

# Navigating the Realm of Product Promotion for Local Chocolates

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## ABSTRACT

The Philippines is starting to have strong gains in the chocolate confectionery with the steady increase in demand for local chocolates. A study was conducted to determine the promotional media preference and strategies for creating awareness of the local chocolate developed by the university and identify the barriers in the promotion and marketing sphere. A total of 65 respondents were randomly chosen and a structured questionnaire and focused group discussion was undertaken to gather data from the field. Results of the study showed that various marketing technologies and product promotions are preferred for introducing the chocolate developed by the university. Consumers had outgrown their desire to buy chocolates in the traditional market outlet of souvenir shops and utilization of innovative social media marketing is highly predominant. Likewise, inclination in the use of digital platforms has been established and widely employed resulting to the dwindling utilization of traditional media. Towards this end, it is crucial to identify future activities that will make use of digital technology to push and promote the local chocolate to increase its competitiveness, continuous trainings must be provided to entrepreneurs on online marketing strategies, provision of financial support must be continued for upscaling the product and consumer-centered research must be continuously conducted to address the diverse needs of the consumers when new products are introduced in the market.

Keywords: Promotional strategies, confectioneries, marketing mechanism, market outlet, social media marketing, product promotion

## 1. INTRODUCTION

The Philippines is starting to have strong gains in the chocolate confectionery with the steady increase in demand for local chocolates [1]. The country's chocolate is well-known for its unique taste and gaining popularity not only at the local level but in the international market as well.

"In order to strengthen the chocolate industry in the country, the government is doing its best to sustain and make globally competitive the main source of table a which is cacao. Towards this end, the Philippine Cacao and Chocolate Industry Roadmap 2021-2025 was formulated" [2]. "After a series of industry consultations and meetings, it envisions a globally competitive and sustainable Philippine cacao and chocolate industry built on a strong Philippine brand of quality cacao. This is definitely a big help to the cacao industry which is steadily growing in the country. The Philippine Statistics Authority reported that from July to September 2022, production of cacao (dried beans with pulp) was estimated at 2.65 thousand metric tons or an increase of 8.2 percent, from 2.45 thousand metric tons output in the same period of 2021. The leading cacao-producing region was still Davao Region, which produced 2.02 thousand metric tons or 76.1 percent of the total cacao production for the quarter" [1]. "Previously, Davao was

also reported as the major producer of cacao producing 80.6 percent share of the country's total cacao production in 2021" [3].

"However, despite many competitive advantages of the cacao industry, the country's exports remain low as it ranks 72nd in terms of exports, as its global market share of less than 0.01% [4]. Also, the country is still an importer of cocoa products such as chocolate, cocoa powder, cocoa beans, cocoa paste, cocoa butter and cocoa husks. The large import of cocoa powder and export value of chocolate is being credited to major chocolate manufacturers in the country that seldom buy local cocoa beans. Instead, they use imported powder and cocoa butter for their raw materials. This in effect increases the importation of cocoa powder making it the leading cacao product import in 2014. Consequently, some of the finished by-products produced by local manufacturers are being exported to other countries" [4].

Indeed, the cacao and chocolate industry in the country is still far from being stable and sustainable. Product development for new chocolate and confectioneries must be encouraged. While there are many available local chocolates, there is still a need to innovate from the traditional and locally produced chocolates. And with new products available, this has to be known and promoted hence, this study is undertaken.

## **2. OBJECTIVES**

This research study aimed to determine the promotional media preference for creating awareness of the local chocolate produced by the university, identify the barriers and challenges in marketing the local chocolates, and provide recommendations to strengthen the promotion of local chocolates.

