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## Innovation strategies in traditional cultural expressions MSMEs in the Philippines: A case study

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DISCUSSION PAPER SERIES NO. 2024-48

# Innovation Strategies in Traditional Cultural Expressions MSMEs in the Philippines: A Case Study

*June Ann J. Casimiro, Karenina B. Romualdo,  
and Via Shane R. Santiago*



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Innovation Strategies in Traditional Cultural Expressions  
MSMEs in the Philippines: A Case Study

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Via Shane R. Santiago

PHILIPPINE INSTITUTE FOR DEVELOPMENT STUDIES

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## **Abstract**

This study investigates the innovation strategies of cultural micro, small, and medium enterprises (MSMEs) in Northern and Central Luzon, Philippines, operating within the domain of traditional cultural expressions, particularly traditional crafts and culinary crafts. These enterprises play a dual role in preserving cultural heritage and contributing to local economic development. As cultural and creative industries (CCIs) gain increasing recognition for their economic and social contributions, cultural MSMEs in developing regions face unique challenges. Through a qualitative case study approach involving nine MSMEs, the research explores innovations in products, processes, and business models. It also examines the motivations driving these innovations, barriers encountered, and opportunities for enhancing sustainability and competitiveness.

Findings reveal that cultural entrepreneurs innovate to ensure economic viability, preserve cultural heritage, empower communities, and leave a lasting legacy. Their strategies respond to evolving consumer preferences, seek to expand market reach, and aim to modernize operations while maintaining the authenticity of their cultural products. However, challenges such as succession planning, diminishing artisanal skills, and limited access to financial resources constrain their capacity to scale, adopt new technologies, and remain competitive in both local and global markets.

The study identifies key innovation strategies, including product and process diversification, technology integration, strategic marketing, and stakeholder collaboration. Many MSMEs adopt hybrid production models, blending traditional craftsmanship with mechanized processes to enhance efficiency without undermining cultural value. Partnerships with government agencies, universities, and private entities emerge as critical to fostering innovation ecosystems that support cultural entrepreneurship.

Despite these efforts, significant barriers persist. The declining interest of younger generations in traditional crafts threatens the continuity of artisanal skills, compounded by the absence of formal training programs. Limited financial resources further hinder growth and modernization, restricting the ability of MSMEs to compete effectively.

To address these challenges, the study advocates for a collaborative approach involving policymakers, industry stakeholders, and consumers to create an enabling environment for innovation and sustainability. Such a framework must include targeted support for skills development, financial accessibility, and market expansion.

This research emphasizes the essential role of cultural MSMEs within the traditional cultural expressions domain and their contribution to the broader CCI ecosystem. It offers actionable insights for addressing structural barriers and leveraging opportunities to enhance the resilience and competitiveness of these enterprises. By empowering cultural MSMEs, the Philippines can preserve its rich cultural heritage while fostering economic growth and social development.

**Keywords:** entrepreneurship, MSMEs, culture, creative industries, innovation, strategy, cultural entrepreneurship

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# **Innovation Strategies in Traditional Cultural Expressions MSMEs in the Philippines: A Case Study**

***June Ann J. Casimiro<sup>1</sup>, Karenina B. Romualdo<sup>2</sup>, and Via Shane R. Santiago<sup>3</sup>***

## **1. INTRODUCTION**

In a small coastal town in Central Luzon, a group of women artisans has been weaving traditional mats, known as *banig*, for generations. What began as a simple household craft to provide for their families has evolved into an internationally recognized cultural enterprise. With the help of a university-led innovation program, these artisans were trained to incorporate contemporary designs and market their products online. Their vibrant, handwoven mats now decorate homes as far away as Europe and North America.

This transformation highlights a broader trend: the rise of cultural and creative industries (CCIs) as a driver of economic growth and social cohesion. Across the globe, stories like this demonstrate how creative endeavors rooted in tradition can bridge the past and future, creating both livelihoods and a deeper appreciation for cultural heritage.

The creative economy is experiencing rapid growth, particularly in developing countries, and plays a crucial role in economic development and job creation. According to UNCTAD's survey, the creative economy contributes between 0.5 to 7.3 percent of the gross domestic product and employs between 0.5 to 12.5 percent of the workforce in nations with available data. Furthermore, in 2022, total exports of creative services soared to a record US\$ 1.4 trillion, nearly doubling the US\$ 713 billion in creative goods exports, underscoring the sector's significant impact on international trade (United Nations Trade and Development Creative Economy Outlook, 2024). These industries not only revitalize declining sectors but also foster urban and rural development, respond to crises, and celebrate cultural diversity (European Union [EU], 2018).

The global significance of these industries is reflected in their substantial contributions, with cultural enterprises generating an estimated \$2.25 trillion annually and employing nearly 50 million people (van der Pol, 2007). These figures underscore their role as engines of innovation and resilience, driving progress in diverse economic and social contexts.

However, the transformative potential of these industries remains underutilized in developing countries, such as the Philippines, where systemic challenges hinder the growth of micro, small, and medium-sized enterprises (MSMEs) in the cultural sector. Often stewards of heritage and tradition, these enterprises grapple with persistent barriers, including limited funding,

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inadequate institutional support, and insufficient integration into global value chains (Malshina, 2019).

Recognizing the critical role of the creative sector, the Philippine government has enacted forward-thinking policies such as the Philippine Creative Industries Development Act (PCIDA) of 2022 and the Philippine Development Plan (PDP) 2023–2028, which aim to strengthen the competitiveness and sustainability of cultural enterprises. Despite these initiatives, gaps persist in understanding how innovative strategies can address systemic barriers and enable cultural MSMEs to achieve long-term growth and global integration (Corte, 2015).

This study seeks to bridge these gaps by exploring the profiles and practices of selected cultural MSMEs in the Northern Philippines' food and non-food sectors. It investigates their innovative approaches to products, processes, and business models, emphasizing the motivational factors that drive these practices. (Corte, 2015).

This research aims to address these gaps by examining the current landscape of cultural MSMEs in the Philippines and their pursuit of innovation. Specifically, it seeks to:

1. Characterize the profiles of selected cultural MSMEs within the food and non-food sectors in Northern Philippines.
2. Identify innovative practices in aspects such as products, processes, and business models of cultural MSMEs.
3. Explore motivational factors driving innovation among cultural enterprises.
4. Design frameworks and initiatives for collaborative enterprise development involving cultural MSMEs, academe, government, and the private sector.

By pursuing these objectives, the study seeks to provide actionable insights for cultural entrepreneurs, policymakers, and stakeholders while contributing to the broader goals outlined in the United Nations' 2030 Sustainable Development Goals. It also aims to foster collaboration among key stakeholders, creating a supportive ecosystem where cultural enterprises can thrive.

Beyond enriching academic discourse, this study emphasizes the practical implications of its findings, offering strategies for navigating the systemic barriers faced by cultural MSMEs. With a focus on innovation, the research highlights how these enterprises can enhance their competitiveness and sustainability, enabling them to act as catalysts for economic and social development.

Ultimately, this study envisions a cultural sector in the Philippines that not only preserves its rich heritage but also drives economic growth and resilience. By addressing the challenges of cultural entrepreneurship and advancing innovative strategies tailored to the unique needs of MSMEs, this research aims to contribute to the creation of a dynamic, inclusive, and sustainable creative economy.

## 2. REVIEW OF RELATED LITERATURE

### 2.1. Global Context and Experience

Cultural and Creative Industries (CCIs) have emerged as a dynamic and transformative sector driving economic growth, societal development, and cultural preservation. Globally, CCIs are recognized not only for their economic contributions, such as income generation, job creation, and export earnings, but also for their ability to promote social inclusion, cultural diversity, and human development (UNCTAD, 2010). This dual role underscores their significance as both economic drivers and cultural custodians.

The evolution of CCIs reflects a broader societal and technological shift. Rooted in the conceptual frameworks of Adorno and Horkheimer in the 1940s, the notion of cultural industries initially emphasized the commodification and global distribution of cultural products. However, it was the 1990s that saw the emergence of "creative industries," particularly in the UK and Australia, as a response to the increasing pervasiveness of digital technologies and the transition to knowledge-driven economies. This shift in terminology expanded the scope to encompass not just traditional sectors such as publishing, crafts, and music but also new domains like advertising, architecture, and design, which rely heavily on creativity (van der Pol, 2007; UNESCO & UNDP, 2013).

Technological advancements and digitalization have significantly blurred the lines between cultural and creative industries, fostering a more inclusive "creative economy." This economy integrates diverse industries, reshapes production processes, and amplifies the global impact of CCIs (UNCTAD, 2004). Digital platforms, such as streaming services and e-commerce, have further transformed the sector, enabling new revenue streams and expanding market reach for creators worldwide.

A challenge that persists, however, is the lack of a universal definition for CCIs. Different countries and international organizations adopt varying frameworks to capture the multifaceted nature of these industries. The UK Department for Culture, Media, and Sports (DCMS) defines creative industries as those "originating in individual creativity, skill, and talent, with the potential for wealth and job creation through intellectual property."<sup>4</sup> UNESCO takes a broader approach, encompassing the creation, production, and distribution of goods and services derived from cultural, artistic, or heritage origins. The European Commission extends the definition further, integrating education, management, and collective creative expression (OECD, 2022).

The economic footprint of CCIs is remarkable. According to the UN's Creative Economy Outlook 2022, CCIs accounted for 3.1% of global GDP in 2021, generating an estimated USD 2.25 trillion annually. They also provided nearly 50 million jobs, with a workforce that includes a higher proportion of youth and women than other sectors, underscoring their role in fostering inclusivity and equity (UNEN, 2023). Furthermore, the sector plays a vital role in global trade, with creative goods and services forming a significant portion of international exports. Developing economies like China have emerged as leaders in creative goods exports, while developed economies, particularly the United States, dominate in creative services.

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<sup>4</sup> UK Department for Culture, Media and Sport (DCMS) (1998) Creative Industries Mapping Document, 1998

Despite these achievements, the COVID-19 pandemic exposed vulnerabilities within CCIs, leading to significant job losses and revenue declines. Creative goods exports fell by 12.5% in 2020, though signs of recovery began in 2021. This resilience highlights the adaptability of CCIs, particularly in leveraging digital platforms to sustain operations and connect with audiences during crises (UNCTAD, 2022).

The global experience of CCIs underscores their critical role in shaping economic and cultural landscapes. While their contributions vary across regions, the common thread is the sector's potential to drive innovation, economic inclusion, and cultural vitality. The global context provides a foundation for understanding how CCIs operate and evolve, setting the stage for examining their unique development and impact in specific national contexts.

## *2.2. Philippine Context and Experience*

As the Philippines integrates into this dynamic global framework, its CCIs emerge as crucial contributors to both economic development and cultural preservation. The nation's creative economy has experienced remarkable growth, reaching PHP 1.6 trillion in 2022 and contributing 7.3% to the GDP, a testament to the increasing recognition of creativity as a significant driver of innovation and economic resilience. This upward trajectory underscores the country's commitment to fostering an environment where creativity flourishes, as demonstrated by the comprehensive framework established through the Philippine Creative Economy Satellite Accounts (PCESA).

The PCESA identifies nine creative industries that encompass a diverse range of activities, from traditional cultural expressions to cutting-edge digital interactive media. Notably, symbols and images remain the largest contributor to the creative economy, reflecting the vibrancy of Filipino artistry and craftsmanship. Employment within CCIs has also seen steady growth, with nearly seven million individuals contributing to this dynamic sector in 2022. Among these, traditional cultural expression activities dominate employment, illustrating the enduring significance of heritage-based industries in the broader creative economy.

