

Social Networking Business: Finding the E-Commerce Niche for the Aspiring Cebu City Entrepreneurs in the Era of the New Normal

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Originality: 100% • Grammar Check: 95% • Plagiarism: 0%



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ABSTRACT

Social Networking is one of the most active web-based activities that have become so extensive in the Philippines, dedicated and committed to helping startups to make the first steps in business direction. The purpose of this study is to evaluate the current status and underlying motives why the majority of the Cebu City residents transitioned to online business sellers, also to identify the positive and negative influences of E-commerce using the social networking platforms in the new normal. The survey questionnaire was administered to Cebu City online sellers regardless of its type and size of business. Triangulation Mixed Method Design was used to creatively integrate qualitative and quantitative

approaches obtained from sampling and in-depth interviews of respondents. The positive influences of E-commerce for the aspiring entrepreneurs were identified: additional income and encouraged productivity while on quarantine, it lessened the anxiety and diverted the negative thoughts brought by the coronavirus pandemic, and increased selling skills. The study discovered that 65.69% of the Cebu City online sellers used and recommended the social media platform, Facebook, as the most effective social networking site for aspiring entrepreneurs to start for business and reach a great number of people from diverse backgrounds easily and quickly.

Keywords— Business, E-commerce, Cebu City Online Sellers, Triangulation Mixed Method Design, Philippines

INTRODUCTION

The rise of the trendy technology within the twenty-first century became the most important breakthrough of all time. Individuals will currently purchase things with simply the tip of fingers, order food, book hotels, and transportation, individuals will currently access to a bank account with the assistance of online banking and even search its favorite brand online. Certainly, the convenience of those online platforms helped individual life simply, particularly within the era of the new normal.

The discovery of the coronavirus (SARS-CoV-2) and the spread of COVID-19 have led many governments to take drastic measures. The lockdown of large parts of society and economic life has come as an exogenous shock to many economic actors, not least innovative startups. (Kuckertz, 2020). The rapid outbreak of the coronavirus presents an alarming crisis that the world is grappling with. The first quarter this year, when the Philippine Department of Health reported and confirmed the first local transmission case of COVID-19 in the country with a 38-year-old female Chinese national (WHO, 2020), as virus knows no borders, it resulted the lockdowns in of the major cities that crippled businesses big and small in the country.

As strict confinement measures implemented nationwide, Cebu City Mayor Edgardo Labella declared an Enhanced Community Quarantine (ECQ) status, directed all residents of Cebu City to stay at home, and movement outside their home shall be allowed only for the purpose of accessing basic necessities. In effect, some business establishments were ordered close while establishments

classified as essential goods like food manufacturers or suppliers, public markets, supermarkets, groceries, bakeshops, convenience stores, and others were allowed to operate until scheduled curfew time (EO64, 2020).

Henceforth, the e-commerce industry using the different social networking platforms available, e.g., Facebook, Instagram, WeChat, Twitter, and etc. have churned out its growth, which became a trend, helped individuals of Cebu City transitioned to an online seller.

Entrepreneurship can reduce the negative effects of the crisis, such as the Covid-19 pandemic, has shown that current thinking about the relationship between entrepreneurship and crises has been shaped, for better or worse, by how we as researchers define and classify crises, by the crisis concepts and related segments of the crisis event sequence we have focused on or had access to, as well as the contexts we study and the methods employed. We have learned that whether and how entrepreneurs respond to a crisis may depend on several factors including experience, stage of business development, the type or stage of the crisis impacting on the business, and resources, both in terms of how the resource is utilized as well as the suitability of resources for the stage of the crisis (Doern, Williams, & Vorley, 2019).