## **3. REVIEW OF RELATED LITERATURE**

"A research report posited that the role of social marketing in the management system can be defined as follows: first, social marketing is currently serving as a fundamental modern concept of managing social processes and changes in a modern market and democratic society" [6]. "Secondly, social marketing formulates the goals, technologies, marketing mechanisms in relation to various spheres of public life (education, health care, culture, sports, ecology, science, art, etc.), forming concrete and real mechanisms for their functioning, regulation, managing them. The virtue of SMM marketing comparing to traditional marketing is anti-advertising, an understanding that the target audience wants to see not a promoter or a merchandise, it needs a thematic communication, an expert opinion. Thus, creation of content and product promotions can easily be made by the company itself or they can turn to independent bloggers, online-consultants and analysts". [6]

"Corollary to this, it was also noted that the impact of social media influencers (SMIs) is on the rise as the use of social media grows in the daily lives of consumers" [7]. "Consumers are more likely to positively react to a message that comes from a trusted source, the trusted source being social media influencers. Due to their authenticity and large followings, social media influencers have connections with an audience that supports and trusts them. This authenticity is what draws their followers to them. Social media influencers are recognized as trusted tastemakers in one or several niches. Social media influencers have sprouted in not just entertainment, but multiple different

industries as well. Because of these factors, brands are leaning towards influencer marketing to further help them navigate the realm of social media and its relationship with advertising". [7]

"In a previous study conducted, the survey result shows that promotions through social media which are Facebook, Twitter, and Instagram simultaneously have no significant effect for product's promotion" [8]. "Many people have not known about previous activities and have no attraction in social media. From the three social media that the authors used for this research, Twitter has the most impact towards product promotion, because Twitter have the most active users amongst other social media in Indonesia, whereas, Instagram have the least impact as not many people visit Instagram as much as Facebook and Twitter. From the survey the authors conclude that product promotion through social media have made some people recognize their brand and influence their buying decision, although some of the people show no interest in buying a specific product even after they have seen product promotion in social media". [8]

"Similarly, a research report concluded that social media is one of the most powerful, profitable, and effective platforms for companies to increase its visibility amongst its target customers" [9]. "By spending few hours on social media and on companies' page, firms are reported a huge increase in queries and business turnover as well. At the same time companies should keep in mind that social media is a double-edged sword, if not used with care it may have the power to create havoc of market reputation within no time. Some suggestions for companies to improve their promotional activities and brand visibility in social network sites are develop a proper content of your message, create an attractive presentation of it, make your target consumers engage with your message, and feel the customer's experience". [9]

"The growing global demand for chocolate represents an opportunity for the Philippines to grow its economy with the aid of digital platforms and social media. A research report noted that the Philippines' participation in the cocoa-chocolate global value chain is limited, despite many competitive advantages" [10]. "The country has produced cocoa for centuries and has good climatic and geographical conditions for its production. However, exports remain low. Globally, the country ranks 72nd in exports with a global market share of less than 0.01 [10]. One reason may be due to the low promotion and marketing strategies provided by the business sector of our country". [10]

For the chocolate industry to gain more recognition at the local and global arena, a mechanism should be in place and to utilize the rising tide in the utilization of various digital media and social platforms. Towards this end, it is imperative for the local chocolate industry to take advantage of the increasing popularity of social media marketing as an effective platform for product promotion.

#### **4. METHODOLOGY**

A total of 65 respondents were randomly chosen composed of cacao farmers, processors, researchers, professionals and students during the conduct of the Cacao Festival at the Central Bicol State University of Agriculture, Pili, Camarines Sur. A structured questionnaire was developed and used as the main tool for gathering the needed data. Likewise, focused group discussion was also undertaken to elicit more information from the respondents. Document review and analysis of data was also undertaken to confirm and validate the data gathered from the survey. Frequency counts, weighted means, ranking and percentages were used to describe the profile of

respondents and analyze the product attributes, preferred marketing outlet and promotional media of the respondents.

Secondary data were also gathered from other agencies such as the Metro Naga Chamber of Commerce and Industry, Department of Agriculture and other agencies/institutions which may have relevant data for the project. Descriptive method was employed in discussing the secondary data gathered on product promotion. Likewise, data were gathered from publications of various government offices, private institutions, previous researches/thesis/ dissertations, journals and articles.

## **5. RESULTS AND DICUSSION**

### **5.1 Respondent's Profile**

A total of 65 respondents participated in this research study. In terms of gender, 40% are males and a higher percentage of 60% are females. By category, 40% are processors, 28% are professionals and/or employees, with farmers and students having a percentage of 18% and 14%, respectively. Most of the respondents' age cluster within the range of 21 to 30 years old (29%), followed by 41 to 50 years old (23%) and 51 to 60 years old (23%). A small percentage of 15% are above 60 years old and 9% belongs to 31 to 40 years old. On educational attainment, 78% are into college level. The remaining half of the respondents are either into primary level (2%), vocational (5%), post graduate (8%) and secondary level (8%). In terms of civil status, almost half of the respondents are married (45%) with the remaining half single (43%) and a small group of 12% are widow.