Central to this growth is the Philippine Creative Industries Development Act (PCIDA). Signed into law as Republic Act No. 11904 on July 27, 2022, the PCIDA marks a historic milestone in the nation's commitment to fostering its creative economy. The term "creative industries" is used to collectively describe what is internationally referred to as the CCIs. Despite the difference in terminology, both terms broadly encompass industries centered on the creation, production, and commercialization of goods and services rooted in culture, creativity, and intellectual property. This landmark legislation highlights the critical role these industries play in driving economic growth, spurring innovation, and preserving cultural heritage while providing a comprehensive framework to nurture creativity, empower creative professionals, and fortify the ecosystem of creative enterprises.

The PCIDA institutionalizes the creative economy through the establishment of the Philippine Creative Industries Development Council, which is tasked with overseeing the development and promotion of CCIs. This council ensures that the creative sector's potential is maximized to generate wealth, create jobs, and enhance the Philippines' cultural identity on the global stage. Central to the law is the formulation of a long-term Philippine Creative Industries Development Plan, which seeks to address systemic challenges such as funding gaps, skill development, and market barriers through strategic interventions in education, financing, intellectual property rights, infrastructure, and market access.

Recognizing the dynamic nature of the creative economy, the PCIDA identifies nine primary domains: Audiovisual Media, Digital Interactive Media, Creative Services, Design, Publishing and Printed Media, Performing Arts, Virtual Arts, Traditional Cultural Expressions, and Cultural Sites. It empowers the council to expand these domains, integrating emerging industries and practices to adapt to the evolving landscape. In addition, the PCIDA prioritizes the empowerment of creative workers by addressing labor rights, fair compensation, and capacity-building initiatives. This is particularly significant given that traditional cultural expressions and symbols and images activities accounted for 67.3% of creative industry employment in 2022.

Another key provision of the PCIDA is the promotion of intellectual property (IP), encouraging the registration and protection of creative outputs. This measure aims to combat piracy, foster innovation, and enhance the commercialization of creative goods and services. Furthermore, the law envisions the Philippines as a competitive player in the global creative economy. By supporting local creative enterprises and fostering international collaborations, it seeks to position Filipino talent and creative products in global markets, leveraging the nation's rich cultural heritage and innovative capacity.

The experience of the Philippines in aligning its creative industries with global trends while leveraging its unique cultural assets exemplifies a strategic approach to growth. This journey highlights the potential of the creative industries not only as economic drivers but as custodians of cultural narratives that define national identity.

### *2.3. Philippine Cultural MSMEs*

Building on this perspective, cultural MSMEs in the Philippines emerge as vital enablers of grassroots creativity, engines of local economic activity, and stewards of the nation's cultural wealth. These enterprises demonstrate how the creative economy's macroeconomic contributions translate into tangible benefits for communities. Spanning diverse sectors such as crafts, visual arts, performing arts, culinary traditions, and textiles, cultural MSMEs operate at the intersection of tradition and innovation, preserving heritage while driving forward-thinking practices that resonate in modern markets.

MSMEs represent the backbone of the Philippine economy, accounting for 99.6% of registered businesses and contributing significantly to employment and GDP. In the context of the creative industries, cultural MSMEs are instrumental in sustaining and advancing the country's rich cultural heritage, which serves as a catalyst for creativity and economic growth. These enterprises play a crucial role in fostering local innovation and serving as a platform for cultural exchange while helping to create jobs and uplift communities.

However, despite their potential, cultural MSMEs in the Philippines face several challenges that hinder their full growth and impact. These include limited access to capital, insufficient intellectual property protection, and difficulties in expanding market reach. Many small-scale enterprises struggle with inadequate funding, which prevents them from scaling operations, marketing their products, and investing in innovation. Moreover, the lack of strong intellectual property protection leaves many cultural products vulnerable to piracy and imitation, undermining their value and the livelihoods of creative workers. Market access remains a critical barrier, especially for enterprises located in rural areas where opportunities for exposure to wider markets are scarce.

Government policies and institutional support play a vital role in addressing these challenges. For instance, the National Commission for Culture and the Arts (NCCA) and the Department of Trade and Industry (DTI) have introduced various initiatives aimed at promoting cultural products and enhancing the competitiveness of cultural MSMEs. Programs such as “One Town, One Product” (OTOP) showcase the potential of local craftsmanship and products, allowing MSMEs to leverage their regional and cultural uniqueness as competitive advantages. This initiative has empowered many local businesses to tap into broader markets, both domestically and internationally. Through such initiatives, the government has recognized the crucial link between cultural preservation and economic development, encouraging MSMEs to utilize their creative assets as vehicles for entrepreneurship and cultural stewardship.

In addition to institutional support, cultural MSMEs are increasingly turning to digital technologies to overcome traditional barriers. Social media platforms like Instagram and e-commerce websites such as Lazada provide artisans and cultural entrepreneurs with unprecedented opportunities to connect with global audiences, offering a platform to share their work, tell their stories, and promote their products to a much wider audience. These digital tools not only increase market access but also allow cultural MSMEs to document and share the rich narratives behind their creations, thereby enhancing the value of their offerings. By leveraging the digital space, these enterprises are able to maintain their cultural authenticity while reaching consumers who seek unique, culturally significant products.

Furthermore, the importance of collaboration within creative ecosystems cannot be overstated. Partnerships between local governments, educational institutions, and private organizations foster an environment of innovation, capacity-building, and resource-sharing, allowing cultural MSMEs to thrive. In particular, programs such as OTOP demonstrate the power of community-driven approaches to amplify the impact of cultural MSMEs, enabling them to turn local heritage into marketable products that resonate in the global market. By integrating local traditions with innovative business models, these enterprises are helping redefine the Philippine creative economy, ensuring that cultural preservation is not only a social responsibility but also an economic opportunity.

#### *2.4. Cultural MSMEs and Innovation*

The vibrant landscape of Philippine cultural MSMEs exemplifies the fusion of tradition and innovation, reflecting their dual role as stewards of cultural heritage and key contributors to the creative economy. These enterprises, while deeply rooted in the nation’s rich traditions, face the challenge of remaining relevant in a fast-changing, globalized world. It is here that innovation emerges as a crucial element, enabling cultural MSMEs to adapt, thrive, and expand their impact on both local and international markets (Cunningham, 2014).

Innovation, as Schumpeter (1934) famously theorized, serves as the lifeblood of economic evolution, introducing new goods, methods, and markets while reshaping industries through the process of "creative destruction." For cultural MSMEs, this principle is especially relevant. Operating at the intersection of tradition and market-driven demands, these businesses often rely on intangible assets such as creativity, storytelling, and intellectual property to sustain their unique value. This reliance underscores the importance of innovation, not only as a means to maintain operations but as a pathway to growth and resilience in competitive environments.

In the Philippine context, cultural MSMEs illustrate how innovation transforms traditional practices to meet modern consumer preferences. For instance, heritage crafts are being reimaged with contemporary designs to cater to younger, trend-sensitive audiences.

Similarly, traditional music and performing arts are integrating digital elements—such as online performances or modernized compositions—to broaden their appeal. These adaptations demonstrate how cultural MSMEs can preserve their authenticity while evolving to resonate with contemporary market demands (O'Sullivan & Dooley, 2009).

One of the ways cultural MSMEs bridge tradition and modernity is by applying an innovative approach to the marketing mix. These enterprises creatively adapt the traditional four Ps—product, price, place, and promotion—to align with both their cultural narratives and market dynamics. In terms of product innovation, many cultural MSMEs develop offerings that blend heritage with modern sensibilities, such as updated designs for traditional crafts or digital versions of cultural experiences like virtual museum tours or online classes in indigenous art forms. These innovative products not only preserve cultural identity but also appeal to a broader demographic. Similarly, cultural MSMEs often adopt tiered pricing strategies to cater to different market segments, from high-end consumers seeking exclusive, handcrafted items to budget-conscious buyers looking for affordable souvenirs, ensuring inclusivity while maximizing revenue potential (Kotler & Keller, 2012).

Place and promotion have also undergone significant transformations for cultural MSMEs. Leveraging technology, these enterprises have expanded their reach through e-commerce platforms and social media, transcending geographical limitations. By doing so, they gain access to both domestic and international markets, showcasing Filipino culture to global audiences. Digital transformation has also been particularly impactful in promotional strategies, with storytelling playing a central role. Entrepreneurs often highlight the history, craftsmanship, and cultural significance of their products, resonating with consumers who value authenticity and meaningful connections. Digital marketing tools such as Instagram reels, YouTube videos, and live streaming further amplify these narratives, creating emotional engagement with customers (Bharadwaj et al., 2013).

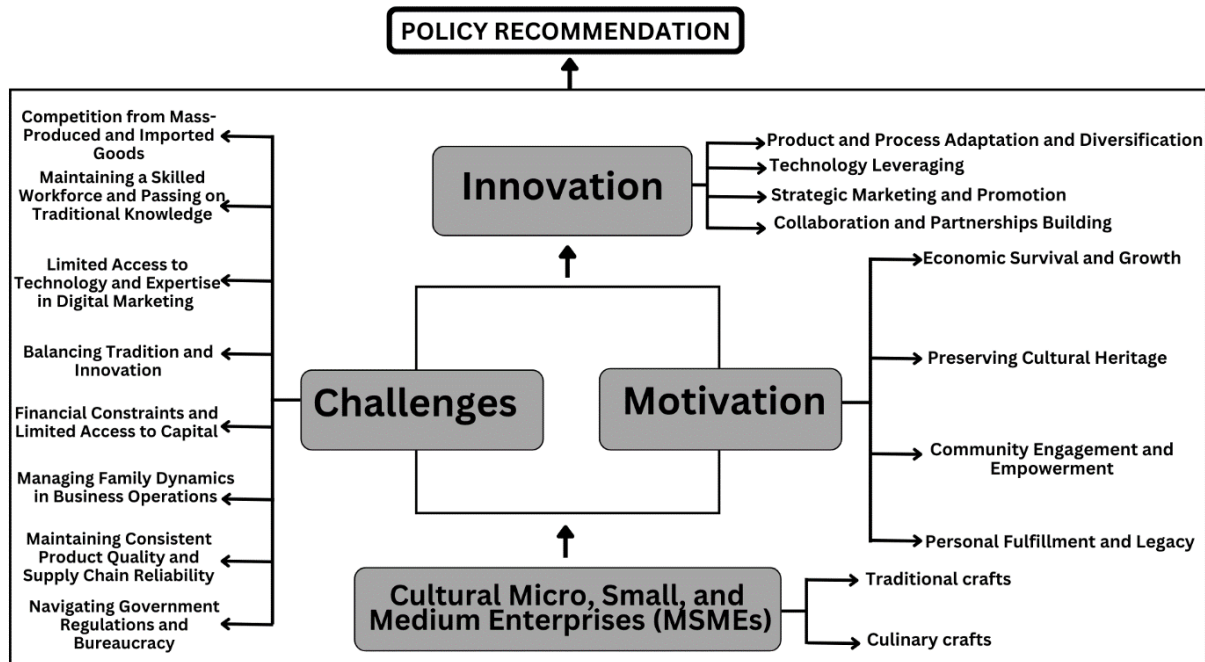
Beyond the marketing mix, digital tools have streamlined operations, enhanced efficiency, and created new opportunities for engagement. Entrepreneurs are increasingly using platforms like Instagram, Etsy, and Lazada to showcase their products and stories, bridging the gap between tradition and technology. These platforms not only optimize internal operations but also redefine how businesses engage with customers, ensuring cultural MSMEs remain competitive in an increasingly digital marketplace. The importance of digital transformation is further underscored by its ability to create new revenue streams, enhance customer experiences, and preserve cultural heritage while adapting to modern market demands (Bharadwaj et al., 2013).

