

THE RELATIONSHIP BETWEEN THE CONSUMER'S DEMAND AND MEDIUM ENTERPRISE PROFITABILITY

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ABSTRACT

The study was conducted to investigate the relationship between consumer demand and micro, small, and medium enterprises (MEs) within the context of Eastern Samar. Specifically, the study aims to understand how consumer preferences, purchasing behavior, and socio-economic factors influence the performance and sustainability of MEs operating in this region. A descriptive-correlational design was utilized to determine the Relationship between the Consumer's Demand and Medium Enterprises Profitability in 2nd District of Eastern Samar. Complete enumeration of 50 was selected from the total population of small business owners. The study adopted the survey questionnaire of the International Labour Organization (n.d) titled, "The Consumer Demand Survey Tool and Forms" for the independent variable while the dependent variable will be adopted from United States Agency (2005), "Micro, Small and Medium Enterprise Financial Services Demand". Results shows that selected consumer profile variables such as Types of Business, Number of Employees, Number of Years in Operation, Average Monthly Revenue indicates no impact on medium enterprises profitability and suggest the need for more nuanced analyses to uncover potential indirect relationships. The research also highlights the existing degree of relationship between the consumer's demand and medium enterprises profitability which shows a highly significant correlation. This suggests that as consumer demand increases, profitability also tends to rise, making consumer demand a key driver for these businesses. Based on these findings, the researcher recommends enterprises to align products and services with consumer preferences that are likely profitable, emphasizing the importance of demand forecasting and responsive product development strategies. Lastly, offer programs that train MEs in workforce management, emphasizing customer service and operational efficiency.

1. INTRODUCTION

Medium enterprises (MEs) are crucial for economic growth and job creation, contributing over half of GDP in high-income countries and two-thirds of the formal workforce. However, they struggle to secure financing, limiting their growth. In emerging markets, over 200 million MEs lack access to finance, with 55% in developing countries either lacking or having insufficient credit. The International Finance Corporation estimates a USD 2.1 trillion

credit gap for excluded MEs, representing a missed revenue opportunity for the financial sector. Due to these challenges, MEs often rely on family, friends, or high-interest loans. They need financial products that are appropriate, affordable, accessible, and quickly processed. Traditional banks view MSME financing as low-end and unprofitable due to complexity and limited scale (Patwardhan, 2018).

Chen et al. (2023) examined factors influencing Taiwan's SMEs and micro-enterprises in choosing cross-border e-commerce platforms during crises like COVID-19. The study used a literature review, secondary data, interviews, and case-based research with five MEs, five e-commerce projects, and senior managers. It analyzed economic, social, technological, and legal aspects affecting firms' platform choices. The case study approach highlighted how micro- and small-sized businesses engage in e-commerce counseling, identifying five enterprise types: product enhancement, marketing enhancement, cross-border potential, knowledge-based enhancement, and cross-border start-ups. Findings revealed that enterprise capabilities influence platform choice, considering marketing, pricing, market analysis, culture, customer service, payment systems, logistics, certification, and taxation. The research provides practical recommendations for MEs and suggests areas for future study.

Similarly, Endris and Kassegn (2022) investigated MSMEs' contribution to Ethiopia's sustainable development. Using a systematic review of 1,270 articles and policy documents from 2011–2021, the study found that MSMEs significantly contribute by creating employment, reducing poverty, and improving living standards. However, access to finance, electricity, and trade regulations remain major constraints. The review outlines policy recommendations for addressing these challenges and calls for further research on the impact of MEs. Uduyana et al. (2021) developed the concept of customer bonding capability in Indonesian SMEs. It found that customer bonding acts as an intermediary between relational capital and marketing performance. Relationship capital, integrated marketing communication, and market information positively affect customer bonding and marketing performance. Managerial implications include fostering networks, strengthening family ties, cooperating with customers, and sharing experiences. However, the research is cross-sectional, requiring longitudinal data for deeper insights. The study contributes to relationship marketing theory and an empirical model to enhance customer bonding capability.

Despite the importance of MEs in driving local economies, particularly in Eastern Samar District 2, research on the relationship between consumer demand and MEs within this context is lacking. While studies explore consumer behavior's general impact on business performance, little is known about how Eastern Samar's socio-economic landscape shapes consumer preferences and influences local MEs. This gap calls for an investigation into consumer demand patterns, local market conditions, and strategies MEs use to sustain growth. Insights are crucial for policymakers, business owners, and stakeholders to develop interventions that enhance MEs' resilience and competitiveness.

