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## REVIEW ARTICLE

# PANDEMIC MARKETING STRATEGIES OF SELECTED RESTAURANTS: EVIDENCE FROM THE PROVINCE OF LAGUNA, PHILIPPINES

Randolph I. Nonato\*, Dinah Evangeline P. Banayo, Reynaldo D. Cadano, D.B.A.

San Pablo Colleges, San Pablo City, Laguna, Philippines  
\*Corresponding Author E-mail: [nonatorandy@gmail.com](mailto:nonatorandy@gmail.com)

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## ABSTRACT

All restaurant businesses, most especially the Micro, Small, Medium Enterprises (MSMEs), struggled to survive during and after the pandemic. Business lessons and success patterns can be drawn from those who survived the pandemic. This descriptive research aims to find the specific challenges encountered by selected MSME restaurant owners and managers in the Province of Laguna during the pandemic and the strategies they used to maintain business profitability. An in-depth interview was conducted among seven selected MSME restaurant business owners and managers. Results showed that their challenges include price hike of food ingredients, stiff competition, marketing, delay in supplies deliveries and employee resignations. Respondents focused on food delivery and take-out services and took advantage of limited dine-in services once this was allowed. They relied heavily on online marketing in combination with other promotional activities. Effective use of marketing mix and sound management decisions in the proper allocation of resources partially met the marketing challenges brought by the pandemic. This study recommends that MSME restaurant owners and managers carefully examine other marketing strategies to directly respond to market challenges and ensure that their products and services are positioned to meet their customers' specific needs.

## KEYWORDS

MSME, restaurants, food delivery, online marketing, pandemic, and Laguna province

## 1. INTRODUCTION

This research paper examined the experiences of selected restaurant businesses in the province of Laguna as to how they managed their businesses during the pandemic with a focus on their marketing activities. The restaurant businesses that were involved in this study are those that are classified as MSMEs or Micro, Small and Medium Enterprises. Their marketing activities played crucial and important roles to keep their businesses going given all the challenges posed by the global Covid-19 pandemic. The outbreak of coronavirus disease (Covid-19) has severely affected the global and the Philippine economy. Many industries, big and small, were forced to stop their operations because of the global lockdowns. Many businesses, even giant companies in the country have greatly faced many different issues with certain degrees of losses amidst such challenging times of pandemic. This is most evident especially from the very start of the global lockdown. Whenever crises occur, MSMEs tend to be more affected and at risk compared to larger companies and firms. While some were greatly impacted and struggled to survive, others were able to thrive and quickly adjust. MSMEs struggled in the areas of massive decrease of consumers' demands, raw material shortage, transportation delays, cancellation of export orders, supply chain disturbances, adjustments with communications with their employees, suppliers and customers.

This research paper was designed to answer the following questions: (1) What is the demographic profile of the respondents in terms of their type of business owned (micro, small, medium), functions in the business, age, gender and educational attainment; (2) What kind of marketing strategies were implemented by selected owners of MSME restaurants in the Philippines before and during the pandemic in the areas of product, place,

promotion, price, packaging, positioning and people; (3) what were the most effective marketing strategies of MSME restaurants before and during the pandemic as perceived by their owners/ managers; (4) What is the difference in the business profitability of MSME restaurants before and during the pandemic; (5) what are the marketing opportunities that MSME restaurant owners and managers can take advantage of considering the realities of the pandemic; and (6) What are the marketing challenges that MSME restaurant owners are experiencing post-pandemic? This research study focused on the marketing operations of micro, small and medium enterprises (MSMEs) of the restaurant industry as perceived by selected restaurant owners and managers in the Province of Laguna. A total of seven (7) establishments were involved in this study. These MSMEs include Romantic Baboy, Gerry's Grill, Pick Up Chicks, Homemeeks Kitchennette, Sundae, Herminia's and Adobo Mix Plate.

## 2. LITERATURE REVIEW

A market survey report on the food industry of the Philippines conducted by Flanders Investment and Trade Market Survey describes the country as having a robust, dynamic and growing market for imported food and beverages with imports of consumer-oriented products that exceeds one billion US dollars annually (Flanders Investment and Trade Market Survey, 2019). The country's consumption growth is underscored by the expanding economy of the Philippines which is expected to have an average growth rate of 6% to 7% between 2018 and 2022. As such, the country is considered as one of Asia's top growth performers. The food and beverage sector of the Philippines accounts for 10% of the country's GDP and is indeed a major contributor to the economic growth of the country.