Moreover, the adaptive strategies employed by Philippine cultural MSMEs reflect the broader creative ecosystem, including government programs like the Department of Trade and Industry's OTOP initiative. This program encourages local entrepreneurs to innovate by blending cultural authenticity with market relevance, transforming local heritage into globally competitive products. This alignment between government support and entrepreneurial ingenuity amplifies the impact of cultural MSMEs, fostering sustainable development and cultural preservation.

As the creative economy continues to evolve, the innovative capacity of cultural MSMEs remains central to their ability to navigate challenges and seize emerging opportunities. Their success in integrating traditional practices with modern innovations provides a model for balancing heritage preservation with market adaptability. Exploring the role of innovation in cultural MSMEs further emphasizes how these businesses leverage creativity, technology, and resourcefulness to sustain their operations and enhance their contributions to the broader

creative economy. This intersection of tradition and innovation highlights the necessity of continuously evolving practices to ensure these enterprises remain, dynamic custodians of cultural identity while adapting to the demands of contemporary markets.

**Figure 1. Conceptual Framework**



Source: Collated by the authors

The conceptual framework for this study explores the interplay among innovation, motivation and challenges leading to policy recommendations. Cultural Micro, Small, and Medium Enterprises (MSMEs) are pivotal in preserving cultural heritage while contributing significantly to local economies. However, their operations are often constrained by a range of challenges that hinder their growth and sustainability. These challenges and their inherent motivations highlight the need for innovative strategies to ensure their survival and success.

One critical challenge cultural MSMEs face is competition from mass-produced and imported goods. The globalization of markets and the rise of mass production have created significant pressure on small enterprises that rely on handcrafted or culturally specific products. These goods are often undercut by cheaper, factory-made alternatives that flood local and international markets (Kaplinsky & Morris, 2001). For cultural MSMEs to remain competitive, differentiation through quality, authenticity, and cultural value becomes essential (UNESCO, 2022).

Another significant issue is the difficulty in maintaining a skilled workforce and passing on traditional knowledge. Many cultural MSMEs depend on specialized skills and artisanal expertise passed down through generations. However, with younger generations increasingly pursuing careers in other industries, transmitting these skills is under threat (Bennett, 2006). The diminishing interest among youth in traditional crafts exacerbates this challenge, necessitating targeted interventions such as vocational training programs and incentives to preserve cultural heritage (Smith et al., 2018).

Limited access to technology and expertise in digital marketing further compounds the difficulties faced by these enterprises. In an increasingly digitalized economy, MSMEs often struggle to adopt modern tools and platforms for marketing their products (Kumar & Kumar, 2020). This digital divide leaves them unable to tap into wider markets or utilize e-commerce platforms effectively, limiting their growth potential. Moreover, these businesses' lack of digital literacy adds another layer of complexity (Anderson, 2019).

The challenge of balancing tradition and innovation is also particularly pronounced for cultural MSMEs. While traditional practices form the backbone of their identity, adapting to modern market demands and technologies is crucial for survival (Raymond & St-Pierre, 2010). This balance requires thoughtful innovation that enhances product appeal without diluting cultural significance.

Financial constraints remain a persistent barrier, as access to capital and financial resources for MSMEs is often limited. Banks and financial institutions are hesitant to lend to small businesses with irregular cash flows or those in non-conventional sectors like cultural industries (Beck & Demirgüç-Kunt, 2006). This lack of funding restricts their ability to scale operations, invest in new technologies, or weather financial challenges.

Managing family dynamics in business operations presents another internal challenge for many cultural MSMEs, which are often family-owned. Conflicts over succession planning, differing visions for the business, or interpersonal issues can hamper decision-making and long-term planning (Gersick et al., 1997). Addressing these dynamics requires governance structures that balance familial relationships with professional management.

Maintaining consistent product quality and ensuring supply chain reliability is an operational challenge for cultural MSMEs. Fluctuations in the availability of raw materials, often sourced locally, can impact production timelines and product quality (Fernandez-Stark et al., 2011). For these enterprises to succeed, robust supply chain management systems and partnerships with local suppliers are essential.

Finally, navigating complex government regulations and bureaucracy often places an administrative burden on small businesses. Cultural MSMEs frequently lack the resources or knowledge to comply with intricate regulatory frameworks, which can stifle their growth and limit market access (OECD, 2019). Simplified procedures, as well as policies designed to support small businesses, are critical for addressing this issue.

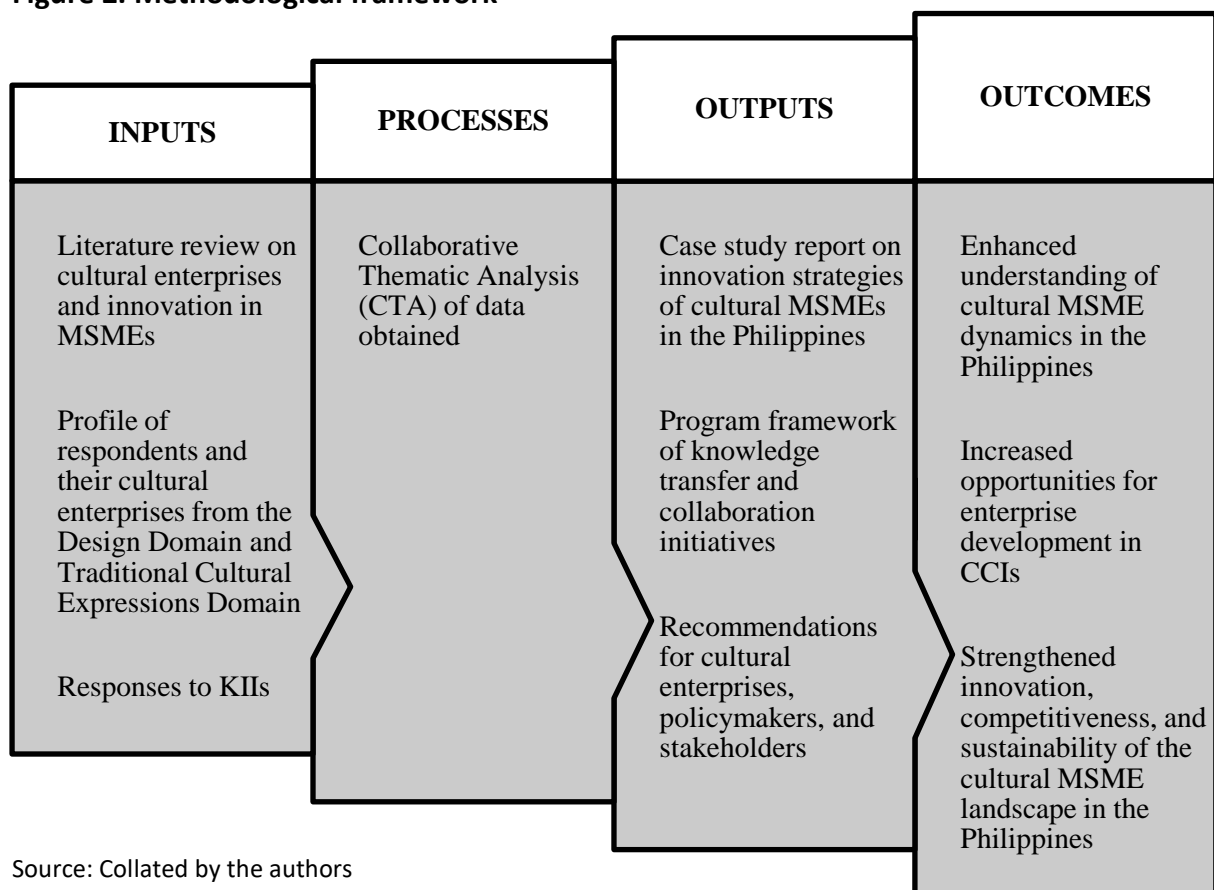
Despite these challenges, cultural MSMEs are driven by strong motivations such as the desire for economic survival and growth, preserving cultural heritage, and fostering community engagement and empowerment. These enterprises provide livelihoods and create a sense of identity and belonging for communities (Throsby, 2001). Moreover, many entrepreneurs in this sector find personal fulfillment and legacy-building in their work, as their businesses allow them to connect with their cultural roots and contribute to their communities (Howkins, 2001). The interplay of challenges and motivations necessitates a focus on innovation as a key driver for the sustainability of cultural MSMEs. Strategies such as product and process adaptation, leveraging technology, strategic marketing and promotion, and collaboration with partners are essential for these enterprises to thrive (Schumpeter, 1934). By fostering innovation while preserving tradition, cultural MSMEs can achieve long-term resilience.

To address these concerns, policymakers must craft targeted policy recommendations that support cultural MSMEs in overcoming challenges and realizing their full potential. Policies should focus on providing financial support, simplifying regulations, promoting digital literacy, and creating platforms for knowledge-sharing and collaboration. Such measures can empower cultural MSMEs to sustain their unique contributions to both cultural preservation and economic development.

### 3. METHODOLOGY

The study employed a qualitative case study design, focusing on key informant interviews (KIIs) with cultural MSMEs in Northern and Central Luzon, Philippines. The research aimed to explore innovative practices, motivational factors, challenges, and opportunities among cultural enterprises in the cultural and creative industries (CCIs). The findings informed the development of case study reports, program frameworks, and recommendations for enterprise development.

**Figure 2. Methodological framework**



Source: Collated by the authors

#### 3.1 Study Context and Design

The research was conducted in Northern and Central Luzon due to the regions' rich cultural heritage and their significant contributions to the Philippine economy, particularly in traditional crafts and culinary arts. This setting was ideal for studying how local enterprises balance cultural preservation with market demands.

### *3.2 Sampling Criteria*

Purposive sampling was used to select cultural MSMEs with the following criteria:

- Operational for at least five years to ensure experience in business operations.
- Engaged in Traditional Cultural Expressions, such as craftsmanship and food culture.
- Registered with government agencies like DTI and BIR.
- Led by owners, founders, or managers directly involved in business decision-making.

Nine cultural MSMEs were selected, ensuring a diverse range of practices. The selection process considered urban and rural representation, as well as a mix of food and non-food enterprises. One potential participant was excluded due to a lack of operational autonomy.

### *3.3 Data Collection*

A structured interview guide was developed, covering demographics, business operations, cultural relevance, marketing strategies, challenges, and policy recommendations. The guide was pilot-tested with a cultural MSME owner to ensure clarity and relevance. Interviews were conducted with nine selected respondents, primarily at their business locations, with one interview held online due to the participant's overseas role. Sessions lasted 60 to 120 minutes, were audio-recorded with consent, and supplemented with field notes.

A collaborative interviewing approach was used, involving two researchers per session. This allowed for effective probing, follow-up questions, and data cross-validation. Ethical protocols, including informed consent, confidentiality, and cultural respect, were followed throughout.

### *3.4 Data Analysis*

Data analysis was guided by a thematic framework, ensuring careful consideration of researcher positionality. Measures to mitigate bias included regular team brainstorming sessions and a collaborative interview approach. One researcher participated consistently across all interviews, while others alternated to offer fresh perspectives. Data triangulation was employed by validating findings with expert insights and secondary sources.

The thematic analysis followed Naeem et al. (2023), beginning with transcription and familiarization. Key quotations were highlighted, and recurring concepts were identified for systematic coding. The researchers used an inductive coding approach where the researchers derived codes from the data. The codes were grouped into broader themes to uncover patterns and connections. These themes were then interpreted to understand their interrelationships, leading to the development of a conceptual model. This model illustrated the interplay of motivations, strategies, and outcomes, providing a structured framework for understanding the dynamics of cultural MSMEs.