This study investigates the relationship between consumer demand and MEs in Eastern Samar, focusing on consumer preferences, purchasing behavior, and socio-economic factors influencing ME performance. By analyzing consumer demand and profitability, the research aims to identify strategies businesses use to adapt to market dynamics, find growth opportunities, and overcome challenges unique to Eastern Samar. Additionally, the study has significant implications for policymakers, businesses, entrepreneurs, and community members. It offers policymakers insights into factors driving the local economy and the role of MEs in economic growth and livelihoods. By identifying gaps in ME support, policymakers can formulate targeted policies to enhance competitiveness and resilience.

1.1 Research Objectives

This study aims to achieve the following objectives:

- To identify the demographic profile of medium enterprises (MEs) in the 2nd District of Eastern Samar in terms of type of business offered, number of employees, number of years in operation, and average monthly revenue.
- To determine consumer demand for selected medium enterprises in the 2nd District of Eastern Samar, focusing on price, preferences, and expectations.
- To assess the extent of profitability of medium enterprises within the 2nd District of Eastern Samar in terms of marketing and sales, operational efficiency, and product/service offerings.
- To examine the relationship between the demographic profiles of medium enterprises and their profitability.
- To analyze the relationship between consumer demand and the profitability of medium enterprises in the 2nd District of Eastern Samar.
- To provide insights and recommendations for medium enterprises, policymakers, and stakeholders to enhance the sustainability and competitiveness of MEs in the region.

1.2 Research Gap

The research gap in this study lies in the lack of empirical investigation into the relationship between consumer demand and the profitability of medium enterprises (MEs) in the 2nd District of Eastern Samar. While previous studies have extensively examined consumer preferences, willingness to pay, and price perception across various industries (Alsubhi et al., 2022; Loo et al., 2020), there is limited research that directly explores how these factors influence the financial performance of MEs within this specific local context.

Moreover, existing literature primarily focuses on broad consumer behavior trends, such as branding influences (Loo et al., 2020), ethical considerations (Joshi & Rahman, 2019), and external economic conditions (Das et al., 2022), without specifically analyzing their impact on the sustainability and competitiveness of medium enterprises. Studies on profitability often emphasize large-scale businesses or multinational corporations, leaving a gap in understanding how MEs navigate market demand to optimize their pricing, marketing, and product strategies. Additionally, while prior research acknowledges the role of price perception and consumer expectations in shaping purchasing behavior (Sobotko, 2019), there is a lack of studies that integrate these factors with an assessment of operational efficiency, sales performance, and marketing effectiveness of MEs. This study aims to address this gap by examining the interplay between consumer demand and medium enterprise profitability, providing localized insights that can inform business owners, policymakers, and stakeholders in enhancing the sustainability and growth of MEs in the region.

2. Literature Review

Several studies have explored consumer willingness to pay a price premium for healthier food products. Alsubhi et al. (2022) conducted a systematic review of 26 experiments, revealing that 88.5% of studies found consumers willing to pay a 5.6% to 91.5% premium for healthier foods. In particular, people were more inclined to pay extra for products with reduced fat, whole grains, and additional fruits or vegetables. However, findings were mixed when it came to foods with reduced salt or those that combined multiple health benefits. Moreover, certain demographic groups, such as older adults, females, and individuals with obesity, exhibited a stronger willingness to pay for healthier options, especially when maintaining a healthy lifestyle was a priority.

In addition to health considerations, consumer decision-making is influenced by price perception and scarcity. Park et al. (2020) examined how scarcity affects consumers' reliance on price when assessing product quality. Their findings indicated that scarcity reduces the tendency to use price as a quality indicator since it triggers a compensatory desire for abundance, thereby disrupting consumers' categorization of price tiers. Likewise, Sobotko (2019) emphasized the role of willingness to pay (WTP) in pricing strategies, demonstrating that consumers are more likely to accept a higher price when they perceive added value. Since perceived value plays a critical role in purchase decisions, aligning pricing strategies with consumer expectations is essential.

