

# The Relationship Between the Consumer's Demand and Medium Enterprise Profitability

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**Abstract:** Eastern Samar's consumer demand and micro, small, and medium enterprises (MEs) were studied. The study examines how consumer preferences, purchasing behaviour, and socio-economic factors affect ME performance and sustainability in this region. A descriptive-correlational design was used to examine consumer demand and medium enterprise profitability in Eastern Samar's 2nd District. Small company entrepreneurs were counted and 50 were chosen. It used the International Labour Organization survey questionnaire. Select consumer profile characteristics such categories of business, number of employees, years in operation, and average monthly Revenue have little effect on medium firm profitability, suggesting more complex research to identify indirect links. The study also demonstrates a strong association between customer demand and medium firm profitability. Consumer demand drives these enterprises because it increases profitability. The researcher advises companies to match products and services to profitable consumer preferences and use demand forecasts and responsive product development tactics. Finally, teach MEs workforce management with a focus on customer service and efficiency.

**Keywords:** Medium Enterprises (MEs); Product Development Strategies; Labour Organization Survey; Consumer Demand; Medium Enterprise Profitability; Finance Corporation; Workforce Management.

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## 1. Introduction

Medium enterprises (MEs) are crucial for economic growth and job creation, contributing over half of the 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% lacking or having insufficient credit in developing countries. 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. Due to its complexity and limited scale, traditional banks view MSME financing as low-end and unprofitable. Chen et al., [3] 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 firms' platform choices' economic, social, technological, and legal aspects. The case study approach highlighted how micro and small-sized businesses engage in e-commerce counselling, identifying five enterprise

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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 [6] 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. Udayana et al., [17] developed the concept of customer bonding capability in Indonesian SMEs. It found that customer bonding intermediates 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 behaviour'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 investigating consumer demand patterns, local market conditions, and MEs' strategies 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 behaviour, 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. Policymakers can formulate targeted policies to enhance competitiveness and resilience by identifying gaps in ME support.

### **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 regarding the type of business offered, number of employees, 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 [2]; [10], 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 behaviour trends, such as branding influences [10], ethical considerations [8], and external economic conditions [5], 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 behaviour [16], there is a lack of studies that integrate these factors with an assessment of MEs' operational

efficiency, sales performance, and marketing effectiveness. 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., [2] 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 regarding 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., [13] 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, disrupting consumers' categorising price tiers. Likewise, Sobotko [16] 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 is critical in purchasing decisions, aligning pricing strategies with consumer expectations is essential.

Consumer behaviour regarding price and product attributes has also been widely studied in the food industry. Rödiger [14] 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 a 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., [18] analyzed price transparency in healthcare spending. They 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 companies must actively engage consumers and disclose price information to ensure informed decision-making.

Product appearance, particularly colour, also significantly influences consumer preferences. Altmann et al., [1] examined consumer responses to food colours across various animal products and discovered that preferences vary based on cultural and demographic factors. For instance, while consumers globally favoured bright red beef, preferences for poultry colour differed by region. Similarly, white milk was generally preferred over yellowish milk, and preferences for eggshell colour were evenly split between white and brown. Miller [11] further explored consumer preferences for meat, identifying tenderness, juiciness, and flavour as key determinants of consumer acceptance. Importantly, the study found that flavour becomes a stronger driver of preference as tenderness improves, underscoring the need for targeted marketing strategies that emphasize locally favoured meat characteristics.

Consumer choices in the egg industry reflect intrinsic and extrinsic factors. Rondoni et al., [15] 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 crucial in developing countries; however, consumers prioritized health, safety, and sustainability in developed countries. Consequently, the study recommended that egg producers enhance transparency in communication regarding production methods and nutritional benefits. These studies highlight the complexity of consumer decision-making, illustrating that factors such as health, scarcity, price perception, product attributes, and sustainability all shape purchasing behaviour.

Loo et al., [10] 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 strongly preferred 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., [4] 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 labelling and consumer education at the point of purchase can enhance market demand for ethically produced goods.

Lesic et al., [9] studied 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 behaviour and suggests that providing accurate information can lead to more efficient consumer choices. Moorhouse et al., [12] 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 responded less 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., [7] explored consumer willingness to pay for sliced fresh pears treated with SmartFresh™ and glyoxylic acid at varying concentration levels. The study used sensory evaluation and an experimental auction to find that panellists were willing to pay a premium, with younger consumers favouring 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., [5] examined the impact of COVID-19 on consumer behaviour, 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 during economic uncertainty.

Joshi and Rahman [8] investigated the psychological factors influencing sustainable purchasing behaviour among young, educated consumers. Using structural equation modelling on 425 survey responses, the study found that environmental responsibility, spirituality, and perceived consumer effectiveness significantly influenced sustainable purchase decisions. These findings suggest policymakers and businesses can encourage responsible consumer behaviour by emphasizing sustainability and ethical considerations in marketing strategies. These studies highlight consumer demand factors, 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 Small and Medium Enterprises (SMEs) profitability 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 of the needed answers to the research questions. This part uses the data collected to study the relationship between consumer 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 regarding 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 most 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) regarding 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 most Medium Enterprises (MEs) in the Second District of Eastern Samar have 50-100 employees, indicating that most businesses 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 province's economic conditions and labour market availability, 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 respondents' profiles 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 most 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, indicating steady consumer demand and market stability.