For a detailed description of the methodology, see Appendix 1.

## **4. FINDINGS**

This study examines the challenges and opportunities for cultural Micro, Small, and Medium Enterprises (MSMEs) in the Philippines. It analyzes the current state of these businesses, focusing on the innovation strategies used by cultural entrepreneurs and the motivational factors driving these strategies. It also identifies critical challenges facing cultural MSMEs.

The following discussions pertaining to innovation strategies, motivations, and challenges were derived from the interview, which is summarized in Appendices 2-11.

#### *4.1 Innovation Strategies*

The innovation strategies employed by selected cultural entrepreneurs in Northern and Central Luzon reflect a combination of traditional approaches and modern techniques. From rebranding and leveraging digital tools to participating in local events and enhancing production processes, these strategies highlight how cultural entrepreneurs are evolving to remain competitive in a fast-changing market. They skillfully blend heritage and innovation, which enables them to preserve their cultural identity while also embracing new market opportunities. These efforts strengthen the cultural and creative industries in the region and provide a model for how small businesses can thrive in today's economy.

##### **4.1.1 Product and Process Adaptation and Diversification**

Several MSMEs have modified their original products, such as transitioning to natural dyes and offering customized packaging that reflect the MSMEs' efforts to stay relevant and meet evolving customer demands.

Others have introduced new product lines altogether, including Narda's launch of Darna's Cargo Express, EdVer's Footwear adding a water refilling station, and Halo-Halo de Iloko expanding into a restaurant with a diverse menu.

Irene's Empanada exemplifies product diversification by introducing new empanada fillings while retaining their signature papaya-based recipe. Halo-Halo de Iloko innovated by introducing "binibo," a ready-to-eat meal concept suitable for delivery, showcasing product adaptation to meet the needs of a pandemic-affected market.

These innovations highlight the importance of flexibility and responsiveness to market trends in achieving business growth and sustainability and focus on the agility and resourcefulness of these MSMEs in navigating unprecedented disruptions.

##### **4.1.2 Leveraging Technology**

The results show that some MSMEs demonstrate a conscious effort to preserve cultural heritage while leveraging technology for efficiency and growth. Rowilda's Loom Weaving embodies this balance by continuing to use a 120-year-old traditional loom for production, even as they acknowledge the allure of handmade products for tourists.

While acknowledging the existence of automated weaving technologies, Narda's advocates for preserving the artistry of local craftsmanship and expresses concern over the potential decline of traditional weaving skills.

Flordeliza House of Bridal and other MSMEs utilize technology for specific tasks, such as automated cutting patterns or embroidery, while retaining the core handcrafting elements of their products.

#### 4.1.3 Strategic Marketing and Promotion

The MSMEs demonstrate an understanding of the importance of reaching their target audiences effectively. Participation in trade shows emerges as a consistent strategy across multiple MSMEs for networking, brand visibility, and market expansion. Many MSMEs have adopted social media as a marketing tool, either through self-management or by hiring social media managers.

Halo-Halo de Iloko showcases the effectiveness of earned media, attracting features in blogs, vlogs, and international media outlets due to its unique brand narrative and commitment to local sourcing.

Word-of-mouth referrals remain a powerful marketing force, particularly for MSMEs like Cristy's Pastillas, Aling Lucing Sisig, and Irene's Empanada, which rely on customer satisfaction and loyalty to drive growth. This theme indicates a blend of traditional and modern marketing approaches tailored to the specific needs and target markets of each MSME.

Shifting to online platforms for sales and delivery became crucial for business continuity, with MSMEs like Flordeliza House of Bridal and Irene's Empanada utilizing platforms like Grab and Foodpanda, during the COVID-19 pandemic. In addition, one MSME adopted the work-from-home arrangements, such as Flordeliza House of Bridal allowing employees to take home machines for production.

#### 4.1.4 Collaboration and Partnerships

The findings reveal a strong emphasis on collaboration as a means to access resources, knowledge, and new markets as their innovations in their MSMEs.

Government agencies like the Department of Trade and Industry (DTI) play a crucial role, providing training, financial support, and market access opportunities. Cooperatives like Disenyo Pandi offer a platform for shared resources, training, and collective marketing efforts, particularly for MSMEs in the craft sector.

Halo-Halo de Iloko exemplifies collaborative partnerships with local farmers, fisherfolk, and even prisoners, fostering a sense of community engagement and ensuring a sustainable supply chain.

Partnerships with other businesses, such as Flordeliza House of Bridal utilizing external embroidery services, demonstrate strategic resource sharing and specialization.

This innovation underscores the importance of building strong networks and leveraging external support to enhance innovation capabilities.

### 4.2 *Motivations Driving Innovation*

The results show significant motivations behind the innovative strategies adopted by the nine participating cultural MSMEs. These motivations reveal a blend of economic considerations, cultural preservation, community engagement, and personal values.

#### 4.2.1 Economic Survival and Growth

These findings highlight the fundamental drive to sustain and grow the cultural MSMEs in a competitive market.

The need to remain relevant and meet evolving customer preferences is a primary motivator for product adaptation and diversification. Narda's shift to natural dyes, Cristy's Pastillas' customized packaging, and Irene's Empanada's new fillings all reflect the motivation to adapt to market demands and changing consumer preferences.

Diversifying into new product lines and services, such as Narda's Cargo Express and EdVer's Footwear's water refilling station, are motivated by a desire to generate additional income streams and mitigate risks associated with relying solely on one product during the COVID-19 pandemic.

The pandemic forced MSMEs to find new ways to operate and reach customers. Flordeliza House of Bridal's online sales and Halo-Halo de Iloko's "binibo" meal concept demonstrate a proactive approach to leveraging emerging opportunities for business continuity.

#### 4.2.2 Preserving Cultural Heritage

Many MSMEs are driven by a deep sense of responsibility to preserve and promote Filipino cultural traditions. The participation in trade shows and collaborations with government agencies like DTI demonstrate a desire to showcase authentic Filipino craftsmanship to wider audiences and advocate for its value. The emphasis on using traditional recipes, techniques, and materials, exemplified by Rowilda's Loom Weaving's 120-year-old loom and Narda's advocacy for handcrafted products, underscores a commitment to cultural authenticity.

#### 4.2.3 Community Engagement and Empowerment

The results also reveal that a strong sense of community connection and a desire to contribute to local well-being is a driver for adopting innovations.

Support to local suppliers, such as, Halo-Halo de Iloko's partnerships with local farmers, fisherfolk, and even prisoners highlight a commitment to sourcing ingredients locally, supporting the local economy, and promoting sustainable practices.

All nine MSME-participants provide employment to a significant number of people, often from their local communities, contributing to livelihood creation and economic stability. In addition, some MSMEs emphasize employee training and skills development, such as Flordeliza House of Bridal, Aling Dory's Embroidery, and EdVer Footwear, enabling employees to enhance their capabilities and potentially start their own ventures in the future.

#### 4.2.4 Personal Fulfillment and Legacy

The narratives of the MSME owners reveal that innovation is not solely driven by economic factors but also by personal values and aspirations.

Many owners express a deep passion for their craft, evident in their commitment to quality, attention to detail, and willingness to innovate while preserving tradition. Aling Lucing Sisig's story of accidentally creating her signature dish and Halo-Halo de Iloko's chef's dedication to slow cooking methods exemplify this passion.

The findings also reflect a sense of Filipino pride amongst the owners of the MSMEs in representing Filipino culture and heritage through their businesses. Halo-Halo de Iloko's vision to make their product a symbol of La Union tourism and Irene's Empanada's commitment to using local ingredients reflect this sentiment.

Some owners express a desire to build a lasting legacy for their families and communities. Rowilda's Loom Weaving's efforts to pass on the craft to future generations and Narda's concerns about the future of traditional weaving skills underscore this motivation.

In conclusion, the motivations driving innovation in these cultural MSMEs are diverse and multifaceted. While economic sustainability is a primary concern, there is a clear interplay between cultural preservation, community engagement, and personal values that shapes their innovative strategies. These motivations not only contribute to the success of their businesses but also play a vital role in the continued vibrancy of Filipino cultural heritage.

### *4.3 Challenges Faced by Cultural MSMEs in the Digital Age*

Analyzing the data, the result reveals several recurring challenges encountered by the nine participating cultural MSMEs as they navigate the evolving landscape of the internet and technological advancements.

#### *4.3.1 Competition from Mass-Produced and Imported Goods*

The findings highlight the competitive pressures faced by these MSMEs, particularly from cheaper, mass-produced goods, often imported from countries like China. Narda's expresses concern over the growing number of final products woven by machines and computerized designs, posing a challenge to the handcrafted nature of their products. Similarly, EdVer's Footwear acknowledges the competition from plastic and rubber slippers imported from China. This challenge underscores the need for cultural MSMEs to differentiate themselves through quality, authenticity, and the unique value proposition of handmade products.

#### *4.3.2 Maintaining a Skilled Workforce and Passing on Traditional Knowledge*

Several MSMEs voice concerns about the continuity of traditional skills and the difficulty in attracting younger generations to their craft. Narda's notes that none of their children are involved in the business, raising concerns about the future of their craft. Rowilda's Loom Weaving highlights the challenge of preserving traditional weaving knowledge as the owners age and their daughter shows limited interest in learning the craft. This challenge emphasizes the importance of training and mentorship programs, as well as exploring ways to make traditional crafts more appealing and relevant to younger generations.

#### *4.3.3 Limited Access to Technology and Digital Marketing Expertise*

While some MSMEs have successfully adopted technology for specific tasks, others face limitations in accessing and utilizing digital tools for business growth. The result of the study indicates varying levels of digital adoption, with some MSMEs relying primarily on traditional marketing methods like word-of-mouth and trade shows. While many utilize Facebook for promotion, more sophisticated digital marketing strategies, such as e-commerce platforms and targeted online advertising, are less prevalent. This challenge highlights the need for capacity-building initiatives and training programs to equip MSMEs with the skills and knowledge necessary to leverage digital technologies effectively.

#### *4.3.4 Balancing Tradition and Innovation*

Cultural MSMEs face the ongoing challenge of finding the right balance between preserving tradition and embracing innovation to stay competitive. While innovation is essential for

growth and adaptation, it's crucial to maintain the authenticity and cultural integrity of their products. This challenge requires careful consideration of which aspects of the business can benefit from modernization without compromising the core values and traditions that define their brand.

For instance, Halo-Halo de Iloko successfully integrates technology by using an automated oven controlled remotely while adhering to the "slow cook" methods central to their product's authenticity.

#### 4.3.5 Financial Constraints and Limited Access to Capital

The findings allude to financial challenges as a barrier to growth and innovation for some MSMEs. While specific details about financial constraints are not provided, the reliance on government support and cooperative initiatives suggests that access to capital may be limited for some businesses.

This challenge highlights the need for financial inclusion programs tailored to the needs of cultural MSMEs, providing access to affordable loans, grants, and investment opportunities to support innovation and expansion.

#### 4.3.6 Managing Family Dynamics in Business Operations

All of the nine MSMEs are family-run businesses, which presents unique challenges related to decision-making, succession planning, and balancing personal relationships with professional responsibilities.

Aling Lucing Sisig experiences challenges with relatives opening competing branches, potentially diluting the brand and causing family conflicts. Rowilda's Loom Weaving faces uncertainty regarding the future of the business as the current owners age and their children are not actively involved.

These challenges highlight the importance of clear communication, well-defined roles and responsibilities, and potentially seeking external guidance or mediation to navigate family dynamics effectively within a business context.