Consumer behavior regarding price and product attributes has also been widely studied in the food industry. Rödiger (2018) reviewed research on organic food pricing from 2000 to 2013, highlighting the dominance of price elasticity and perception in consumer studies. While some studies found strong willingness to pay for organic products, others reported contradictory results, suggesting that affective processes such as emotional responses to pricing are still underexplored. Furthermore, Zhang et al. (2020) analyzed price transparency in healthcare spending and found that although price-aware consumers tended to choose lower-cost services, the overall effectiveness of transparency tools remained weak due to low adoption rates. These findings suggest that, in addition to disclosing price information, companies must actively engage consumers to ensure informed decision-making.

Product appearance, particularly color, also significantly influences consumer preferences. Altmann et al. (2023) examined consumer responses to food colors across various animal products and discovered that preferences vary based on cultural and demographic factors. For instance, while consumers globally favored bright red beef, preferences for poultry color differed by region. Similarly, white milk was generally preferred over yellowish milk, and preferences for eggshell color were evenly split between white and brown. Miller (2020) further explored consumer preferences for meat, identifying tenderness, juiciness, and flavor as key determinants of consumer acceptance. Importantly, the study found that flavor becomes a stronger driver of preference as tenderness improves, underscoring the need for targeted marketing strategies that emphasize locally favored meat characteristics.

Consumer choices in the egg industry reflect a combination of intrinsic and extrinsic factors. Rondoni et al. (2020) analyzed 34 consumer studies and found that while taste and texture played a vital role in purchase decisions, branding and production methods were equally important. Price was a crucial factor in developing countries; however, in developed countries, consumers prioritized health, safety, and sustainability. Consequently, the study recommended that egg producers enhance transparency in communication regarding production methods and nutritional benefits. Taken together, these studies highlight the complexity of consumer decision-making, illustrating that factors such as health, scarcity,

price perception, product attributes, and sustainability all contribute to shaping purchasing behavior.

Loo et al. (2020) conducted a nationwide survey of over 1,800 U.S. consumers and found that 72% preferred farm-raised beef over plant-based and lab-grown alternatives, even when prices were reduced for the latter. Brand names further increased the share of farm-raised beef to 80%, demonstrating the strong influence of branding on consumer preferences. The study also found that younger, more educated individuals, males, and vegetarians had a stronger preference for alternative protein sources. Moreover, the findings suggested that consumer awareness of innovative non-animal protein sources is crucial for market potential and demand growth. Cornish et al. (2020) investigated consumer preferences for higher-welfare animal products and whether providing detailed welfare information influenced purchase decisions. A survey of 1,612 participants showed that additional information significantly increased the intention to buy higher-welfare products, particularly among younger individuals, females, and those with lower household incomes. Notably, the effect was independent of pre-existing pro-welfare attitudes, suggesting that transparent labeling and consumer education at the point of purchase can enhance market demand for ethically produced goods.

Lesic et al. (2019) conducted a study on consumer perceptions of energy consumption in household appliances. Findings revealed that consumers overestimated the energy use of low-energy devices while underestimating high-energy-consuming appliances. The study emphasized the importance of targeted information campaigns to improve consumer decision-making, particularly regarding high-energy devices like air conditioning. This research highlights how consumer misconceptions influence purchasing behavior and suggests that providing accurate information can lead to more efficient consumer choices. Moorhouse et al. (2020) examined the impact of demand reduction and redirection strategies in the wildlife trade, focusing on traditional medicine in China and Vietnam. An experimental survey found that while 62.7% of respondents stated they would stop buying traditional medicines after seeing herbal substitutes, 52.2% still opted to purchase at least one. Frequent buyers exhibited the least response to demand reduction efforts but showed strong interest in herbal alternatives. The study underscores the challenges of changing consumer habits and the potential effectiveness of redirecting demand rather than attempting to eliminate it outright.

Ikiz et al. (2018) explored consumer willingness to pay for sliced fresh pears treated with SmartFresh™ and glyoxylic acid at varying concentration levels. Using sensory evaluation and an experimental auction, the study found that panelists were willing to pay a premium, with younger consumers favoring locally grown fruit. The research suggests that medium enterprises in the fresh produce market can enhance profitability by offering value-added products tailored to specific consumer segments. Das et al. (2022) examined the impact of COVID-19 on consumer behavior, particularly in affordability, lifestyle, and health awareness. A survey of 425 respondents revealed that demand for affordable daily necessities surged, especially in unorganized sectors. The study highlighted how occupation and family earnings influenced purchasing decisions for wellness and entertainment products, emphasizing the importance of targeted marketing strategies in times of economic uncertainty.