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The same report explains that the factors that influence the growth of the country's food sector (retail, food service and food manufacturing) include growth of the population, middle income earners, increase in number of dual-income families, higher disposable income among families, a fast-growing and young highly urbanized population with increasing sophisticated tastes and ever-growing access to fast changing lifestyles, supermarkets, more frequency of "dining-out", and higher awareness of food safety and quality. Another contributor to the growing food market industry are the rising remittances from Philippine overseas workers and the booming business process outsourcing (BPO) sector which greatly contribute to the higher and growing buying power and disposable income of the middle class.

Mordor Intelligence Report (2021) explains that with the impact of Covid-19 pandemic, the food service sector of the Philippines was hit hard by the strict lockdown measures that were imposed by the government to limit the spread of the virus. The report says that in June 2020, eateries and restaurants were allowed to operate on 30% seating capacity with strict hygiene protocols and social distancing measures. With this initiative, the industry began to experience some growth. The report describes the food service market industry of the Philippines as highly driven by the rise in value-consciousness of customers who are willing to try new restaurants with a wide range of menu options that can cater to the increasing busy lifestyles of Filipinos.

One important trend that will have a lasting impact and preference among consumers is the food delivery services or home delivery system as a result of the Covid-19 pandemic which then required additional food service workers as well as field workers (Occhiogrosso, 2022). He added that another trend in the restaurant industry that should be taken seriously is the use of digitalization or digital working models which are effective tools that can help businesses become successful. Filipinos' preference on take-away food and beverage and the popularity of fast-food restaurants and international cuisines are the key drivers of the quick service restaurant segment. Exposure to the media advertisements, including social media platforms also have influenced the dining habits of Filipinos. In addition, the increasing number of millennial young Filipinos who are seeking budget-friendly spaces to enjoy meals with their friends is boosting the food market industry in the Philippines. (Mordor Intelligence Report, 2021).

A bigger population of the Philippines is now patronizing foreign fast food which results to local investors also taking advantage of the opportunities in the market through franchising schemes of fast-food restaurants such as McDonald's, Domino's Pizza, and KFC. On the other hand, Jollibee, a local fast-food chain in the Philippines, is continuously expanding its operations with around 1,400 restaurants nationwide. (Mordor Intelligence Report, 2021). With the Covid-19 pandemic, the food service business industry in the Philippines in 2020 decreased by 44% where further shrinking is to be expected before the process of recovery can begin (Market Research Philippines, 2022). An MSME in the Philippines is defined by the RA No. 9501 (Magna Carta of MSMEs) as any business activity or enterprise engaged in industry, agri-business and/or services that has: (1) an asset size (less land) of up to PhP 100 million; and (2) an employment size with less than 200 employees. Based on these categories, it is classified as micro, small or medium regardless of the type of business ownership (i.e., single proprietorship, cooperative, partnership or corporation).

The determination of what constitutes a Micro, Small and Medium Enterprise is based on its total assets. Micro, small and medium enterprises are considered the backbone of many economies in the world including the Philippines. MSME Enterprises are typically more labor intensive than large corporations and provide tremendous employment potential at a very low capital cost. MSMEs or micro, small and medium enterprises are businesses that differ from corporations or conglomerates yet are a major cog in the Philippine economy. MSMEs are created by anyone with the initiative and drive to start a business. MSMEs are different from what is called "informal" or "underground" economy as they are legitimate because they are formally registered at the Department of Trade and Industry (DTI) and/or at the Securities and Exchange Commission (Ronquillo, 2021).

The term MSME refers to any business activity or enterprise engaged in industry, agribusiness and/or services, whether single proprietorship, cooperative, partnership or corporation whose total assets must have value falling under the following categories: micro (not more than PhP 3,000,000.00), small (PhP 3,000,001.00 – PhP 15,000,000.00); and medium (PhP 15,000,001.00 – PhP 100,000,000.00). Total assets include those arising from loans, but exclusive of the land on which the particular business entity's office, plant and equipment are situated. These definitions are subject to the review and adjustment by the Micro, Small and Medium Enterprises Development (MSMED) Council, taking into

account inflation and other economic indicators. The Council may use other variables such as number of employees, equity capital and assets size.

Shinozaki explains the different impacts of the Covid-19 pandemic among MSMEs in the Philippines as a result of a survey he conducted among 1,804 MSMEs (Shinozaki, 2021). His report states that 70% of his respondents were forced to close their business right after the lockdown and those 30% who remained in operation faced significant drop in sales and revenues. The report revealed that the lockdowns resulted to several businesses being badly hurt while others benefitted. Those who were badly hurt were transportation, manufacturing and storage, education, human health and social works and the food service including tourism. Those who benefitted were information and communications technology, power and energy and real estate.

