents who are 100% confident that technology has an impact to the business. This result is definite that adopting e-business, this improve the firm’s competing ability, since businesses are being competition focus (Xiaoming M., 2010). Increasing global competition has led businesses to consider e-business strategies. E-business technologies present unique opportunities and challenges for businesses, and Small & Medium Enterprises (SMEs) are no exception (Elragal, A. and Abouseif, H., 2011). Early adoption of these technologies can give an SME a competitive advantage that is sustainable (Goessl, L., 2001).

| Rate     | Frequency | Percent |
|----------|-----------|---------|
| 0        | 1         | 2.6     |
| 40       | 1         | 2.6     |
| 50       | 8         | 20.5    |
| 60       | 3         | 7.7     |
| 70       | 4         | 10.3    |
| 80       | 6         | 15.4    |
| 90       | 3         | 7.7     |
| 100      | 13        | 33.3    |
| Total    | 39        | 100.0   |

Part VII:
G1. Out of 39 respondents, 13 or 33% of the respondents who are 100% confident that buying online is efficient.

| Rate   | Frequency | Percent |
|--------|-----------|---------|
| 0      | 1         | 2.6     |
| 10     | 1         | 2.6     |
### G3. Out of 39 respondents, 13 or 33% of the respondents who are 80% confident that online business can have wide categories of product.

| Rate | Frequency | Percent |
|------|-----------|---------|
| 40   | 2         | 5.1     |
| 50   | 3         | 7.7     |
| 60   | 3         | 7.7     |
| 70   | 3         | 7.7     |
| 80   | 8         | 20.5    |
| 90   | 2         | 5.1     |
| 100  | 16        | 41.0    |
| Total| 39        | 100.0   |

### G4. 23% or 8 out of 39 respondents who are 100% confident that the ratings and comments of the products are true.

| Rate | Frequency | Percent |
|------|-----------|---------|
| 0    | 1         | 2.6     |
| 40   | 2         | 5.1     |
| 50   | 6         | 15.4    |
| 60   | 3         | 7.7     |
| 70   | 5         | 12.8    |
| 80   | 8         | 20.5    |
| 90   | 5         | 12.8    |
| 100  | 9         | 23.1    |
| Total| 39        | 100.0   |

### G5. 17 or 44% of 39 respondents who are 100% confident that they have a chance to extend offline business.

| Rate | Frequency | Percent |
|------|-----------|---------|
| 0    | 1         | 2.6     |
| 40   | 1         | 2.6     |
| 50   | 3         | 7.7     |
| 60   | 2         | 5.1     |
| 70   | 4         | 10.3    |
| 80   | 8         | 20.5    |
| 90   | 3         | 7.7     |
| 100  | 17        | 43.6    |
| Total| 39        | 100.0   |
Multiple studies focused on consumer behavior have proven that shopping online is efficient. Katewatawaraks and Cheng included cost and time efficiency in the four categories of motivations which lead consumers to buy online. Lee et al. also concluded in their study that electronic markets are more efficient than conventional retail markets. After our interpreting our results, we have come to relate that business owners do believe that online transactions are efficient.

Respondents also has an above moderate belief that online businesses have a competitive advantage and offers a variety of products. This result did not contradict both Lim and Dubinsky (2004), and Prasad and Aryasri (2009)'s statement that online store provides more variety of products and services that customers can choose from.

Business owners do above moderately believe that ratings and comments on online business are true. Above moderation result was also indicated in their belief that they have a chance to extend online.

**Conclusion:**
The MSME owners in Robinsons Place Novaliches have the willingness to extend their business from their existing physical stores to an online channel. Moreover, the perceived entitativity as a group of all MSMEs who sell clothes in Robinsons Place Novaliches states that having an online channel is not significant, since all of them sees that the perceived offline service quality is very important.

On the other hand, the perceived entitativity of MSME owners as an individual implies that they have the ability to extend their business online because their self-efficacy for change is above moderate, but not highly certain. Thus, the remaining percentage means that they still have doubt with regards on engaging to online business, due to the factors which constraints them from doing so, such as high expenses, lack of materials/resources, enough profit from current sales channel and inadequate skills to adapt online channel.

**Recommendation:**
Based on the findings and conclusions of this study, the following recommendations are offered.

The variant of sales channel should be widely discussed directly to business owners to provide options that best fits for the distribution of the business’ products.

The consideration of digitalizing the approach of delivering the products to consumer is suggested to penetrate the market.

The use of technology is highly recommended in business sales channel to sustain the competition in the market.

The recommendations to Robinson Place Novaliches are;

Seminars about business sales channel extension amongst business owners selling clothes should be implemented.

Peer-to-peer session between the management and business owners, management and customers, and business owners and customers is ideal to meet the need of the sales channel extension.
The recommendation to the future researchers;

This study should prosper with your help in extending your ability to look and/or study a new approach of business sales channel based from the current demand of your time and what will be in the future.