Joshi and Rahman (2019) investigated the psychological factors influencing sustainable purchasing behavior among young, educated consumers. Using structural equation modeling on 425 survey responses, the study found that environmental responsibility, spirituality, and perceived consumer effectiveness significantly influenced sustainable purchase decisions.

These findings suggest that policymakers and businesses can encourage responsible consumer behavior by emphasizing sustainability and ethical considerations in marketing strategies. Collectively, these studies highlight the factors shaping consumer demand, including branding, price perception, ethical concerns, information availability, and external influences like economic conditions. Understanding these elements is crucial for medium enterprises seeking to enhance profitability through consumer-driven strategies.

3. Research Methodology

This study employs a quantitative approach, specifically utilizing a descriptive-correlational research design, to examine the relationship between consumer demand and the profitability of Small and Medium Enterprises (SMEs) in the 2nd district of Eastern Samar. This study employs a complete enumeration sampling strategy to select 50 small business owners from the municipalities of Balangiga, General MacArthur, Giporlos, Lawaan, Guiuan, and Quinapondan. The selection of all 50 respondents ensures comprehensive data collection, eliminating sampling bias and enhancing the accuracy of insights. Data collection for this study took place through a structured survey questionnaire, ensuring consistency and reliability. A standardized survey instrument was utilized, with sections covering the demographic profile of respondents, consumer demand, and SME profitability. The data gathering process for this study involved several key steps to ensure ethicality, participant consent, and data accuracy. The researchers sought approval from relevant authorities before distributing the survey and provided respondents with clear instructions to ensure comprehensive and accurate responses. The researcher supervised the survey process and collaborated with local business associations to facilitate data collection. The data gathering procedure adhered to ethical standards and best practices, prioritizing participant autonomy, confidentiality, and data integrity throughout the research process. Following the completion of the survey, the next phase of the research involves the analysis of the gathered data to extract meaningful insights and patterns. Utilizing statistical analysis techniques, the researchers can streamline the data analysis process, enhance data organization, and facilitate the identification of key findings and insights.

4. Analysis and Discussion

This part represents the results founds the needed answer to the research questions. The purpose of this part is to use the data collected on the study of the relationship between the consumer's demand and medium enterprise profitability.

Table 1. Medium Enterprises (MEs) Profile in terms of Type of Business Offered

Type of Business Offered	Frequency	Percentage
Retail Stores	12	24%
Food and Beverage Establishments	10	20%
Tourism Services	11	22%
Fishing and Seafood Processing	3	6%
Financial Services	7	14%
Healthcare Services	5	10%
Meat and Poultry Processing	2	4%
Total	50	100%

Table 1 presents the respondents' profiles in terms of the type of business offered. Based on the table, retail stores had the highest percentage at 24%, while meat and poultry processing had the lowest percentage at 4%. The data implies that the majority of Medium Enterprises (MEs) in the Second District of Eastern Samar are composed of retail stores, indicating a strong preference for trade and consumer goods businesses in the area.

Table 2. Medium Enterprises (MEs) Profile in terms of Type of Number of Employees

Number of Employees	Frequency	Percentage
50-100 employees	31	62%
101-150 employees	15	30%
151 and above	4	8%
Total	50	100%

Table 2 presents the profile of Medium Enterprises (MEs) in terms of the number of employees. Based on the table, it can be noted that enterprises with 50-100 employees had the highest percentage at 62%, while those with 151 or more employees had the lowest percentage at 8%. The data implies that the majority of Medium Enterprises (MEs) in the Second District of Eastern Samar have 50-100 employees, indicating that most businesses in the area operate within this workforce range. This suggests that these enterprises have reached a level of growth that requires a moderate workforce to sustain their operations, meet consumer demand, and ensure business efficiency. Additionally, the prevalence of MEs with 50-100 employees may reflect the economic conditions and labor market availability in the province, where businesses can maintain profitability and competitiveness with a workforce of this size.