The study of Shinozaki shows that the immediate impact of the lockdowns due to the pandemic among micro enterprises and MSMEs who have been operating for less than 5 years, include temporary business closures, no sales and no revenue and that they lack enough funds to survive the pandemic (Shinozaki, 2021). Getgrubhub.com identified four key challenges that restaurant owners face during and after the Covid-19 pandemic. These challenges include finding and retaining quality staff, mitigating rising food cost, controlling growing operational costs and reaching new customers. These challenges are the industry trends that were discussed by Occhiogrosso in his article in Forbes where he mentioned that the lasting restaurant industry trends in 2022 include labor shortage and issues and difficulties in the supply chain (Occhiogrosso, 2022).

The principles of marketing help business owners and managers understand their target customers that can guide them in setting their business goals and objectives, design their advertising methods and techniques in order to reach more audiences and become more profitable (Kumar, 2009). This then requires marketing strategies which makes the business forward-looking in its approaches in creating a game plan to reach potential customers and convert to becoming actual customers for their specific products and services. A good marketer should know the business' marketing goals, its target audience and the right and appropriate marketing strategies. Marketing strategies include cause marketing, relationship marketing, word of mouth marketing, paid marketing, diversity marketing, transactional marketing, e-marketing, undercover marketing and offline marketing.

These marketing strategies are defined by marketingtutor.net as follows: Cause Marketing is the type when businesses and companies support social causes to raise funds or spread awareness and receive marketing benefits like customers and brand loyalty in return; Relationship Marketing is the art and process of developing a long-term relationship with customers; Worth of Mouth Marketing is based on the principle of making a good impression on customers; Paid Marketing goes by the name of digital marketing where businesses and companies target customers based on their interests and previous interaction with the brand and this includes social media platforms, search engine result pages, sponsored posts on social media, affiliate marketing, pay-per-click, TV advertisements, banners on different websites, and guest posts; Diversity Marketing is about devising a different marketing plan for different customer segments based on their attitude, behavior, beliefs, views, and needs; Transactional Marketing is when retailers employ different methods like discounts and coupons to increase sales; E-Marketing when the company or business would use the internet for marketing its product and services; Undercover Marketing is also known as stealth marketing where businesses and companies advertise their product/service or brand without showing that they are marketing it; Offline Marketing is the traditional marketing such as the TV, radio, print media, billboards, pamphlets, and newspaper advertisements.

### 3. METHOD

This study is a descriptive type of research where respondents were interviewed using a structured questionnaire. Their responses were recorded and compared to one another for the purpose of recording commonalities and differences in their answers. Their answers were then compared with the data that were gathered and presented in the review of related literature. An interview questionnaire was specifically designed to elicit exhaustive answers from the respondents. The questions were framed in such a way that would allow the respondents to easily answer the questions and give them the opportunity to explain and elaborate details of their business experiences during the pandemic. The questionnaire also focused on the marketing activities employed by the selected MSMEs before, during and after the pandemic so that differences can be highlighted to determine challenges and opportunities which they

perceived to be the results of the pandemic.

#### 4. THE DATA ANALYSIS

This section presents the data that were gathered from the respondents as

##### 4.1.1 Demographic Profile of the Respondents

Restaurant	Position	Age	Gender	Highest Educational Attainment
Romantic Baboy	General Manager	32	Female	Bachelor's Degree
Gerry's Grill	General Manager	21	Male	Bachelor's Degree
Pick up Chicks	General Manager	27	Female	Bachelor's Degree
Homemeeks Kitchenette	Owner	28	Female	Bachelor's Degree
Sundae	Owner	42	Female	Bachelor's Degree
Herminia's	Owner	50	Male	Bachelor's Degree
Adobo Mix Plate	Owner	34	Female	Post Graduate

Table 1 below shows that of the 7 respondents of this study for the structured interview is composed of four (4) General Managers while the other three (3) were the business owners themselves. The youngest of them is 21 years old and the oldest one is 50 years old and that were two (2) male respondents and five (5) female respondents. When it comes to their highest educational attainment, only one has a post-graduate degree while the rest were college graduates. The owners / general managers of the restaurants involved in this study are all professionals who have gone through college which indicates that they have the patience and knowledge in committing to something that involves a lot of responsibilities in managing both human and non-human assets and resources such as a restaurant business.

a result of the various interviews that were conducted among the seven (7) participant SMSEs of this study. Their answers are presented in a way that answers the problems that were specifically stated in this research paper.

##### 4.1.2 Profile of the MSMEs

The restaurant businesses that are involved in this study are located in the Province of Laguna whose number of employees ranges from five (5) to ten (10) personnel. These businesses are composed of five (5) micro-scale restaurant with less than PhP 3,000,000.00 capitalization, one (1) small-scale restaurant business which capitalization ranges from PhP 3,000,000.00 to PhP 15,000,000.00 and one (1) medium scale restaurant business with capitalization of PhP 15,000,000.00 to PhP 100,000,000.00 as detailed in Table 2.