#### 4.3.7. Maintaining Consistent Product Quality and Supply Chain Reliability

The result of the study emphasizes the importance of product quality as a key driver of customer loyalty. However, maintaining consistency and ensuring a reliable supply chain can pose challenges for MSMEs.

Cristy's Pastillas emphasizes the importance of the original recipe and consistent taste, while Aling Lucing Sisig highlights the challenge of maintaining quality as the business expands with new branches.

Irene's Empanada faces occasional shortages of key ingredients, requiring them to source from other provinces, potentially impacting product consistency.

These challenges underscore the need for robust quality control measures, strong supplier relationships, and potentially exploring strategies for vertical integration or diversification of sourcing options.

#### 4.3.8 Navigating Government Regulations and Bureaucracy

While government support is acknowledged as beneficial, navigating regulations and bureaucratic processes can be challenging for some MSMEs. Irene's Empanada encountered difficulties operating on the streets due to municipal regulations, forcing them to adapt their business model. It is a common challenge for MSMEs in general, particularly in navigating permits, licensing, and compliance requirements.

This challenge highlights the need for streamlined and transparent regulatory processes, along with accessible information and guidance to assist MSMEs in complying with requirements efficiently.

These challenges underscore the need for a multi-faceted approach that empowers cultural MSMEs to adapt and thrive in the digital age. This involves fostering innovation while preserving cultural heritage, bridging the digital divide, strengthening support systems, and promoting greater collaboration between the public and private sectors.

#### 4.4 Policy Recommendations to Address the Challenges Faced by Cultural MSMEs

Based on the challenges faced by cultural MSMEs presented and discussed in the results and discussion, this study proposes the following policy recommendations:

**Promote Fair Competition and Market Access:** The findings highlight the competitive pressure from cheaper, mass-produced, and often imported goods, particularly from China. To address this, policies should focus on (1) Leveling the playing field which will implement measures to ensure fair competition by addressing unfair trade practices, such as dumping of cheap imports; (2) Supporting domestic production which will provide incentives for domestic production of raw materials and finished goods to reduce reliance on imports; and, (3) Strengthening consumer awareness which will launch campaigns to educate consumers about the value and cultural significance of handmade products, encouraging them to support local businesses.

**Preserve Traditional Knowledge and Foster Skill Development:** The result emphasizes the challenge of maintaining a skilled workforce and passing on traditional knowledge to younger generations. To tackle this, policies should (1) Establish Apprenticeship Programs through schools and higher education institutions (HEIs) through Department of Education (DepEd) and Commission on Higher Education (CHED), respectively which will create or expand apprenticeship programs that connect experienced artisans with aspiring young craftspeople, ensuring the transmission of traditional skills; (2) provide financial incentives which will offer scholarships or grants to encourage young people to pursue careers in traditional crafts; and, (3) develop educational curricula which will integrate traditional crafts into school curricula to raise awareness and appreciation among younger generations.

**Bridge the Digital Divide and Enhance Digital Literacy:** The result also shows point to the limited access to technology and digital marketing expertise among some MSMEs. Policies should aim to (1) improve digital infrastructure which will expand broadband internet access, particularly in rural areas, to ensure that all MSMEs can participate in the digital economy; (2) provide digital literacy training which will offer affordable training programs to equip MSMEs with the skills and knowledge needed to leverage digital tools for marketing, sales, and operations; (3) facilitate e-commerce adoption which will support the development of e-commerce platforms tailored to the needs of cultural MSMEs, providing access to wider markets.

***Promote Innovation while Preserving Cultural Heritage:*** The study emphasizes the delicate balance between tradition and innovation. Policies should (1) support research and development which encourages innovation in traditional crafts through grants and funding opportunities for research and development of new techniques, materials, and designs; (2) establish design centers which creates centers where artisans can collaborate with designers and technologists to explore innovative ways to modernize their products while preserving their cultural essence; (3) protect intellectual property which strengthens intellectual property rights for traditional knowledge and designs to prevent exploitation and ensure that cultural MSMEs benefit from their innovations.

***Enhance Access to Finance and Investment:*** The result of the study also suggests that financial constraints are a barrier to growth for some MSMEs. To address this, policies should (1) expand microfinance initiatives which develops specialized microfinance programs that cater to the unique needs of cultural MSMEs, offering accessible and affordable loans; (2) facilitate access to grants which increase the availability of grants specifically targeted towards cultural MSMEs, supporting innovation, business expansion, and skills development; (3) attract impact investors which promotes cultural MSMEs as attractive investment opportunities for impact investors seeking both financial returns and social impact.

***Strengthen Family Business Management and Succession Planning:*** The findings highlight challenges related to family dynamics in business operations. Policies should (1) provide family business counseling which offers counseling and training programs to equip family-run MSMEs with the tools and knowledge to effectively manage family dynamics, conflict resolution, and succession planning; (2) develop legal frameworks which establishes clear legal frameworks for family businesses, outlining best practices for governance, ownership structures, and conflict resolution mechanisms; (3) promote intergenerational transfer which encourages the intergenerational transfer of knowledge and skills within family businesses through mentoring programs and financial incentives.

***Ensure Product Quality and Supply Chain Resilience:*** The results underscore the importance of consistent product quality and a reliable supply chain. To address this (1) implement quality standards which develop and promote industry-specific quality standards for cultural products, ensuring consistency and consumer confidence; (2) support supply chain development which provides training and resources to help MSMEs strengthen their supply chains, establish reliable supplier relationships, and diversify sourcing options; and, (3) encourage cooperative models which promotes the formation of cooperatives or industry associations that can collectively source materials, manage logistics, and enhance supply chain resilience.

***Streamline Government Regulations and Enhance Support Services:*** The findings mention the challenges MSMEs face navigating government regulations and bureaucracy. Policies should focus on (1) simplifying regulations that streamline bureaucratic processes for permits, licenses, and compliance requirements, making it easier for MSMEs to operate legally (2) providing clear information which establishes a centralized platform or website where cultural MSMEs can access clear and concise information about relevant regulations, licenses, and support programs; and, (3) offering business development services that strengthen business development centers and incubators that offer specialized support to cultural MSMEs, providing guidance on legal compliance, marketing, finance, and other business-related issues.

By implementing these policy recommendations, policymakers can create an enabling environment for cultural MSMEs to thrive in the digital age, preserving cultural heritage while fostering economic growth and innovation.

## 5. SUMMARY

The study, based on qualitative data from nine participating Filipino cultural micro, small, and medium enterprises (MSMEs), identifies key themes related to their innovation strategies, motivations for innovation, and challenges encountered in the digital age.

The study identifies several *innovation strategies* employed by these cultural MSMEs:

**Product Adaptation and Diversification:** This involves modifying existing products and introducing new product lines to meet evolving customer demands. Examples include using natural dyes, offering customized packaging, launching new ventures like cargo services or restaurants, and expanding product offerings while retaining signature elements.

**Balancing Tradition and Technology:** MSMEs strive to preserve cultural heritage while leveraging technology for efficiency and growth. This includes using traditional tools alongside automated processes, retaining core handcrafting elements, and advocating for the artistry of local craftsmanship.

**Strategic Marketing and Promotion:** MSMEs utilize a blend of traditional and modern marketing approaches, including participating in trade shows, using social media, leveraging earned media through unique brand narratives, and relying on word-of-mouth referrals.

**Collaboration and Partnerships:** Collaboration is crucial for accessing resources, knowledge, and new markets. This involves partnering with government agencies, cooperatives, local communities (farmers, fisherfolk), and other businesses for training, financial support, market access, resource sharing, and supply chain sustainability.

**Operational Resilience and Adaptability:** MSMEs demonstrated resilience during the COVID-19 pandemic by shifting to online platforms, implementing work-from-home arrangements, and adapting products to meet new market needs.

**Customer Focus and Quality as Cornerstones:** MSMEs emphasize product quality, authentic recipes, and strong customer relationships as key success factors. This involves maintaining original recipes, prioritizing fresh ingredients, and building customer loyalty through respect and responsiveness to customer needs.

The study identifies several *motivations driving innovation* in these cultural MSMEs:

**Economic Survival and Growth:** Adapting to market demands, expanding revenue streams, and seizing new opportunities are key motivators for product adaptation, diversification, and leveraging emerging trends.

**Preserving Cultural Heritage:** Maintaining authenticity, showcasing Filipino craftsmanship, and educating future generations are motivations behind using traditional techniques, participating in cultural events, and expressing concerns about the declining interest in traditional skills.

**Community Engagement and Empowerment:** Supporting local suppliers, creating employment opportunities, and investing in employee development demonstrate a commitment to community well-being and economic stability.

**Personal Fulfillment and Legacy:** Passion for the craft, pride in Filipino identity, and a desire to build a lasting legacy drive the commitment to quality, the use of local ingredients, and the efforts to pass on traditional knowledge.

The study highlights several *challenges encountered by cultural MSMEs*:

**Competition from Mass-Produced and Imported Goods:** MSMEs face competition from cheaper, mass-produced goods, particularly from China.

**Maintaining a Skilled Workforce and Passing on Traditional Knowledge:** There is a challenge in attracting younger generations to traditional crafts, raising concerns about the continuity of cultural heritage.

**Limited Access to Technology and Digital Marketing Expertise:** While some MSMEs have adopted technology, others face limitations in accessing and utilizing digital tools for business growth.

**Balancing Tradition and Innovation:** Finding the right balance between preserving tradition and embracing innovation to stay competitive is a constant challenge.

**Financial Constraints and Limited Access to Capital:** Financial challenges are a barrier to growth and innovation, highlighting the need for financial inclusion programs.

**Managing Family Dynamics in Business Operations:** Family-run MSMEs face unique challenges related to decision-making, succession planning, and balancing personal and professional relationships.

**Maintaining Consistent Product Quality and Supply Chain Reliability:** Ensuring consistent product quality and a reliable supply chain are essential for customer loyalty but can pose challenges for MSMEs.

**Navigating Government Regulations and Bureaucracy:** Navigating regulations and bureaucratic processes can be challenging, highlighting the need for streamlined and transparent procedures.

## **6. CONCLUSION**

### **Empowering Cultural MSMEs: A Call to Collective Action**

The result of the study reveals that cultural MSMEs face several challenges, including competition from mass-produced goods, difficulties maintaining a skilled workforce, and limited access to technology.

However, these MSMEs also demonstrate remarkable resilience and adaptability, employing diverse innovation strategies like product adaptation, strategic marketing, and collaboration. Their motivations extend beyond economic survival to encompass cultural preservation, community engagement, and personal fulfillment.

These suggest that supporting cultural MSMEs is not just an economic imperative but a crucial step in safeguarding cultural heritage and fostering inclusive economic growth.

Therefore, this analysis calls for a multi-faceted approach which empowers cultural MSMEs to thrive in the digital age. This requires a collective effort from policymakers, businesses, consumers, and the MSMEs themselves.

For **policymakers and government institutions**, the call to action is to create an enabling ecosystem which fosters both cultural preservation and economic growth. This necessitates policies that promote fair competition by addressing unfair trade practices and incentivizing domestic production of raw materials; preserve traditional knowledge through robust apprenticeship programs, financial incentives for aspiring artisans, and integration of traditional crafts into school curricula; bridge the digital divide by expanding broadband internet access and offering affordable digital literacy training, empowering MSMEs to leverage e-commerce and digital marketing; facilitate access to finance by developing specialized microfinance programs and grants targeted towards cultural MSMEs, attracting impact investors seeking both financial returns and social impact; streamline government regulations and enhance support services, offering clear information, simplifying bureaucratic processes, and strengthening business development centers specializing in cultural MSME needs.