Furthermore, this study should increase knowledge to the readers in gathering the market perception specifically in Robinson Place Novaliches about the willingness of the business owners selling clothes in extending their current business sales channel (offline to online).

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Appendix I:-
RESEARCH QUESTIONNAIRE
NAME:
AGE:
SEX: __ Male __ Female

PART I. BACKGROUND INFORMATION

Directions: Shade the circle of your answer.
1. How long is your experience in the business field?
   o 1 year below
   o 2-3 years
   o 4-5 years
   o 6 years above
2. How long is your business running?
   o 1 year below
   o 2-3 years
   o 4-5 years
   o 6 years above
3. What is your business’ form of enterprise?
   o Sole Proprietorship
   o Partnership
4. What is the type of your business?
   a) Manufacturing Business
   b) Merchandising Business
5. How much is your start-up capital?
   o Php 5,000 below
   o Php 6,000 – Php 10,000
   o Php 11,000 – Php 15,000
   o Php 16,000 above

PART II. FACTORS IN CONSIDERATION ON THE CREATION AND DELIVERY OF YOUR PRODUCT/S TO CUSTOMERS

Directions: Put a check (✓) to the column that corresponds to your answer.

|                      | Very Important (4) | Important (3) | Less Important (2) | Not Important (1) |
|----------------------|--------------------|---------------|--------------------|-------------------|
| Affordable price     |                    |               |                    |                   |
| Quality products     |                    |               |                    |                   |
Branding
Accessibility
Service quality

**PART III. FACTORS IN CONSIDERATION FOR BUSINESS SALES CHANNEL EXTENSION (OFFLINE TO ONLINE)**

Directions: Put a check (✓) to the column that corresponds to your answer.

|                                | Strongly Agree (5) | Agree (4) | Neutral (3) | Disagree (2) | Strongly Disagree (1) |
|--------------------------------|--------------------|-----------|-------------|--------------|-----------------------|
| Boost popularity of the business and its products |                    |           |             |              |                       |
| Continuous development of technology |                    |           |             |              |                       |
| Better promotions |                    |           |             |              |                       |
| Better marketing |                    |           |             |              |                       |
| Attract better and wider market |                    |           |             |              |                       |

**PART IV. FACTORS IN THE ABSENCE OF CONSIDERATION FOR BUSINESS SALES CHANNEL EXTENSION**

Directions: Put a check (✓) to the column that corresponds to your answer.

|                              | Strongly Agree (5) | Agree (4) | Neutral (3) | Disagree (2) | Strongly Disagree (1) |
|------------------------------|--------------------|-----------|-------------|--------------|-----------------------|
| High expenses |                          |           |             |              |                       |
| Lack of materials/resources |                          |           |             |              |                       |
| Enough profit from the current channel extension |                          |           |             |              |                       |
| Inadequate skills in adapting online channel |                          |           |             |              |                       |

**PART V. DETERMINATION OF THE PERCEIVED SERVICE QUALITY OF MSME OWNERS**

Directions: Put a check (✓) to the column that corresponds to your answer.

|                                | Very Important (4) | Important (3) | Less Important (2) | Not Important (1) |
|--------------------------------|--------------------|---------------|---------------------|-------------------|
| Quality of store equipment |                          |               |                     |                   |
| Internal/external store appearance |                          |               |                     |                   |
| Employee appearance |                          |               |                     |                   |
| Appearance of promotional materials |                          |               |                     |                   |
| Excellent delivery service (if available) |                          |               |                     |                   |
| Excellent service of employees (e.g. courteousness, attentivity, willingness to cater customers) |                          |               |                     |                   |
| Convenient operating hours |                          |               |                     |                   |
| Safe and honest transaction |                          |               |                     |                   |
PART VI:
DETERMINATION OF THE SELF-EFFICACY FOR CHANGE OF MSME OWNERS

Directions: Put your corresponding rate of confidence using the scale 0-100 below.

| Rate of Confidence | Cannot do at all | Moderately can do | Highly certainly can do |
|--------------------|------------------|-------------------|-------------------------|
| 0                  | 10               | 20                | 30                      |
| 40                 | 50               | 60                | 70                      |
| 80                 | 90               | 100               |                         |

**Rate of Confidence**

**Self-efficacy to advance in an online channel**
- Subscribe into webpage/website plans.
- Sign up for free account or page in social media sites.
- Do promotional activities online.
- Spend time answering inquiries on page/site.
- Accept orders sent online.
- Have a chance to extend your business to online.
- Technology has an impact to the business.

**Self-efficacy on online channel's advantages**
- Buying online is efficient.
- Online business has competitive advantage.
- Online business can have wide categories of product.
- Ratings and comments of the product are true.
- Have a chance to extend offline business.