	Business Location	Number of Employees	Capitalization	Scale of Business
Romantic Baboy	Metro Rental Mall, Sta. Cruz Laguna	10	P 3,000,000 to P15,000,000	Small
Gerry's Grill	Mall	8	P 15,000,000 to P100,000,000	Medium
Pick up Chicks	San Pablo Laguna	5	Less than P 3,000,000	Micro
Homemeeks Kitchenette	Lt. Brion St. Brgy. III-F 4000, San Pablo City, Laguna	3	Less than P 3,000,000	Micro
Sundae	Sampaguita St. Brgy. Bagong Bayan, San Pablo City	6	Less than P 3,000,000	Micro
Herminia's	Barleta St. Brgy. 4-B, San Pablo City	5	Less than P 3,000,000	Micro
Adobo Mix Plate	San Pablo City	5	Less than P 3,000,000	Micro

##### 4.1.3 Type of Customers

The restaurant participants in this study cater to a wide range of customers of different economic conditions. As majority of the participants are micro businesses, majority of the clientele they serve are from the low income to middle income group of people. The pandemic generally did not change their clientele group and they serve the same group of market. Those who are considered as low income but not poor

are those who earn an average monthly income of P10,957 to P21,914. Those who are considered lower middle-income class have monthly income of P 21,914 to P 43,828 while middle class has an average monthly income of P 43,828 to P76,668. Those who are considered upper middle class but not rich earns monthly an amount of P131,483 to P219,140 while to who earn P219,140 and more on a monthly basis are considered rich. This classification is based on the Philippine Institute for Development Studies.

	Before Pandemic	During & After Pandemic
Romantic Baboy	low income; lower middle; middle; upper middle; upper middle but not rich	low income; lower middle; middle; upper middle; upper middle but not rich
Gerry's Grill	lower middle; middle	lower middle; middle
Pick up Chicks	low income; lower middle	low income; lower middle
Homemeeks Kitchenette	low income but not poor; lower middle; middle; upper middle but not rich	low income but not poor; lower middle; middle
Sundae	low income but not poor; lower middle; middle; upper middle but not rich; rich	low income but not poor; lower middle; middle; upper middle but not rich; rich
Herminia's	low income but not poor; lower middle; middle; upper middle but not rich	low income but not poor; lower middle; middle; upper middle but not rich
Adobo Mix Plate	low income but not poor; lower middle; middle; upper middle but not rich; rich	low income but not poor; lower middle; middle; upper middle but not rich; rich

#### 4.1.4 Marketing Mix

The marketing mix that was taken into consideration in this study includes product and services, place, promotion, pricing, packaging and positioning. These elements are those that comprise the marketing strategies of the restaurant businesses involved in this study. The descriptions of these marketing elements are presented below as those that were present and employed by the restaurant businesses before the pandemic and during/ after the pandemic.

#### 4.1.5 Product and Services

Table 4 below shows that all the restaurant participants in this study were engaged in dine-in services. These then changed when the pandemic hit and restrictions were imposed by the government. In order to control the spread of the Covid-19 virus, community quarantines were imposed upon businesses which resulted to ceasing the dine-in business activities of restaurants. Restaurants then had to adapt and change by opening their businesses with delivery services and take out services. At some point, dine-in services were allowed by the government but with strict social distancing, having 30% restaurant capacity/ accommodation only. The changes that were adapted by the respondents are detailed below on Table 4. Out of the 7 participant restaurants in this study, 2 businesses removed their dine-in services when the pandemic hit and remained to only have take-out and delivery services. The other 5 restaurants on the other hand, resumed their dine-in services once they were allowed to do so with strict compliance with the guidelines and protocols implemented by the government through IATF (Inter Agency Task Force).

It should be noted that the delivery of restaurant products had intensified during the pandemic as a means to slow down the spread of the virus and for people not to gather in restaurants. This helped many restaurant owners keep their businesses afloat during the pandemic. Even after the pandemic, people still prefer the convenience of food delivery services as

noted by the respondents of this study. This aligns with the restaurant industry trends identified by Occigrosso in his Forbes article where ordering online and delivery services has been used to a fuller extent during Covid-19 pandemic (Occigrosso, 2022).