**Table 1. Socio-demographic Profile of Respondents**

	Number	Percentage
<b>GENDER</b>		
Males	26	40
Females	39	60
<b>TOTAL</b>	<b>65</b>	<b>100</b>
<b>CATEGORY</b>		
Processors	26	40
Students	9	14
Professionals / Employees	18	28
Farmers	12	18
<b>TOTAL</b>	<b>65</b>	<b>100</b>
<b>AGE</b>		
Above 60	10	15
51-60	15	23
41-50	15	23
31-40	6	9
21-30	19	29
<b>TOTAL</b>	<b>65</b>	<b>100</b>
<b>EDUCATION</b>		
Primary	1	2
Secondary	5	8
Vocational	3	5
College	51	78
Post Graduate	5	8
<b>TOTAL</b>	<b>65</b>	<b>100</b>
<b>CIVIL STATUS</b>		
Single	28	43
Married	29	45

<b>Widow</b>	8	12
<b>TOTAL</b>	65	100

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## 5.2 The Local Chocolate

The local chocolate was developed by university faculty-researchers under the project titled "Strengthening Entrepreneurial and Networking Capacity of Cocoa Farming and Processing Households in Bicol Region, Philippines" [11]. This project is jointly implemented by the Flemish institution (Universiteit Gent, Belgium) and the Central Bicol State University of Agriculture (CBSUA), Philippines. South Initiative (SI) projects are departmental projects which focus on specific developmental problems. Towards this end, it is crucial to gather information and feedback from target clients and customers relative to the chocolates' product attributes, level of satisfaction in terms of taste, form/shape and purity (% of cacao beans), preferred market outlets, promotional media and possible barriers and challenges that may hinder clients from buying the chocolate.

## 5.3 Marketing

Marketing of the local chocolate is important because it can inform potential consumers about what is this new product, its value and what sets it apart from existing similar products in the market. Marketing is also the gateway for developing the identity for the locally-produced chocolate and strategize ways to position it in the market. Moreover, with the online platforms now readily available to everyone, the use of social media to expand its brand recognition is crucial.

In this study, it was noted that the preferred market outlet for cocoa-based products is through online, or the internet followed by pasalubong centers/souvenir shops which abound in Bicol/Camarines Sur hence, it is not surprising that it was ranked 2 by 34 respondents. This was followed by the supermarkets as another effective way of marketing the chocolate and cocoa-based products. Utilizing small stalls and reselling got the least preference from the respondents.

"This finding is in consonance with the fact that e-commerce is seen to have some scope for development having made strong gains in chocolate confectionery during 2020 and 2021. It further reported that in March 2020, the Fine Cacao and Chocolate Institute (FCCI) conducted a survey to better understand the impact of COVID-19 on small chocolate businesses" [12]. "While several lockdowns were implemented, postage and delivery systems were still operating in different countries. With this, small chocolate businesses used this platform to improve their sales. Thirty percent of those who participated in the survey are planning to move sales entirely online while as much as 59% look forward to boosting digital marketing endeavors over the immediate future. Also, according to National Confectioners Association, online chocolate engagement grew, rising from 25 percent of shoppers in 2018 to 40 percent in 2021" [5]. "The report predicted the number of online shoppers in Southeast Asia will reach 380 million by 2026" [13]. "In a similar research study, it noted that marketing strategies has evolved through time. The traditional word-of-mouth has evolved to social media through technological advancement" [14].

“Furthermore, this was supported by commissioned research and posited that social media provides an outlet for the organization and company to pursue new marketing opportunities. As a result, it is important to establish a strategically planned online presence that helps the case company to differentiate itself and to gain a competitive advantage in the market” [15].

While online marketing is very encouraging, the Department of Agriculture in 2021 still reported that supermarkets and sari-sari stores (other grocery retailers) will continue to be used in the distribution of chocolate confectionery in the Philippines and this is expected to continue even with the effect of the COVID 19 pandemic. This may be because some of the populace are not yet technically-literate and ready for purchasing chocolates and table a using the online platform.