Table 3. Respondent's Profile in terms of Number of Years in Operation

Number of Years in Operation	Frequency	Percentage
1-5 years	26	52%
6-10 years	16	32%
11-15 years	4	8%
16-20 years	2	4%
21 years and above	2	4%
Total	50	100%

Table 3 presents the profile of Medium Enterprises (MEs) in terms of years in operation. Businesses operating for 1-5 years had the highest percentage at 52%, while those in operation for 16-20 years and 21 years and above had the lowest at 4%. The data implies that most MEs in the Second District have operated within 1-5 years, indicating many are still in their early stages. This trend suggests business owners are newly venturing into entrepreneurship or responding to emerging market demands. The short duration for most enterprises may reflect the dynamic local business landscape, where new businesses emerge while others face challenges in achieving long-term sustainability. Understanding factors affecting success and limitations can provide insights for policymakers and business support programs fostering long-term viability in the district.

Table 4. Medium Enterprises (MEs) Profile in terms of Average Monthly Income

Average Monthly Income	Frequency	Percentage
P 100,00 - P 500, 000	10	20%
P 501, 000- P 1,000,00	9	18%
P 1,100,000-P 1,500, 000	16	32%
P1,600, 000-P 2, 000,000	5	10%
P 2,100, 000 and above	10	20%
Total	50	100%

Table 4 presents the profile of the respondents in terms of average monthly income. Based on the table, it can be noted that the income range of ₱16,000–₱20,000 had the highest percentage at 32%, while the income range of ₱21,000–₱25,000 had the lowest percentage at 10%. The data implies that the majority of Medium Enterprises (MEs) in the Second District have an average monthly income ranging from ₱1,100,000 to ₱1,500,000. This suggests that most businesses in the area generate a substantial revenue stream, which may indicate steady consumer demand and market stability.

Table 5. Consumer Demand for Selected Medium Enterprises – Price

A. PRICE	Mean	Interpretation
1. I am more likely to buy a product when its price aligns with my perceived value of it. If I feel the price is too high compared to what I'm getting, I might reconsider my purchase.	4.36	Always
2. I tend to compare prices across different retailers or brands to find the best deal. If I find a similar product at a lower price elsewhere, I'll likely choose the cheaper option.	3.68	Oftentimes
3. I often prioritize necessities over luxuries when budgeting. If prices for essential goods increase, I might cut back on non-essential purchases to compensate.	4.18	Oftentimes
4. I am influenced by price changes, especially for products I buy frequently. A noticeable price increase may lead me to explore alternative options or seek out sales and discounts.	4.14	Oftentimes
5. I consider the long-term costs associated with a product, not just the initial price. Factors like durability, maintenance, and potential future expenses influence my purchasing decisions.	4.32	Always
GRAND MEAN	4.14	Oftentimes

Table 5 presents consumer demand based on price, with most indicators rated as "oftentimes" (Grand Mean = 4.14). However, items 1 and 5 received the highest ratings, categorized as "always." For the Price indicator, item 1, stating that consumers are more likely to buy products when the price aligns with perceived value, had the highest mean (4.36, "always"). This highlights the importance of fair pricing. Item 5, emphasizing consideration of long-term costs like durability and maintenance, followed with a mean of 4.32 ("always"). Conversely, item 2, about comparing prices across retailers, had the lowest mean (3.68, "oftentimes"), suggesting price comparisons are common but not consistent. Additionally, consumers prioritize necessities over luxuries (mean = 4.18, "oftentimes") and adjust spending based on price changes (mean = 4.14, "oftentimes"). Overall, consumers tend to be cautious spenders, purchasing when prices seem fair, comparing options, prioritizing essentials, and considering long-term costs in decision-making.

Table 6. Consumer Demand for Selected Medium Enterprises – Preference

B. PREFERENCES	Mean	Interpretation
1. I tend to favor products that align with my values and beliefs. I'm more likely to support brands that demonstrate ethical and sustainable practices, even if it means paying a higher price.	4.25	Always
2. I often seek products that cater to my specific tastes and preferences. Customization options or niche offerings that align with my unique lifestyle can influence my purchasing decisions.	4.10	Oftentimes
3. I prioritize convenience and ease of use when choosing products. I'm more likely to buy items that simplify my life or save me time, even if they come at a slightly higher price.	4.20	Oftentimes
4. I value authenticity and transparency from brands. Honest marketing, clear product information, and genuine interactions can build trust and loyalty, influencing my willingness to pay for a product.	4.42	Always
5. I may be influenced by social trends, peer recommendations, or online reviews when making purchasing decisions. Positive feedback or endorsements from trusted sources can sway my preferences and increase my demand for certain products.	4.28	Always
GRAND MEAN	4.25	Always