**Table 4: Products & Services Offered by Selected MSMEs Restaurants Before and During / After the Pandemic**

	Before Pandemic	During & After Pandemic
Romantic Baboy	Dine-in	Dine-in, Take Out, Delivery
Gerry's Grill	Dine-in, Take Out, Delivery	Dine-in, Take Out, Delivery
Pick up Chicks	Dine-in, Take Out	Dine-in, Take Out
Homemeeks Kitchenette	Dine-in, Take Out, Delivery	Dine-in, Take Out, Delivery, Pick-up
Sundae	Dine-in, Take Out, Delivery	Take Out, Delivery
Herminia's	Dine-in, Take Out	Take Out, Delivery
Adobo Mix Plate	Dine-in, Take Out, Delivery	Dine-in, Take Out, Delivery

#### 4.1.6 Place

When it comes to the place or location of the businesses of the restaurants involved in this study, all seven (7) of them did not have changes before, during and after the pandemic. They remained in their respective business locations and continued to serve the same market segment before, during and after the pandemic as shown on Table 5 and Table 6 below.

**Table 5: Place / Location of Selected MSMEs Restaurants Before and During / After the Pandemic**

	Before, During Pandemic	During & After Pandemic
Romantic Baboy	Metro Rental Mall, Sta. Cruz Laguna	Metro Rental Mall, Sta. Cruz Laguna
Gerry's Grill	Mall	Mall
Pick up Chicks	San Pablo, Laguna	San Pablo, Laguna
Homemeeks Kitchenette	Lt. Brion St. Brgy. III-F 4000, San Pablo City, Laguna	Lt. Brion St. Brgy. III-F 4000, San Pablo City, Laguna
Sundae	Sampaguita St. Brgy. Bagong Bayan, San Pablo City	Sampaguita St. Brgy. Bagong Bayan, San Pablo City
Herminia's	Barleta St., Brgy. 4-B, San Pablo City, Laguna	Barleta St., Brgy. 4-B, San Pablo City, Laguna
Adobo Mix Plate	San Pablo City	San Pablo City

**Table 6: Areas / Cities Catered by the Selected MSMEs Restaurants Before and During / After the Pandemic**

	Before Pandemic	During & After Pandemic
Romantic Baboy	4 <sup>th</sup> District of Laguna	4 <sup>th</sup> District of Laguna
Gerry's Grill	St. Cruz Laguna	St. Cruz Laguna
Pick up Chicks	Rizal, Nagcarlan, San Pablo City	Rizal, Nagcarlan, San Pablo City
Homemeeks Kitchenette	San Pablo City	San Pablo City
Sundae	San Pablo City, 3 <sup>rd</sup> District of Laguna and nearby places	San Pablo City, 3 <sup>rd</sup> District of Laguna and nearby places
Herminia's	Around San Pablo City, Laguna	Around San Pablo City, Laguna
Adobo Mix Plate	San Pablo City and nearby cities / places	San Pablo City and nearby cities / places

#### 4.1.7 Promotion

When it comes to the promotions of the products and services of the restaurants involved in this study, social media ads have been used before, during and after the pandemic except for Gerry's Grill which only used social media platforms such as Facebook and Instagram during and after the pandemic. However, it should be noted that the use of social media during and after the pandemic has been immensely intensified as this is the most effective way of reaching the target customers most especially during lockdowns and community quarantines. This marketing strategy has been cited by Occigrosso in his Forbes article entitled Trends

Affecting the Restaurant Industry in 2022 (Occigrosso, 2022). The use of social media as a marketing tool has been proven to be effective which is understandable since people nowadays are always on their gadgets such as mobile phones and computers to stay connected with their families, friends, and associates.

The use of promotional strategies such as free food and / or beverage items on combination/ combo meals has also been a practice among the respondents of this study as shown in Table 7. Discounts during events such as weddings, birthdays, and anniversaries are also popular among restaurant customers. These discounts and promotions are

understandably popular among the target customers of the respondent restaurants since they belong mostly to the low to middle income earners in addition to the culture of Filipinos for being stingy when possible. This observation however is in contrast with the trend of young Filipinos who are being adventurous when it comes to food types, pricing and reactions to promotional strategies of restaurants. Mordor Intelligence Report cited that the Filipino millennials who have higher buying powers prefer varied international cuisines and they are willing to pay for higher food prices if it satisfies their preference of something new to experience food and

cuisine wise (Mordor Intelligence Report, 2022).

Another promotional activity that is cited by the respondents of this study is the use of referrals of family and friends as a form of word-of-mouth marketing. Such is also used in online marketing through restaurant service reviews and recommendations. This seems to be an effective way to promote restaurant food, beverages and services. This strategy is then aligned with the social media marketing trend identified (Orcciogrosso, 2022).