**Businesses**, particularly larger enterprises, can contribute by partnering with cultural MSMEs in their supply chains, fostering collaborative relationships that provide access to wider markets and resources; supporting initiatives that promote fair trade practices, ensuring ethical sourcing and fair compensation for artisans.

**Consumers** play a crucial role by making conscious choices that support cultural MSMEs prioritizing the purchase of handmade products, recognizing their quality, cultural significance, and contribution to local economies; engaging in responsible tourism that values authentic cultural experiences and supports local artisans.

**Cultural MSMEs** themselves must embrace a proactive approach to innovation and collaboration through actively seeking partnerships with government agencies, cooperatives, and other businesses to access resources, training, and market opportunities; invest in digital literacy and explore new technologies to enhance marketing, sales, and operational efficiency, while preserving the core values and traditions of their craft; engage in continuous learning and adapt their business models to respond to evolving market demands and consumer preferences; prioritize clear communication and succession planning, particularly for family-run businesses, ensuring the continuity of their legacy.

By recognizing the interconnectedness of these stakeholders, a collaborative ecosystem can emerge, empowering cultural MSMEs to not only survive but thrive. Their success is not just an economic imperative, but a vital investment in preserving cultural heritage, fostering community well-being, and enriching the tapestry of human creativity. By working together, an all-to-nation approach ensures that cultural MSMEs continue to flourish, contributing not only to economic prosperity but also to the vibrant tapestry of cultural heritage that enriches our lives.

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## **APPENDIX 1**

### **TECHNICAL NOTES ON METHODOLOGY**

This section outlines the methodological framework and data collection processes, emphasizing replicability and rigorous inquiry. The study utilized an Input-Process-Output (IPO) model, which incorporated data collection from related literature and cultural entrepreneurs through key informant interviews (KIIs). The framework aimed to identify innovative practices, motivational factors, challenges, and opportunities among cultural MSMEs in the CCIs. Insights from the study informed the development of case study reports and policy recommendations.

#### **Study Design and Context**

The study employed a qualitative case study design using KIIs to explore the innovative practices and motivational factors driving cultural MSMEs in Northern and Central Luzon, Philippines. This approach provided a nuanced understanding of the dynamics, challenges, and strategies unique to cultural enterprises.

The selection of Northern and Central Luzon as the research setting was intentional, given the regions' rich cultural heritage and their significant contributions to the Philippines' socio-economic fabric. These areas are known for their traditional crafts, culinary arts, and creative industries, making them ideal for exploring how local enterprises sustain cultural identity while addressing contemporary market demands.

#### **Sampling Criteria and Selection Process**

Purposive sampling was utilized to target cultural MSMEs that demonstrated both cultural significance and innovation potential. The selection process was guided by the following criteria:

1. The enterprise must have been operational for at least five years to ensure established practices and experience in navigating business challenges and opportunities.
2. The enterprise should operate within the Traditional Cultural Expressions domain, particularly those rooted in traditional craftsmanship and food culture.
3. The enterprise must be formally registered with government agencies such as the Department of Trade and Industry and the Bureau of Internal Revenue.
4. Respondents must be owners, founders, or managers directly involved in the business's operations and decision-making processes to provide comprehensive insights into motivations and strategies.

A total of nine cultural MSMEs were selected to reflect a diverse range of practices and perspectives. While initially targeting ten respondents, one was excluded during analysis due

to their status as a subsidiary of a foreign corporation, which limited their decision-making and operational autonomy, which is an essential criterion for this study.

The sampling also considered practical and contextual factors, including representation from both urban and rural areas and a balance of food and non-food enterprises. Recommendations from local government units (LGUs) ensured alignment with cultural and economic priorities.

### **Data Collection Method**

Data collection employed a structured interview guide organized into thematic sections: demographic information, business operations, cultural relevance, marketing strategies, challenges and adaptations, and recommendations for policy and support. The guide was pilot-tested with a local cultural MSME owner specializing in traditional Filipino rice cakes to ensure clarity, relevance, and alignment with the study's objectives. Adjustments based on the pilot test enhanced question phrasing, sequencing, and the overall interview approach to better capture participants' perspectives.

Interviews were conducted with nine MSME owners, founders, or managers selected according to predefined eligibility criteria. Most interviews were held at respondents' business locations to provide contextual insights, except for one conducted online due to the participant's temporary overseas role. Sessions lasted one to two hours and were audio-recorded with consent. Field notes were also taken to document additional contextual details.

To ensure depth and accuracy, a collaborative questioning approach was adopted, involving at least two researchers per session. This setup allowed for effective probing, follow-up questions, and cross-validation of data. Ethical protocols, including informed consent, confidentiality measures, and respect for cultural sensitivities, were strictly observed throughout the data collection process.

### **Data Analysis**

The data analysis was conducted with careful consideration of researcher positionality and the application of a systematic thematic framework.

#### *Researcher Positionality and Bias Mitigation*

Recognizing the potential influence of the researcher's dual roles as business professors and industry practitioners, measures were implemented to minimize bias and enhance the credibility of findings. Regular team brainstorming sessions critically assessed emerging interpretations to incorporate diverse viewpoints. During data collection, a collaborative interviewing approach was adopted, involving two researchers per session. One researcher participated consistently across all interviews to maintain continuity, while the other researchers alternated to provide fresh perspectives and mitigate potential biases.

A pilot interview with a local cultural entrepreneur refined the interview guide, addressing potential biases in question framing. Data triangulation was also employed by validating the interview instrument and data with secondary sources such as expert insights to ensure a

balanced interpretation. Transparent documentation of all research activities supported external scrutiny and reinforced the study's credibility.

### *Thematic Analysis*

The data analysis followed a thematic approach based on Naeem et al. (2023), designed to systematically identify and interpret patterns within the qualitative data. The process began with transcription and familiarization, where interviews were transcribed verbatim and reviewed repeatedly to gain an in-depth understanding of the data. Key quotations representing participants' experiences and insights were highlighted. Keywords, reflecting recurring concepts and ideas, were identified and used to guide the coding process. Coding involved tagging segments of the data with descriptive labels to capture key concepts systematically.

The researchers used an inductive approach to which codes were then grouped into broader themes, representing overarching patterns and connections within the data. These themes provided insights into the shared experiences and challenges faced by the participants. The final stages involved interpreting these themes to conceptualize their interrelationships and broader implications, leading to the development of a conceptual model. This model captured the dynamic interplay of motivations, strategies, and outcomes, providing a structured framework for understanding the phenomena under study.

## APPENDIX 2

### HIGHLIGHTS AND KEY MESSAGES OF THE INTERVIEW

This section provides an overview of nine different cultural MSMEs in Northern and Central Luzon, detailing their establishment, founders, product offerings, marketing strategies, and government collaborations.

Here is a brief yet comprehensive discussion on the **profile of the business enterprise** based on the tables provided below:

**Diverse Range of Cultural Products:** The tables in the sources showcase a variety of Cultural MSMEs operating in Northern and Central Luzon, offering a diverse range of products and services rooted in Filipino tradition and heritage. These enterprises represent various sectors within the cultural and creative industries, including:

- **Handicrafts:** Narda's Handwoven Arts and Crafts specializes in crocheting, weaving, and knitting. Rowilda's Loom Weaving produces hand towels, placemats, and table napkins, and also resells blankets and Abel-made products.
- **Fashion and Apparel:** Eddie Agustin Gapan Slippers focuses on slipper production, while Flordeliza House of Bridal specializes in wedding gowns, Filipiniana attire, and suits. Dory's Embroidery offers embroidered tablecloths and curtains, along with wedding gowns and Filipiniana clothing.
- **Food and Beverage:** Cristy's Pastillas produces traditional pastillas and other pasalubong products. Aling Lucing Sisig is renowned for its sisig and other Filipino dishes. Halo-Halo De Iloko offers a unique twist on the classic halo-halo dessert and features a space for selling products from other MSMEs. Irene's Empanada specializes in empanadas and has expanded to include okoy, silog meals, and bagnet.

**Family-Owned and Multi-Generational Enterprises:** Most of the featured businesses are family-owned and operated, with some having transitioned through multiple generations. This highlights the **importance of family legacy and the passing down of traditional knowledge and skills within the cultural MSME sector**. Examples include:

- Narda's Handwoven Arts and Crafts, founded in 1972, is now run by the second generation.
- Cristy's Pastillas, established in 1968, is currently managed by the second generation.
- Aling Lucing Sisig, founded in 1970, has reached the third generation of ownership.
- Irene's Empanada, with roots dating back to 1930, represents the fourth generation of family involvement.

**Years of Operation Reflecting Experience:** The businesses represented in the tables have been in operation for varying lengths of time, with some having decades of experience in their respective crafts and industries:

- Narda's Handwoven Arts and Crafts (1972), Eddie Agustin Gapan Slippers (1985), and Rowilda's Loom Weaving (1985) demonstrate decades of experience in the handicrafts and fashion sectors.
- Cristy's Pastillas (1968), Aling Lucing Sisig (1970), and Dory's Embroidery (1977) represent longstanding businesses in the food and apparel industries.

**Varying Business Size and Scale:** The tables provide insights into the size and scale of these cultural enterprises. While some have remained relatively small, others have grown significantly, employing a considerable workforce.

- Narda's Handwoven Arts and Crafts started with 600 helpers and currently employs a substantial, though unspecified, number.
- Aling Lucing Sisig has grown from 5-10 helpers to 70-80, indicating substantial expansion.
- Dory's Embroidery has also scaled significantly, increasing its workforce from two (2) to 60-70.

**Evolution and Adaptation:** The profiles reveal that many of these businesses have evolved and adapted over time, introducing new products, expanding into different markets, and embracing technology to meet changing consumer demands and overcome challenges like the COVID-19 pandemic. Some notable examples include:

- Aling Lucing Sisig partnered with ecommerce platforms such as Food panda and Grab to reach wider audience.
- Dory's Embroidery opened its ecommerce platforms in Shopee and and Lazada to cater more customers.
- Cristy's Pastillas expanded its product line to include a wider range of pasalubong items and, at one point, even ventured into videoke and chair rentals.
- Flordeliza House of Bridal added a water refilling station to diversify its offerings.
- Halo-Halo De Iloko incorporated catering services and a retail space for promoting products from other MSMEs.
- Irene's Empanada broadened its menu to include other popular Filipino dishes like okoy, silog meals, and bagnet.
- Rowilda's Loom Weaving transitioned from solely producing handwoven items to becoming a reseller of blankets and Abel-made products, and even a distributor of PepsiCo products.

The information gathered underscores the dynamism and resilience of Cultural MSMEs in the Philippines. These businesses, often driven by a strong sense of heritage and a desire to preserve traditional crafts, demonstrate adaptability and an entrepreneurial spirit as they navigate the evolving market landscape.

The study provides a glimpse into the individuals or the **profile of the respondents** behind Cultural MSMEs in Northern and Central Luzon, highlighting their roles, backgrounds, and family involvement in these enterprises.

- **Predominantly Female Leadership:** The majority of interviewees are women, showcasing the significant role women play in leading and managing Cultural MSMEs. Out of the nine participants profiled, six are women, holding positions as owners or co-owners and managers within their respective businesses. This female representation is particularly notable in industries like handicrafts and food, which are often deeply rooted in traditional knowledge and practices passed down through generations of women.
- **Generational Representation:** The interviewees represent a mix of first and second generations involved in Cultural MSMEs. This generational diversity allows for insights into how perspectives on business management, innovation, and the preservation of cultural heritage might differ between those who established the businesses and those who inherited or joined them later.
- **Family Involvement:** Family involvement is a prominent theme in the profiles, further emphasizing the importance of kinship and shared heritage in these businesses. Many interviewees note the involvement of spouses, siblings, parents, or children in the enterprise. This close-knit structure suggests that Cultural MSMEs are often not just businesses, but extensions of family traditions and values.