Table 6 presents consumer demand based on preferences, with an overall rating of "oftentimes" (Grand Mean = 4.25). Most indicators were rated as "always," except for items 2 and 3, which were rated as "oftentimes." Item 4, emphasizing the importance of authenticity

and transparency in building trust and loyalty, received the highest rating (4.42, "always"). Item 1, which highlights consumer preference for brands that align with their values, followed with a mean of 4.25 ("always"). Meanwhile, item 5, stating that social influences like peer recommendations and online reviews affect purchasing decisions, was also rated as "always" (4.28). Conversely, item 2, about customization and niche offerings, had the lowest mean (4.10, "oftentimes"), suggesting that while personalization matters, it is not a primary factor. Additionally, consumers prioritize convenience and ease of use when selecting products (mean = 4.20, "oftentimes"), aligning with studies that emphasize the growing demand for convenience in purchasing decisions. Overall, consumers prefer products that align with their values, prioritize ethical and transparent brands, and consider convenience a key factor. Social influences also shape their choices, reinforcing the role of trust and peer recommendations in consumer demand.

Table 7. Consumer Demand for Selected Medium Enterprises – Expectation

C. EXPECTATIONS	Mean	Interpretation
1. I expect products to meet certain quality standards, and I'm willing to pay a premium for superior quality and durability.	4.40	Always
2. I anticipate that companies will provide excellent customer service, including timely responses to inquiries, efficient problem resolution, and fair treatment.	4.28	Always
3. I have expectations regarding product availability and variety. If a desired product is consistently out of stock or if there's a limited selection, I may seek alternatives or switch brands.	4.36	Always
4. I expect transparent pricing practices and dislike hidden fees or unexpected charges. Clear and upfront pricing information builds trust and positively impacts my purchasing decisions.	4.34	Always
5. I anticipate that brands will innovate and evolve to meet changing needs and preferences. Stagnant or outdated products may lose my interest over time, while innovative offerings can capture my attention and loyalty.	4.48	Always
GRAND MEAN	4.37	Always
AVERAGE GRAND MEAN	4.25	Always

Table 7 presents consumer demand based on expectations, with an overall rating of "Always" (Grand Mean = 4.37). Most indicators were rated as "Always," highlighting consumers' high expectations for quality, service, and innovation. The highest-rated item (4.48, "Always") emphasized the importance of brand innovation in maintaining consumer interest. Consumers also highly value product quality and durability (4.40, "Always"), as well as long-term cost considerations (4.36, "Always"). Additionally, expectations for excellent customer service

(4.28, "Always") and transparent pricing (4.34, "Always") were significant factors in purchasing decisions. Overall, consumers prioritize high-quality products, superior customer service, and clear pricing. They are willing to pay more for durable goods, expect responsive support, and prefer brands that evolve with changing needs. Hidden fees can damage trust, while innovation keeps brands relevant and appealing.

Table 8. Extent of the Profitability in terms of Marketing and Sales

A. MARKETING AND SALES	Mean	Interpretation
1. Effective marketing strategies tailored to their target audience can significantly enhance brand visibility and customer engagement, ultimately driving sales and boosting profitability.	4.02	Oftentimes
2. Building strong relationships with customers through personalized sales approaches can result in repeat business and positive word-of-mouth referrals, contributing to long-term profitability.	4.22	Always
3. Leveraging digital marketing channels such as social media, email marketing, and search engine optimization (SEO) can help MSMEs reach a wider audience at a lower cost, maximizing return on investment (ROI).	4.06	Oftentimes
4. Implementing data-driven marketing techniques, such as analyzing customer behavior and preferences, can enable MSMEs to tailor their sales efforts more effectively, resulting in higher conversion rates and increased profitability.	4.24	Always
5. Investing in employee training and development programs focused on sales and customer service skills can empower staff to deliver exceptional experiences, leading to higher customer satisfaction levels and ultimately driving profitability through repeat business and customer loyalty.	4.24	Always
GRAND MEAN	4.16	Oftentimes