**Table 2. Preferred Market Outlet for Locally-produced Chocolate**

<b>Market Outlet</b>	<b>Number</b>	<b>Rank</b>
<b>Online</b>	38	1
<b>Pasalubong Center/ Souvenir Shop</b>	34	2
<b>Supermarkets (SM, Robinsons, Metro, LCC)</b>	19	3
<b>Small market stalls</b>	16	4
<b>Reseller</b>	11	5

#### **5.4 Promotional Media / Strategies**

Respondents were asked to rank the promotional media they prefer for chocolate with 4 being the most preferred and 1 the least preferred. Ranked first was the utilization of the internet such as facebook, emails, websites and blogs with a mean of 3.12 followed by the broadcast media such as radio or television (2.6), print media (flyers and brochures) having a mean of 2.13 and the least preferred is support media consisting of the use of billboards, posters and cinema with a mean weight of 1.89.

Social media presence is increasingly utilized nowadays to promote products, services and businesses. Social platforms are necessary to connect with customers, increase awareness about the product. Social media users continue to increase daily and engagement on major platforms keeps on increasing. Harnessing social media is necessary and provides great opportunity to establish the need for promotion especially for new products like chocolates and at the same time listen and get feedbacks from potential customers.

“A research report mentioned that from 2021 to 2022, tablea and chocolates was most frequently searched in December in Google Trend” [3]. “A majority of the search is coming from Central Visayas, Northern Mindanao, Region 12 (Soccsksargen), Metro Manila, and Davao Region in the Philippines. This could indicate that individuals are more interested in tablea and chocolates during the holiday season” [3].

The increased use of the internet for business purposes has resulted to the dwindling utilization of traditional media such as television, radio, newspapers and magazines. These traditional media are in the form of print, broadcast and support media. Print media is in the form of flyers, brochures and calling cards while broadcast is the utilization of television or radio for product promotion. Support media on the other hand, utilizes poster, cinema and video advertising. In a study conducted for a famous manufacturing company which processes high quality and nutritious food and beverage, the result of the research study pointed to an effective product promotion as key to the success of their company. It further suggested that satisfying the customer's needs should be of paramount importance together with the application of effective product promotion strategies [16].

**Table 3. Preferred Promotional Media for Local Chocolate**

Promotional Media	Mean Weight	Rank
Internet	3.12	1
Broadcast Media	2.60	2
Print media	2.13	3
Support Media	1.89	4

### 5.5 Barriers and Challenges

Introducing a new product in the market is not without problems. Some of the barriers and problems identified by the respondents for the local chocolate are high price premium and lack of availability and information about the new product. Since chocolates are not important goods in the household, consumers may not also have the budget for such commodity. Additionally, respondents also mentioned about lack of trust in the label since it is new in the market. Moreover, low level of knowledge about the product as well as its accessibility may hinder the consumers from buying the local chocolate.

**Table 4. Perceived Problems and Barriers in buying the Local Chocolate**

Barriers	Number of Responses	Rank
High price premium	41	1
Lack of availability	35	2
Lack of information	22	3
Lack of money	19	4
Lack of trust in the label	10	5
Low knowledge	5	6

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## 6. CONCLUSIONS AND RECOMMENDATION

The preferred marketing mechanism for the local chocolate is through the internet followed by pasalubong centers/souvenir shops and the supermarket. Likewise, utilization of the internet for promotional activities is now the most popular and acceptable media because most of the people and customers have access to the web. Social media particularly, is a promising platform for promoting the new locally produced chocolate. Towards this end, it is crucial to identify future activities that will make use of the internet in the form of emails, digital brochures, online promotion to push and promote locally-produced chocolates not only at the regional and national level but at the international market as well. Further, it is also crucial to identify the important role of social networking site and social media platform as an important gateway for product promotion of local chocolates.

Based on the findings of this study, it is recommended that promotion of new locally-produced products must be intensified through digital platforms to increase its competitiveness, continuous trainings and technical knowledge and expertise must be provided especially on online marketing strategies, financial support must be provided for the continued upscaling of the product to make chocolates at par with the popular products at the global market and consumer-centered research must be conducted to address the needs of the consumers especially when new products are introduced in the market.

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