- **Age and Experience:** The interviewees' ages range from 42 to 71, reflecting a wealth of experience and accumulated knowledge within the Cultural MSME sector. This range also suggests that the study captures the perspectives of individuals at different stages of their entrepreneurial journeys, offering insights into the long-term sustainability and potential challenges of Cultural MSMEs as founders age.

Here's a closer look at the individual profiles, highlighting key details:

- **Narda's Handwoven Arts and Crafts:** A second-generation entrepreneur, respondent 1 manages Narda's Handwoven Arts and Crafts, a business established by her father in 1972. While respondent 1 is a co-owner and manager, her father remains the primary decision-maker, showcasing a common dynamic in family-owned Cultural MSMEs where older generations retain significant influence.
- **Eddie Agustin Gapan Slippers:** As the founder and owner of Eddie Agustin Gapan Slippers, respondent 2, at age 66, represents a first-generation entrepreneur with decades of experience in the footwear industry. His wife plays a role in the business, highlighting the common partnership dynamic within family-run enterprises.
- **Cristy's Pastillas:** Another second-generation entrepreneur, respondent 3 manages Cristy's Pastillas, a business established in 1968. With her daughter involved, the business reflects a lineage of women in leadership roles.
- **Flordeliza House of Bridal:** At 57, respondent 4 is the first-generation owner and manager of Flordeliza House of Bridal. Her brother's involvement highlights the potential for sibling partnerships in Cultural MSMEs.
- **Aling Lucing Sisig:** Representing the third generation of Aling Lucing Sisig, respondent 5 manages a specific branch of the family's renowned food business. The fact that she manages only one branch suggests that as family businesses grow, responsibilities might be divided among family members.
- **Dory's Embroidery:** respondent 6, aged 64, is the founder and owner of Dory's Embroidery, highlighting the enduring presence of first-generation entrepreneurs in the Cultural MSME sector. Her business also involves other family members, signifying a collaborative family structure.
- **Halo-Halo De Iloko:** As the executive chef and owner of Halo-Halo De Iloko, respondent 7, at 42, represents a younger generation of entrepreneurs bringing their culinary expertise to traditional Filipino cuisine. His wife's involvement in the business further reinforces the prevalence of spousal partnerships.
- **Irene's Empanada:** respondent 8, aged 53, manages Irene's Empanada, a business that has been passed down through four generations, starting with her great-grandmother. The business also involves her immediate family members, showcasing the intergenerational continuity that often defines Cultural MSMEs.
- **Rowilda's Loom Weaving:** respondent 9, at 71, represents a seasoned entrepreneur leading Rowilda's Loom Weaving, a business with roots in traditional handloom techniques. His business, which involves his immediate family members, highlights the enduring legacy of family involvement in Cultural MSMEs.

The profiles presented in the sources offer a valuable glimpse into the individuals driving Cultural MSMEs in the Philippines. They highlight the diversity of experience, the prevalence of women in leadership, the significance of family involvement, and the intergenerational continuity that characterizes these businesses. Further exploration of these individual stories and motivations could provide even richer insights into the challenges, opportunities, and aspirations within the Cultural MSME sector.

### APPENDIX 3

#### HIGHLIGHTS OF THE INTERVIEW FOR BUSINESS ENTERPRISE 1

##### Profile of the Business Enterprise 1

Name of the Enterprise	Year established	Reason or Motive for establishing the business enterprise	Number of employees	
			Initial Employees	Current Employees
NARDA'S HANDWOVEN ARTS AND CRAFTS	1972	Source of income  Knowledgeable about the product  Developed skills needed due to early exposure to product development	600	300

##### Profile of the Respondent 1

Age	Sex	Generation	Role in the Business	Other individuals or family members who are involved in the business
52	Female	Second Generation	Co-Owner/ Manager	Father is still the decision-maker

##### Marketing Mix of the Business Enterprise 1: Product

Initial Product Offering	Current Product Offering / Business venture	Reason for modifications made in the products offered, if any.	Value Proposition (Unique Selling Point)	Source of raw materials	Equipment used in business (Yes/No)	Parts of production being outsourced
Crocheting/ Weaving/ Knitted products	Opening of Darna's Cargo Express	To address logistical concerns during the pandemic	Timeless designs seamlessly blend tradition with elegance, creating pieces that never go out of style	Imported raw materials purchased from Manila and Baguio, but nowadays more emphasis on local e.g. cotton, cotton abaca, cotton piya etc.	No	None

### Marketing Mix of the Business Enterprise 1: Price and Place

PRICE		PLACE				
Pricing Strategy	Comparison of price with competitor	Types of Marketing Channel followed by the business	Retail Format	Branches, if any.	Intensity of Distribution	Market reached
Value-based pricing	Competitive	Direct channel  <i>*with website</i>	When the business started: Brick-and-mortar  Current: click-and-mortar	Baguio Country Club and Camp John Hay	Intensive	Philippines, Europe Japan United States of America

### Marketing Mix of the Business Enterprise 1: Promotion

Initial promotional efforts implemented	Current promotional efforts implemented	Reason for the promotional efforts implemented	Rebranding efforts	Most effective promotional efforts
Participation in tradeshow  Word-of-mouth	Social Media Advertising	Increase brand awareness	None	Attendance in tradeshow Word-of-mouth Referrals

## APPENDIX 4

### HIGHLIGHTS OF THE INTERVIEW FOR BUSINESS ENTERPRISE 2

#### Profile of the Business Enterprise 2

Name of the Enterprise	Year established	Reason or Motive for establishing the business enterprise	Number of employees	
			Initial Employees	Current Employees
EDDIE AGUSTIN GAPAN SLIPPERS	1985	Source of income	35-40	8-10

#### Profile of the Respondent 2

Age	Sex	Generation	Role in the Business	Other individuals or family members who are involved in the business
66	Male	First generation	Owner/ Manager	Wife

#### Marketing Mix of the Business Enterprise 2: Product

Initial Product Offering	Current Product Offering / Business venture	Reason for modifications made in the products offered, if any.	Value Proposition (Unique Selling Point)	Source of raw materials	Equipment used in business (Yes/No)	Parts of production being outsourced
Slippers	Slippers  Opening of water refilling station (no longer operational)	Not applicable	Premium quality meets budget-friendly prices	Gapan and Marikina (synthetic leather imported from China)	Yes, in cutting of pattern	Yes. Cutting of pattern

### Marketing Mix of the Business Enterprise 2: Price and Place

PRICE		PLACE				
Pricing Strategy	Comparison of price with competitor	Types of Marketing Channel followed by the business	Retail Format	Branches, if any.	Intensity of Distribution	Market reached
Value-based pricing Competition based pricing	Lower	Direct channel  <i>*with website</i>	When the business started: Brick-and-mortar  Current: click-and-mortar	Baguio Country Club and Camp John Hay	Intensive	Philippines, Europe Japan United States of America

### Marketing Mix of the Business Enterprise 2: Promotion

Initial promotional efforts implemented	Current promotional efforts implemented	Reason for the promotional efforts implemented	Rebranding efforts	Most effective promotional efforts
Participation in tradeshow	Participation in tradeshow	Personal Selling	Increase brand awareness	None
Word-of-mouth	Word-of-mouth		To boost sales	

## APPENDIX 5

### HIGHLIGHTS OF THE INTERVIEW FOR BUSINESS ENTERPRISE 3

#### Profile of the Business Enterprise 3

Name of the Enterprise	Year established	Reason or Motive for establishing the business enterprise	Number of employees	
			Initial Employees	Current Employees
CRISTY'S PASTILLAS	1968	Source of income  Knowledgeable about the product  Developed skills needed due to early exposure to product development	35-40	8-10

#### Profile of the Respondent 3

Age	Sex	Generation	Role in the Business	Other individuals or family members who are involved in the business
48	Female	Second generation	Owner/ Manager	Daughter

#### Marketing Mix of the Business Enterprise 3: Product

Initial Product Offering	Current Product Offering / Business venture	Reason for modifications made in the products offered, if any.	Value Proposition (Unique Selling Point)	Source of raw materials	Equipment used in business (Yes/No)	Parts of production being outsourced
Pastillas	Pastillas and other pasalubong products like macapuno, kundol, chicharon, and many others.  Added videoke and chair rentals (no longer operational)	To make the business a one-stop-shop pasalubong store	Traditional craftsmanship meets modern flavors	San Miguel Bulacan	No	None

### Marketing Mix of the Business Enterprise 3: Price and Place

PRICE		PLACE				
Pricing Strategy	Comparison of price with competitor	Types of Marketing Channel followed by the business	Retail Format	Branches, if any.	Intensity of Distribution	Market reached
Cost-based pricing	Lower	Use direct and indirect channels  <i>*with resellers/ facebook page</i>	When the business started: no physical store. Made to order then direct delivery to customers  Current: click-and-mortar	Added new branch within San Miguel and eventually expand into another municipality around Bulacan	Intensive  Exclusive (with reseller's buying in bulk and changing the brand of the products)	Philippines

### Marketing Mix of the Business Enterprise 3: Promotion

Initial promotional efforts implemented	Current promotional efforts implemented	Reason for the promotional efforts implemented	Rebranding efforts	Most effective promotional efforts
Participation in tradeshow	Social Media Advertising	Increase brand awareness	Private-label brand (they serve as the manufacturer for their distributors who rebrand their products)	Attendance in tradeshow
Personal selling	Personal Selling	Differentiate from Competitors		Word-of-mouth
Word-of-mouth				Referrals

## APPENDIX 6

### HIGHLIGHTS OF THE INTERVIEW FOR BUSINESS ENTERPRISE 4

#### Profile of the Business Enterprise 4

Name of the Enterprise	Year established	Reason or Motive for establishing the business enterprise	Number of employees	
			Initial Employees	Current Employees
FLORDELIZA HOUSE OF BRIDAL	2006	Source of income  Interest in clothing industry	1	12

#### Profile of the Respondent 4

Age	Sex	Generation	Role in the Business	Other individuals or family members who are involved in the business
57	Female	First generation	Owner/ Manager	Brother

#### Marketing Mix of the Business Enterprise 4: Product

Initial Product Offering	Current Product Offering / Business venture	Reason for modifications made in the products offered, if any.	Value Proposition (Unique Selling Point)	Source of raw materials	Equipment used in business (Yes/No)	Parts of production being outsourced
Wedding gown	Barong, filipiniana, suit Added water refilling station	To increase market share	Exquisite craftsmanship meets personalized design	Disenyo Pandi Cooperative	Yes, only on cutting patterns and automated embroidery	Yes. Cutting of pattern, machine embroidery

### Marketing Mix of the Business Enterprise 4: Price and Place

PRICE		PLACE				
Pricing Strategy	Comparison of price with competitor	Types of Marketing Channel followed by the business	Retail Format	Branches, if any.	Intensity of Distribution	Market reached
Cost-based pricing	some products-lower some products-higher	Direct channel  <i>*use of Facebook page</i>	When the business started: brick-and-mortar  Current: click-and-mortar	Added new branch in Disenyo Pandi cooperative building	Intensive	Philippines