Table 8 presents the extent of profitability of selected medium enterprises in terms of Marketing and Sales. Marketing and Sales assess customer attraction and retention. In Marketing and Sales, items 4 and 5 received the highest ratings (4.24, "Always"), highlighting the importance of data-driven marketing strategies and employee training in boosting profitability and customer loyalty. Item 2, emphasizing personalized sales approaches to enhance customer relationships, followed with a rating of 4.22 ("Always"). Meanwhile, item 1, on the role of marketing strategies in brand visibility, received the lowest rating (4.02, "Oftentimes"), along with item 3, which focused on leveraging digital marketing channels (4.06, "Oftentimes"). Overall, the findings suggest that enterprises recognize the impact of customer-focused strategies and data-driven decision-making in enhancing

profitability, though there is room for improvement in digital marketing and brand engagement efforts.

Table 9. Extent of the Profitability in terms of Operational Efficiency

B. OPERATIONAL EFFICIENCY	Mean	Interpretation
1. Streamlining internal processes and workflows can reduce operational costs, improve productivity, and enhance overall profitability.	4.10	Oftentimes
2. Implementing efficient inventory management systems can minimize excess inventory and reduce holding costs, leading to improved cash flow and higher profitability.	4.34	Always
3. Investing in technology and automation solutions can streamline repetitive tasks, reduce manual errors, and increase operational efficiency, ultimately driving higher profitability.	4.44	Always
4. Optimizing supply chain logistics through strategic partnerships and efficient transportation methods can lower procurement costs and shorten delivery times, leading to improved customer satisfaction and increased profitability.	4.14	Oftentimes
5. Fostering a culture of innovation and continuous improvement within the organization can drive operational excellence, enabling MSMEs to adapt to changing market conditions and stay ahead of competitors, ultimately contributing to long-term profitability.	4.18	Oftentimes
GRAND MEAN	4.24	Always

Table 9 presents the extent of profitability of selected medium enterprises in terms of operational efficiency. Operational efficiency evaluates cost management and profit margins. The data reveals that item 3, emphasizing the role of technology and automation in streamlining tasks and reducing errors, received the highest rating (4.44, "Always"), highlighting its crucial impact on operational efficiency. Conversely, item 1, which focuses on streamlining internal processes to cut costs and enhance productivity, received the lowest rating (4.10, "Oftentimes"). The second highest rating was given to item 2 (4.34, "Always"), which underscores the benefits of efficient inventory management in improving cash flow and profitability. Meanwhile, item 4, which discusses optimizing supply chain logistics, and item 5, which highlights fostering a culture of innovation, received ratings of 4.14 and 4.18, respectively, both interpreted as "Oftentimes." With a Grand Mean of 4.24 ("Always"), the findings indicate that medium enterprises consistently prioritize operational efficiency to enhance profitability. These businesses focus on leveraging technology, optimizing inventory, and refining workflows to reduce costs and improve productivity. By fostering continuous innovation and improving supply chain management, they maintain competitiveness, ensure customer satisfaction, and drive long-term profitability.

Table 10. Extent of the Profitability in terms of Product/Service Offering

C. PRODUCT/SERVICE OFFERINGS	Mean	Interpretation
1. Diversifying product/service offerings to meet diverse customer needs and preferences can increase market share and revenue streams, enhancing overall profitability.	4.32	Always
2. Innovating and introducing new products/services that address emerging market trends or customer pain points can create competitive advantages and drive revenue growth, leading to increased profitability.	4.24	Always
3. Differentiating product/service offerings through unique features, superior quality, or exceptional customer service can command premium pricing and foster customer loyalty, ultimately contributing to higher profitability.	4.30	Always
4. Conducting market research and gathering customer feedback to understand changing demands and preferences can help MSMEs tailor their product/service offerings more effectively, increasing customer satisfaction and driving repeat business, thus enhancing profitability.	4.34	Always
5. Continuously improving existing product/service offerings based on performance metrics and customer feedback can enhance value proposition and competitiveness, leading to sustained profitability and business growth.	4.50	Always
GRAND MEAN	4.34	Always

Table 10 presents the extent of profitability of selected medium enterprises in terms of product or service offerings.