Business competition among companies has led to major changes. Thus, companies must be responsive to the business strategy implemented by competitors and create business opportunities that can generate profits. One way is to implement a Blue Ocean Strategy that allows businesses to create a niche market to get out the red ocean competition so that competition becomes irrelevant (Hanifah, 2015). SMEs are a respected source of employment and future development prospects for many countries across the globe. Therefore, for sustainability in today's competitive and over-advertised marketplace, firms need to identify and specify their potential market place, and it is crucial and essential for SMEs to be more focused on their target market and to identify their potential market to save marketing budgets and be able to face the global challenge (Kumar, 2015).

OBJECTIVE OF THE STUDY

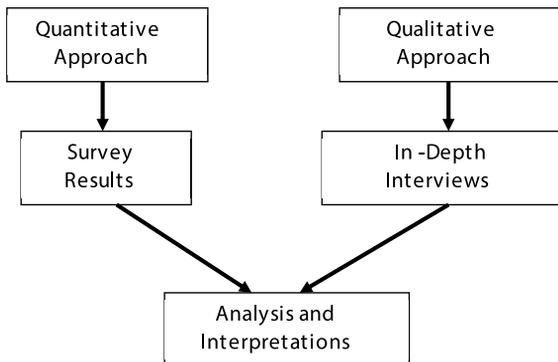
The main thrust of the study is to evaluate the current status and underlying motives why the majority of the Cebu City residents transitioned to online business sellers during the quarantine period.

Specifically, it aims to answer the following objectives, (1) to describe the characteristics of the respondents, (2) to determine how new normal affect Cebu City residents that influenced the majority to transition to an online business seller, (3) to find positive and negative influences of E-commerce using the social networking platforms that could be identified during the quarantine period, and (4) to design a social networking platform that could be recommended for the aspiring Cebu City entrepreneurs.

METHODOLOGY

Research Design

The study used the Triangulation Mixed Method Design to creatively integrate qualitative and quantitative approaches obtained from a convenience sampling technique to determine the Cebu City online sellers, which were considered representative of the total population. Also, an in-depth interview was conducted to verify valuable information for the development of the study.



Respondents

Researchers administered the online survey to the 102 online sellers through Google form, which were considered representative of the Cebu City online seller's total population. The following is the summary of the respondent's demographic profile gathered from the first set of the online survey questionnaire:

Table 1: The Demographic Composition of Sample Used (N = 102 respondents)

Demographic Characteristics	N	Percentage (%)
GENDER		
FEMALE	69	67.65%
MALE	33	32.35%
AGE		
25 – 34 years old	53	52%
18 – 24 years old	31	30.40%
35 – 44 years old	13	12.70%
45 – 54 years old	4	3.90%
Under 18 years old	1	1%
CIVIL STATUS		
Single (Never Married)	72	70.60%
Married, or in a Domestic Partnership	29	28.40%
Annulled	1	1%
LOCATION (Top 5 Barangay Level)		
Barangay Tisa	11	10.80%
Barangay Punta Princesa	8	7.80%
Barangay Guadalupe	6	5.90%
Barangay Sambag I	6	5.90%
Barangay Labangon	5	4.90%
EDUCATIONAL LEVEL COMPLETED (Top 3 highest degree completed)		
Bachelor’s degree (e.g. BA, BS)	64	62.70%
Some college, no degree	18	17.60%
Less than a high school diploma	8	7.80%

RESULTS AND DISCUSSION

Demographics is one of the most important factors affecting entrepreneurship, job creation, and innovation, which change shapes all issues that occupy most economic discussion during the era of the new normal such as education, employment policy, taxes, technological changes, and more. About 67.65% of the Cebu City online sellers constituted to the female group, which are emerging as dominant sellers on social commerce sites as collaborative shopping tools and

local language interfaces such as chat, videos, and live in-app telecast that attracts a new wave of customers from smaller towns to cities.

Most empirical studies find a peak age for business creation. The general consensus of the study discovered that about 52% of the Cebu City online sellers concentrated to the age group of 25 to 34 years old, who were recognized presumably unfettered, willing to take risks, have low discount rates, and are undeterred from challenging established ways of doing things.