**Table 7: Promotional Strategies of Selected MSMEs Restaurants Before and During / After the Pandemic**

	Before Pandemic	During & After Pandemic
Romantic Baboy	<ul style="list-style-type: none"> <li>free iced tea for a period of time</li> <li>3+1 for birthday promo (before/ on / after birthday)</li> <li>social media (Facebook)</li> </ul>	<ul style="list-style-type: none"> <li>free iced tea for a period of time</li> <li>3+1 for birthday promo (before/ on / after birthday)</li> <li>social media (Facebook)</li> </ul>
Gerry's Grill	<ul style="list-style-type: none"> <li>personal selling &amp; branding</li> <li>brochures &amp; newsletter</li> </ul>	<ul style="list-style-type: none"> <li>personal selling &amp; branding</li> <li>brochures &amp; newsletter</li> <li>special events &amp; social media</li> </ul>
Pick up Chicks	<ul style="list-style-type: none"> <li>free coffee promo (occasions)</li> <li>buy 12 pcs chicken, get 2 free</li> <li>social media (Facebook, Instagram)</li> </ul>	<ul style="list-style-type: none"> <li>free coffee promo (occasions)</li> <li>buy 12 pcs chicken, get 2 free</li> <li>social media (Facebook, Instagram)</li> </ul>
Homemeeks Kitchenette	<ul style="list-style-type: none"> <li>10% discount for a period of time</li> <li>end of the month - selected food combos</li> <li>direct marketing</li> <li>social media (Facebook, Instagram)</li> </ul>	<ul style="list-style-type: none"> <li>10% discount for a period of time</li> <li>end of the month - selected food combos</li> <li>direct marketing</li> <li>social media (Facebook, Instagram)</li> </ul>
Sundae	<ul style="list-style-type: none"> <li>combo orders discount</li> <li>free event discounts (mother's day, father's day, etc)</li> <li>social media (Facebook)</li> </ul>	<ul style="list-style-type: none"> <li>combo orders discount</li> <li>free event discounts (mother's day, father's day, etc) social media (Facebook)</li> </ul>
Herminia's	<ul style="list-style-type: none"> <li>advertising and PR</li> <li>social media (Facebook)</li> </ul>	<ul style="list-style-type: none"> <li>advertising and PR</li> <li>social media (Facebook)</li> </ul>
Adobo Mix Plate	<ul style="list-style-type: none"> <li>social media advertisement (Facebook, Instagram)</li> <li>promotion</li> </ul>	<ul style="list-style-type: none"> <li>social media advertisement (Facebook, Instagram)</li> <li>promotion</li> </ul>

#### 4.1.8 Pricing

The pricing strategies of the respondent restaurants in this study are highly dependent on the price of food ingredients they offer to their customers as shown in Table 8. Since the price of raw materials and food supplies have increased due to the pandemic, the restaurant owners are forced to also increase the prices of their food and beverage prices. With

the exception of Gerry's Grill, which is a medium scale business and a franchise business form, it followed standardized pricing which is also generally higher compared to the other restaurant respondents of this study. This trend on price increase has also been reported by getgrubhub.com as an international trend since the prices of goods had to increase worldwide due to the pandemic.

**Table 8: Pricing Strategies of Selected MSMEs Restaurants Before and During / After the Pandemic**

	Before Pandemic	During & After Pandemic
Romantic Baboy	Follows the standard set by the main branch / franchisor	Follows the standard set by the main branch / franchisor
Gerry's Grill	Follows the standard set by the main branch / franchisor	Follows the standard set by the main branch / franchisor
Pick up Chicks	Penetration pricing	Penetration pricing
Homemeeks Kitchenette	Based on price of ingredients	Based on price of ingredients and cost of gas and gasoline
Sundae	Based on ingredients and rate of other restaurants' food prices	Cost of food ingredients and other needs of the resto
Herminia's	Based on price of ingredients	Based on price of ingredients
Adobo Mix Plate	Based on the cost of ingredients	Increase by 10% from product prices before the pandemic

#### 4.1.9 Packaging

The packaging of food of the respondent restaurants in this study has always been considered with great care even before the pandemic to preserve cleanliness and safety of food and beverage products. With the pandemic however, restaurants have added safety measures to ensure that the Covid-19 virus would not spread through their food and beverage products and services. The restaurant owners and manager have willingly

done this to ensure their customers of the safety of their products. Such have also been an intense compliance with the government protocols to protect the public in keeping them healthy and safe. Table 9 below shows the details of the packaging changes and measures that are being implemented by the restaurant participants of this study.