Product/service offerings measure how well enterprises meet market demand. The data indicates that item 5, which emphasizes continuous improvement of product and service offerings based on performance metrics and customer feedback, received the highest rating (4.50, "Always"), highlighting its crucial role in maintaining competitiveness and profitability. Conversely, item 1, which focuses on innovation in introducing new products and services to address market trends, received the lowest rating (4.24, "Always"). The second highest rating was given to item 2 (4.34, "Always"), which underscores the importance of market research and customer feedback in tailoring offerings to enhance satisfaction and drive repeat business. Meanwhile, item 3, which highlights differentiation through unique features, superior quality, or exceptional customer service, received a rating of 4.30, also interpreted as "Always."

With a Grand Mean of 4.34 ("Always"), the findings suggest that medium enterprises consistently prioritize enhancing and diversifying their product and service offerings to drive profitability. By focusing on innovation, differentiation, and customer-driven improvements, these businesses strengthen competitive advantages, boost customer loyalty, and drive revenue growth, positioning themselves for long-term market success.

Table 11. Relationship Between the Consumers' Demand and Medium Enterprises Profitability

Independent Variable	Dependent Variable	Correlation Coefficient r	Interpretation	p-value	Interpretation
Consumers' Demand	Medium Enterprises Profitability	0.492	Moderate Correlation	0.000	Highly Significant

Table 11 presents the relationship between Consumers' Demand and Medium Enterprises' Profitability, with a correlation coefficient of 0.492, suggesting a moderate correlation. The p-value of 0.000 indicates that the relationship between consumer demand and enterprise profitability is statistically significant. This finding implies that consumer demand has a substantial impact on the profitability of medium enterprises. The correlation coefficient of 0.492 indicates a moderate and statistically significant relationship between consumer demand and medium enterprise profitability, with a p-value of 0.000 confirming its high significance. This suggests that as consumer demand increases, profitability also tends to rise, making consumer demand a key driver of business success. To meet demand effectively, enterprises may need to adapt quickly to market trends, tailor their offerings, and enhance customer satisfaction. Since consumer demand significantly influences revenue streams, businesses that align their products and services with consumer preferences are more likely to experience improved profitability. This underscores the importance of demand forecasting and responsive product development strategies in sustaining business growth.

5. Research Future Opportunities

While the study provides valuable insights into the profiles, consumer demand, and profitability of Medium Enterprises (MEs) in the Second District of Eastern Samar, several research gaps remain:

- Factors Influencing Business Longevity: Given that most MEs operate for only 1-5 years, further research is needed to identify the key factors affecting business sustainability, challenges faced by new entrepreneurs, and strategies for long-term success.
- Impact of Workforce Size on Business Performance: Since the majority of MEs have 50-100 employees, studies can examine how workforce size affects productivity, profitability, and operational efficiency in medium-sized businesses.
- Consumer Behavior and Pricing Strategies: With price perception playing a significant role in purchasing decisions, further research can explore how MEs can optimize their pricing strategies to align with consumer expectations while maintaining profitability.
- Digital Marketing and Sales Growth: As digital marketing was rated lower in effectiveness, research can investigate how MEs can leverage digital platforms, social media, and e-commerce to expand market reach and increase sales.

- **Innovation and Product Development:** Since consumers expect brands to evolve and improve their offerings, studies can analyze how innovation, market research, and customer feedback contribute to product development and competitive advantage in MEs.

6. Conclusion

The findings of the study reveal a moderate yet statistically significant relationship between consumer demand and the profitability of medium enterprises, as evidenced by a correlation coefficient of 0.492 and a p-value of 0.000. This underscores the crucial role of consumer demand in driving business success, where higher demand often leads to increased revenue and enhanced profitability. To fully leverage this relationship, medium enterprises must adopt strategic, data-driven approaches that align their offerings with evolving market trends and consumer preferences. This includes continuously refining products and services, enhancing customer experience, and leveraging targeted marketing strategies to attract and retain consumers. Furthermore, investing in demand forecasting tools and comprehensive market research will enable businesses to anticipate shifts in consumer behavior and adjust their production, pricing, and promotional strategies accordingly. Beyond market responsiveness, fostering strong customer relationships through personalized engagement, ethical business practices, and consistent quality can cultivate brand loyalty and encourage repeat business, further reinforcing profitability. By prioritizing customer satisfaction and maintaining adaptability in response to market dynamics, medium enterprises can optimize revenue streams, enhance operational efficiency, and establish a sustainable competitive advantage in their respective industries.

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