### Marketing Mix of the Business Enterprise 2: Promotion

Initial promotional efforts implemented	Current promotional efforts implemented	Reason for the promotional efforts implemented	Rebranding efforts	Most effective promotional efforts
Word-of-mouth  Personal selling	Social Media Advertising <i>*relies on the promotion of Disenyo Pandi Cooperative</i>  Participation in tradeshow	Increase brand awareness  Respond to Market Changes	Private-label brand (they serve as the manufacturer for their distributors who rebrand their products)	Attendance in tradeshow Word-of-mouth Referrals Being part of a cooperative

## APPENDIX 7

### HIGHLIGHTS OF THE INTERVIEW FOR BUSINESS ENTERPRISE 5

#### Profile of the Business Enterprise 5

Name of the Enterprise	Year established	Reason or Motive for establishing the business enterprise	Number of employees	
			Initial Employees	Current Employees
ALING LUCING SISIG	1970	Source of income  Aling Lucing's quest to discover the recipe when she accidentally burned a pig's head on the grill and in <b>Filipino culture it is considered a sin to waste food</b>	5-10	70-80

#### Profile of the Respondent 5

Age	Sex	Generation	Role in the Business	Other individuals or family members who are involved in the business
47	Female	Third generation	Owner/ Manager	Managing partner (for a specific branch only)

#### Marketing Mix of the Business Enterprise 5: Product

Initial Product Offering	Current Product Offering / Business venture	Reason for modifications made in the products offered, if any.	Value Proposition (Unique Selling Point)	Source of raw materials	Equipment used in business (Yes/No)	Parts of production being outsourced
Grilled Barbecue	Sisig and other Filipino cuisines  Opening of jewelry business (no longer operational)	To make the business a full-blown restaurant	Crafted from traditional recipes that celebrate bold flavors and fresh ingredients, delivering a mouthwatering dish that's a true Filipino classic	Pampanga	No	None

### Marketing Mix of the Business Enterprise 5: Price and Place

PRICE		PLACE				
Pricing Strategy	Comparison of price with competitor	Types of Marketing Channel followed by the business	Retail Format	Branches, if any.	Intensity of Distribution	Market reached
Value-based pricing / premium pricing	Higher	Direct channel  <i>*use of grab and food panda</i>	When the business started: brick-and-mortar  Current: click-and-mortar	Added new branch within Angeles City Pampanga and eventually expand into another municipality around Pampanga and other nearby province	Intensive	Philippines United States of America Europe

### Marketing Mix of the Business Enterprise 5: Promotion

Initial promotional efforts implemented	Current promotional efforts implemented	Reason for the promotional efforts implemented	Rebranding efforts	Most effective promotional efforts
Word-of-mouth (WOM)  Personal selling	Social Media Advertising  Partnership with ecommerce platforms such food panda and grab  Endorsement from LGU (e.g tourism office)  Personal selling	Increase brand awareness	None	Word-of-mouth Referrals Partnership with LGUs

## APPENDIX 8

### HIGHLIGHTS OF THE INTERVIEW FOR BUSINESS ENTERPRISE 6

#### Profile of the Business Enterprise 6

Name of the Enterprise	Year established	Reason or Motive for establishing the business enterprise	Number of employees	
			Initial Employees	Current Employees
DORY'S EMROIDERY	1977	Source of income  Knowledgeable about the product  Developed skills needed due to early exposure to product development	2	60-70

#### Profile of the Respondent 6

Age	Sex	Generation	Role in the Business	Other individuals or family members who are involved in the business
64	Female	First generation	Owner/ Manager	Other family members

#### Marketing Mix of the Business Enterprise 6: Product

Initial Product Offering	Current Product Offering / Business venture	Reason for modifications made in the products offered, if any.	Value Proposition (Unique Selling Point)	Source of raw materials	Equipment used in business (Yes/No)	Parts of production being outsourced
embroidery of table cloth and curtains	Wedding gown, filipiniana, baron, blazer	To increase market share	Traditional craftsmanship meets modern designs at an affordable price	Disenyo Pandi Cooperative, China	No	Yes. Cutting of pattern, sometime machine embroidery

### Marketing Mix of the Business Enterprise 6: Price and Place

PRICE		PLACE				
Pricing Strategy	Comparison of price with competitor	Types of Marketing Channel followed by the business	Retail Format	Branches, if any.	Intensity of Distribution	Market reached
Cost-based pricing	Lower	Direct channel  <i>*use of shopee and lazada</i>	When the business started: no physical store. Made to order then direct delivery to customers  Current: click-and-mortar	Added new branch divisoria	Intensive  Exclusive (with reseller's buying in bulk and changing the brand of the products—private label)	Philippines China

### Marketing Mix of the Business Enterprise 6: Promotion

Initial promotional efforts implemented	Current promotional efforts implemented	Reason for the promotional efforts implemented	Rebranding efforts	Most effective promotional efforts
Word-of-mouth  Personal selling	Social Media Advertising  <i>*relies on the promotion of Disenyo Pandi Cooperative</i>  Participation in tradeshow	Increase brand awareness  Respond to Market Changes	Private-label brand (they serve as the manufacturer for their distributors who rebrand their products)	Attendance in tradeshow Word-of-mouth Referrals Partnerships Being part of a cooperative

## APPENDIX 9

### HIGHLIGHTS OF THE INTERVIEW FOR BUSINESS ENTERPRISE 7

#### Profile of the Business Enterprise 7

Name of the Enterprise	Year established	Reason or Motive for establishing the business enterprise	Number of employees	
			Initial Employees	Current Employees
HALO-HALO DE ILOKO	2004	Interest in cooking	4	40

#### Profile of the Respondent 7

Age	Sex	Generation	Role in the Business	Other individuals or family members who are involved in the business
42	Male	First generation	Executive Chef and Owner	Wife

#### Marketing Mix of the Business Enterprise 7: Product

Initial Product Offering	Current Product Offering / Business venture	Reason for modifications made in the products offered, if any.	Value Proposition (Unique Selling Point)	Source of raw materials	Equipment used in business (Yes/No)	Parts of production being outsourced
Halo-halo	Emparedados is a native cheeseburger made in homemade longganisa  The store also has a space where he displays and sells other products from MSMEs  Added catering services	To increase market share Customer's demand (tourist—mostly surfers)  To create advocacy (as the chair of PCCI La union) local or geographical branding exclusive for La Union	Unique and Localized products	Region 1,2, and 3  The owner partners with farmers, fisherfolks, other MSMEs, and even prisoners (they have vegetable gardens inside)	Yes  automated oven that he can control through his phone (so even when he's abroad, he could still get involved in the kitchen)	None

### Marketing Mix of the Business Enterprise 7: Price and Place

PRICE		PLACE				
Pricing Strategy	Comparison of price with competitor	Types of Marketing Channel followed by the business	Retail Format	Branches, if any.	Intensity of Distribution	Market reached
Value-based / premium pricing	Higher	Direct channel	When the business started: brick-and-mortar  Current: brick-and-mortar	None	Intensive	Philippines Thailand (for exposure only in cooking shows)

### Marketing Mix of the Business Enterprise 7: Promotion

Initial promotional efforts implemented	Current promotional efforts implemented	Reason for the promotional efforts implemented	Rebranding efforts	Most effective promotional efforts
Participation in events  Content Marketing  Word-of-mouth	Social Media Advertising  Partnerships  Content marketing	Enhance brand image  Differentiate from Competitors	None	Being the “must-visit” business in La Union

## APPENDIX 10

### HIGHLIGHTS OF THE INTERVIEW FOR BUSINESS ENTERPRISE 8

#### Profile of the Business Enterprise 8

Name of the Enterprise	Year established	Reason or Motive for establishing the business enterprise	Number of employees	
			Initial Employees	Current Employees
IRENE'S EMPANADA	1930	Source of income	8	3-4

#### Profile of the Respondent 8

Age	Sex	Generation	Role in the Business	Other individuals or family members who are involved in the business
53	Female	Fourth Generation	Owner	Immediate family members

#### Marketing Mix of the Business Enterprise 8: Product

Initial Product Offering	Current Product Offering / Business venture	Reason for modifications made in the products offered, if any.	Value Proposition (Unique Selling Point)	Source of raw materials	Equipment used in business (Yes/No)	Parts of production being outsourced
Empanada	Okoy with shrimp on top, silog meals, bagnet.	To increase market share	Crafted by the oldest family recipe in town with each bite delivers authentic flavors and a rich history	Vigan and Ilocos Sur Cagayan Valley (if there's a shortage in supply in their province)	Yes  in making the dough	Yes.  in bagnet products.

### Marketing Mix of the Business Enterprise 8: Price and Place

PRICE		PLACE				
Pricing Strategy	Comparison of price with competitor	Types of Marketing Channel followed by the business	Retail Format	Branches, if any.	Intensity of Distribution	Market reached
Cost-based pricing	Lower	Direct channel	When the business started: brick-and-mortar  Current: brick-and-mortar	She tried opening a store in a mall, but eventually close it due to difficulty in logistical concerns	Intensive	Philippines Singapore

### Marketing Mix of the Business Enterprise 8: Promotion

Initial promotional efforts implemented	Current promotional efforts implemented	Reason for the promotional efforts implemented	Rebranding efforts	Most effective promotional efforts
Word-of-mouth (WOM)  Personal selling	Personal selling  Content marketing (initiated by other entities)	To boost sales  Respond to Market Changes	From “No Name” to “Irene’s Empanda”	Word-of-mouth (WOM)  Content marketing (featured by vloggers/bloggers)

## APPENDIX 11

### HIGHLIGHTS OF THE INTERVIEW FOR BUSINESS ENTERPRISE 9

#### Profile of the Business Enterprise 9

Name of the Enterprise	Year established	Reason or Motive for establishing the business enterprise	Number of employees	
			Initial Employees	Current Employees
ROWILDA'S LOOM WEAVING	1985	Source of income	35-40	8-10

#### Profile of the Respondent 9

Age	Sex	Generation	Role in the Business	Other individuals or family members who are involved in the business
71	Male	Fourth Generation	Owner	Immediate family members

#### Marketing Mix of the Business Enterprise 9: Product

Initial Product Offering	Current Product Offering / Business venture	Reason for modifications made in the products offered, if any.	Value Proposition (Unique Selling Point)	Source of raw materials	Equipment used in business (Yes/No)	Parts of production being outsourced
Hand towel, "ikat" (placemat), table napkin	Reseller of blanket and Abel-made products, "tilar" (wooden machine used for weaving), Bags and footwear (private-label brand)  Distributor of PepsiCo products	To increase market share	Traditional techniques with contemporary designs, ensuring each piece tells a story of craftsmanship, culture, and timeless beauty.	Manila	No	Yes.  Use of machine in the production

### Marketing Mix of the Business Enterprise 9: Price and Place

<b>PRICE</b>						
<b>Pricing Strategy</b>	<b>Comparison of price with competitor</b>	<b>Types of Marketing Channel followed by the business</b>	<b>Retail Format</b>	<b>Branches, if any.</b>	<b>Intensity of Distribution</b>	<b>Market reached</b>
Cost-based pricing  Bundle pricing	Competitive	Direct channel	When the business started: brick-and-mortar  Current: brick-and-mortar	Along Calle Crisologo, Vigan	Intensive	Philippines China Singapore Malaysia Japan Canada

### Marketing Mix of the Business Enterprise 9: Promotion

<b>Initial promotional efforts implemented</b>	<b>Current promotional efforts implemented</b>	<b>Reason for the promotional efforts implemented</b>	<b>Rebranding efforts</b>	<b>Most effective promotional efforts</b>
Personal selling	Social Media Advertising  Participation in tradeshow  Endorsement from LGU (e.g tourism office)	To boost sales  Increase brand awareness	from “Dominic Panela's Peddler” to “Rowilda's”	Government support