**Table 9: Packaging Styles of Selected MSMEs Restaurants Before and During / After the Pandemic**

	Before Pandemic	During & After Pandemic
Romantic Baboy	we prepare and present products while wearing plastic gloves; one complete set-up per table	we prepare and present our products based on IATF guidelines; one complete set-up per table good for 2 persons
Gerry's Grill	combination of plastic and cardboard boxes as determined by the main branch / office for all franchisees	combination of plastic and cardboard boxes as determined by the main branch/ office for all franchisees
Pick up Chicks	re-usable plated (plastic); take out box; plastic cups	re-usable plated (plastic); take out box; plastic cups; parchment; bilao
Homemeeks Kitchenette	with full sanitation and cleanliness	still with full sanitation and cleanliness but with alignment to IATF protocols, sealed, sanitized staff, ensure the virus-free products for customers
Sundae	complete orders - checking of orders - cleanliness with zeal	with carefulness and strict implementation of IATF protocols
Herminia's	easy to handle and friendly to customers	same but with the practice of sanitation from the government
Adobo Mix Plate	'bilao', banana leaves, plastic boxes	'bilao', banana leaves, plastic boxes

#### 4.1.10 Positioning

The product positioning of the restaurant participants of this study is affordable but quality food and family friendly. These are the common product positioning practices among all the participants as shown in Table 10. Except for Gerry's Grill, it positions its business as expensive with superb quality. This is a logical positioning considering that they target

more the higher income earners of the food business market. The theme/ positioning of "*lasang pinoy*" (local taste preference) is also common among the restaurant participants as the Filipinos have a distinct preference for something that is unique and authentic Filipino in nature. The same product positionings have been kept by the restaurant participants of this study before, during and after the pandemic.

**Table 10: Product Positions of Selected MSMEs Restaurants Before and During / After the Pandemic**

	Before Pandemic	During & After Pandemic
Romantic Baboy	affordable but quality food; family-friendly; expensive with superb quality	affordable but quality food; family-friendly; expensive with superb quality
Gerry's Grill	affordable but quality food; family-friendly; expensive with superb quality; 'lasang-Pinoy'	affordable but quality food; family-friendly; expensive with superb quality; 'lasang Pinoy'
Pick up Chicks	affordable but quality; food 'lasang Pinoy'; family-friendly	affordable but quality; food 'lasang Pinoy'; Family friendly
Homemeeks Kitchenette	family-friendly; student friendly	affordable but quality food; family-friendly
Sundae	affordable but quality food; family-friendly; lasang pinoy; excellent catering services	affordable but quality food; family-friendly; 'lasang Pinoy'; excellent catering services
Herminia's	affordable but quality food; 'lasang Pinoy'	affordable but quality food; 'lasang Pinoy'
Adobo Mix Plate	affordable but quality food; family-friendly	affordable but quality food; family-friendly

#### 4.1.11 Profitability

Table 11 below shows how the participant restaurant businesses have been affected by the pandemic when it comes to their profitability level. It was a struggle for them as they had to adapt many changes and challenges

to get through the pandemic. Their decrease in profit and loss of profit however did not deter them to stop their business operation. Although they experience great degree of losses, they managed to keep afloat unlike other restaurant businesses that were forced to shut down and stop their restaurant business operations.

**Table 11: Difference in the Profitability of Selected MSMEs Restaurants Before and During / After the Pandemic**

	Difference in Profitability
Romantic Baboy	our profit decreased in half or less during pandemic; most of the time we have negative profit
Gerry's Grill	before pandemic, our sales range 1-2 million but after pandemic, sales range around P300,000 to P400,000 monthly
Pick up Chicks	before pandemic, we have higher profit than during pandemic
Homemeeks Kitchenette	the sales decreased due to the limited face to face meet specially during ECQ
Sundae	still profitable but of limited reach to possible customers
Herminia's	lower sales during and after the pandemic
Adobo Mix Plate	a lot more different from the previous one

#### 4.1.12 Marketing Opportunities

The Covid-19 pandemic, despite its negative effects on restaurant businesses, has also presented marketing opportunities that restaurant owners and managers can take advantage of. These marketing opportunities are elaborated by the participant restaurants of this study to be that of using social media as an effective tool to promote their products and services. The use of Facebook, together with Instagram and TikTok, are seen by restaurant owners and managers as a very good opportunity for their food service businesses. The delivery system of food

to the customers also presented itself as a very good opportunity for restaurants to increase their sales and increase profitability. Consumers now prefer the convenience of their food delivered to their doorsteps. As one of the respondents of this study mentioned, food is a basic necessity for people, especially for the Filipinos, and this business will always have the opportunity to flourish and grow. What is needed is the proper management of resources and effective and efficient marketing activities in order to reach target customers. Table 12 below shows the details of how the participant restaurants view their opportunities for growth in the food and service industry.