**Table 5:** Consumer demand for selected medium enterprises – price

A. Price	Mean	Interpretation
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
I 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
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
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 sales and discounts.	4.14	Oftentimes
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 considers long-term costs like durability and maintenance, followed by a mean of 4.32 ("always"). Conversely, item 2, about comparing prices across retailers, had the lowest mean (3.68, "oftentimes"), suggesting that price comparisons are common but inconsistent. Additionally, consumers prioritize necessities over luxuries (mean = 4.18, "oftentimes") and adjust spending based on price changes (mean = 4.14, "oftentimes"). Consumers tend to be cautious spenders, purchasing when prices seem fair, comparing options, prioritizing essentials, and considering long-term costs.

**Table 6:** Consumer demand for selected medium enterprises – preference

A. Preferences	Mean	Interpretation
I tend to favour products that align with my values and beliefs. I'm more likely to support brands demonstrating ethical and sustainable practices, even if it means paying a higher price.	4.25	Always
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 purchasing decisions.	4.10	Oftentimes
I prioritize convenience and ease of use when choosing products. I'm more likely to buy items that simplify my life or save time, even if they come at a slightly higher price.	4.20	Oftentimes
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
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 highlights consumer preference for brands that align with their values, followed by 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 emphasising the growing demand for convenience in purchasing decisions. 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

A. Expectations	Mean	Interpretation
I expect products to meet certain standards and am willing to pay a premium for superior quality and durability.	4.40	Always

I anticipate that companies will provide excellent customer service, including timely responses to inquiries, efficient problem resolution, and fair treatment.	4.28	Always
I have expectations regarding product availability and variety. If a desired product is consistently out of stock or has a limited selection, I may seek alternatives or switch brands.	4.36	Always
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
I anticipate that brands will innovate and evolve to meet changing needs and preferences. Stagnant or outdated products may lose 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. 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

<b>A. Marketing and Sales</b>	<b>Mean</b>	<b>Interpretation</b>
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
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
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
Implementing data-driven marketing techniques, such as analyzing customer behaviour and preferences, can enable MSMEs to tailor their sales efforts more effectively, resulting in higher conversion rates and increased profitability.	4.24	Always
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 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"). The findings suggest that enterprises recognize the impact of customer-focused strategies and data-driven decision-making in enhancing profitability. However, there is room for improvement in digital marketing and brand engagement efforts.

**Table 9:** Extent of the profitability in terms of operational efficiency

<b>A. Operational Efficiency</b>	<b>Mean</b>	<b>Interpretation</b>
Streamlining internal processes and workflows can reduce operational costs, improve productivity, and enhance profitability.	4.10	Oftentimes
Implementing efficient inventory management systems can minimize excess inventory and reduce holding costs, improving cash flow and profitability.	4.34	Always
Investing in technology and automation solutions can streamline repetitive tasks, reduce manual errors, and increase operational efficiency, ultimately driving higher profitability.	4.44	Always

Optimizing supply chain logistics through strategic partnerships and efficient transportation methods can lower procurement costs and shorten delivery times, improving customer satisfaction and increasing profitability.	4.14	Oftentimes
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, interpreted as "Oftentimes." With a Grand Mean of 4.24 ("Always"), the findings indicate that medium enterprises prioritize operational efficiency to enhance profitability. These businesses leverage technology, optimise inventory, and refine 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

<b>A. Product/Service Offerings</b>	<b>Mean</b>	<b>Interpretation</b>
Diversifying product/service offerings to meet diverse customer needs and preferences can increase market share and revenue streams, enhancing overall profitability.	4.32	Always
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
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
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
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 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

<b>Independent Variable</b>	<b>Dependent Variable</b>	<b>Correlation Coefficient r</b>	<b>Interpretation</b>	<b>p-value</b>	<b>Interpretation</b>
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Consumers' Demand	Medium Enterprises Profitability	0.492	Moderate Correlation	0.000	Highly Significant
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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 substantially impacts 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 likelier 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 most 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:** Price perception plays 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 study's findings 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 behaviour 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. Medium enterprises can optimize revenue streams, enhance operational efficiency, and establish a sustainable competitive advantage in their respective industries by prioritising customer satisfaction and adapting to market dynamics.

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**Ethics and Consent Statement:** This study adhered to ethical standards by ensuring participants' identity, security, and privacy. They received full study details, provided written informed consent, and were protected under the Data Privacy Act of 2012. Confidentiality was strictly maintained, data anonymized, and interviews conducted privately to safeguard participants' well-being. Any data sharing follows ethical guidelines with explicit consent, preserving the study's integrity.

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