**Table 12: Marketing Opportunities that MSMEs Restaurants can Take Advantage of Due to the Pandemic**

	Marketing Opportunities
Romantic Baboy	Using other social media like Instagram or TikTok
Gerry's Grill	None
Pick up Chicks	Social media and delivery
Homemeeks Kitchenette	Use of social media and friends' / loyal customers' feedback and recommendations to others
Sundae	Deliveries and promoting the business online
Herminia's	Facebook posting
Adobo Mix Plate	Food is a basic necessity; people will still dine out and eat especially with family and friends

#### 4.1.13 Marketing Challenges

The challenges of operating a restaurant business from the perspective of the participant restaurants in this study include price hike of food ingredients, stiff competition, marketing, delay in the delivery of food supplies, increasing cost of gasoline, employee and staff resignations and recovering what was lost during the pandemic. These challenges are those that are being experienced worldwide and yet they are somehow unique to each of the respondents as the combinations of those challenges are not the same for all of them. Details of these challenges are shown in Table 13

below.

For most of the participants of this study, the cost of the ingredients is a major challenge as they cater to the lower income market who are really price sensitive. The room to increase profit is little unless specific pricing strategies are implemented. Selling in bulk with small unit profit is a strategy that is implemented by the restaurant owners when they position their business as family friendly restaurants. In doing so, families or large groups of people are attracted and enticed to buy the restaurant's food and beverage where higher profits are realized.

**Table 13: Marketing Challenges of MSMEs Restaurants During and After the Pandemic**

	Marketing Opportunities
Romantic Baboy	None
Gerry's Grill	during pandemic, most of small and medium restaurants closed. After pandemic, only social media influence marketing
Pick up Chicks	None
Homemeeks Kitchenette	more competencies of newly opened restaurants; price changes of ingredients; delay of delivery of materials to be used in the business
Sundae	price hike of goods in the market, cost of gasoline
Herminia's	Employees and staff resignations
Adobo Mix Plate	Getting back what was lost

## 5. CONCLUSION

Results of this study showed that the challenges of operating a restaurant business during and after the pandemic include price hike of food ingredients, stiff competition, marketing, delay in the delivery of food supplies, increasing cost of gasoline, employee and staff resignations and recovering what was lost during the pandemic. Due to the pandemic, all the respondents focused on food delivery and take-out services to keep their businesses going. Most of them took advantage of limited dine-in services once this was allowed by the government while few of them decided to remain on delivery and take-out without dine-in services for a longer period of time. Respondents relied heavily on online marketing through social media such as Facebook and Instagram to promote their services in combination with their PR efforts, personal selling, branding, brochures and newsletter and promotional activities such as special discounts, free drinks / food items and combo meals.

Due to the higher cost of ingredients and gasoline, respondents had to slightly increase their prices. Respondents had to add safety measures in packaging their products to avoid the spread of the virus and in compliance with government protocols. Respondents had to keep their product positioning of generally being family and student friendly and with affordable and quality products. It can be concluded that effective use of marketing mix together with sound management decisions in the proper allocation of resources among MSME restaurants can meet the challenges of the pandemic and still keep the business profitable. As such, this study recommends that MSME business owners and managers carefully examine their marketing strategies to directly respond to market challenges and that they have to make sure that their products and services are clearly positioned to meet the specific needs of their target customers.

## RECOMMENDATIONS

With the challenges of operating restaurant businesses as identified by the respondents of this study being that price hike of food ingredients, stiff competition, marketing, delay in the delivery of food supplies, increasing cost of gasoline, employee and staff resignations and recovering what was lost during the pandemic, the researchers offer the following

recommendations:

1. Strategic alliances with competent suppliers should be established so that the price of food supplies can be anticipated, projected, and properly planned for discounts, trade deals and repeat and continuous purchases to keep the costs as low as possible.
2. Restaurant owners should be clear about their product and service positioning that directly responds to what the customers need and want so that they will prefer to patronize that specific restaurant over their competitors.
3. The use of effective social media strategies should be employed strategically for cost effective reasons and for its greatest impact on target customers. Facebook, Instagram and TikTok are the Filipinos preferred communication medium of knowing their restaurants and, as such, should be taken advantage of by restaurant owners and managers.
4. Customer feedback and recommendations should be highlighted in the marketing efforts of restaurants because such has delivered great impacts to the business as customers often read about restaurant reviews whenever they want to experience the services that restaurants offer.
5. Recruiting and retaining quality employees should be taken seriously by restaurant owners and managers as they are important key variables in the success of the restaurant service business. They should be given the opportunity to develop and want to stay in a work environment that gives them value. As such, restaurant owners and managers should train their staff and provide avenues in recognizing their efforts, good deeds, and excellent customer service whenever possible.

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