Moreover, about 70.60% of the Single (Never Married) group identified as the highest number of the Cebu City online seller's population, which were categorically considered to have more friends and bigger social networks than married, and annulled people do. Cebu City is the first-class, highly urbanized city of the island of Cebu with a total population of 922,611 people, making it the fifth-most populated city in the Visayas. As the city comprised of 80 barangays, the researchers discovered that about 10.80% of the Cebu City online sellers were residing from Barangay Tisa, and followed by Barangay Punta Princesa with 7.80% ranked as second, and Barangay Guadalupe and Barangay Sambag I both with 5.90% as the third populated online sellers of Cebu City.

The majority of the Cebu City online sellers, about 62.70% were a Bachelor's degree holder, 17.60% of respondents identified as some college level, and about 7.80% of less than some high school diploma respondents. There were also about 3.90% of respondents who completed the Associate degree and Master's degree. Conclusively, 66.70% of the online seller's academic background were not related to business.

Table 2. Consolidated descriptive statistics for the Cebu City Online Sellers

Respondents	N	%
<i>Employment status (top 3 current employment status)</i>		
Employed full time (40 or more hours per week)	40	39.20%
Self-employed	17	16.70%
Student	14	13.70

The era of the new normal is continuously changing. There were many employed workers facing new challenges from the different interventions such as work suspension, flexible work arrangements in non-essential sectors, work continuance in essential sectors, and enforced the rule of law. Given these

interventions, employees have resulted in other problems or issues, i.e., a decline in revenues of sectors and closure of some businesses included in the ban, reduction of income for those working in included sectors, and no income for those in the “no work no pay” sectors. Also, public transport is not available and need to ensure social distancing, which made these employed workers resort to other means and transitioned them to an online business seller. There were about 8.80% of individuals were classified as unemployed and currently looking for work, and 7.80% are classified as employed part-time status who joined the bandwagon of online sellers in Cebu City.

The researchers have discovered that about 33% identified Cebu City online sellers were employed workers that worked in the private sector, 14% constituted to both the non-profit and government organization, and 25% classified as not employed online sellers.

Table 3. Respondents’ Monthly Income during the Quarantine Period

Respondents	N	%
Financial Status: Current Monthly Income (<i>Top 3 highest monthly income</i>)		
Less than 10,000 pesos	42	41.20%
11,000 – 20, 000 pesos	24	23.50%
Above 50,000 pesos	19	18.60%

While the Amelioration Fund of the Department of Labor and Employment is worth Php 1.5 billion, which can cover 300,000 workers. The unconditional cash transfer has an appropriation of Php 36 billion under the 2020 General Appropriations Act, which covers 10 million individuals (NEDA, 2020).

The 41.20% was identified to the cluster of the non-employed online sellers, while 23.50% was classified as employed online sellers. The group with a monthly income above 50,000 pesos were identified as individuals who already have an existing business and expanded their business activity online.

Considering the government support and aside from doing online business, there were still individuals struggling for their day-to-day expenses, some of the online sellers also resorted to freelance jobs like teaching and tutorial services, creative designs, and some extended their source of income through live in-app gigs/entertainment telecast and vending on streets.

Business Market Opportunities for the Online Sellers of Cebu City:

No matter how the Covid-19 pandemic made a huge stressor shaking up the psyche, triggering the fears and uncertainties of the Sugboanons, there were also opportunities in some areas seeing an unexpected rise in demand which transitioned them to an online seller.

Caterers/Food Providers

There has been a surge in demand for home delivery with more and more people staying indoors and practicing social distancing, which made the 45% of the online sellers as caterers or providers for comfort food like pastry, food trays, packed meals, vegetables, seafood and meat, and among others. Delivery services like Grab, Lalamove, Maxim, and Angkas are all experiencing increased demand for their services as well.

Increase Demand for Hand Sanitation/Face Mask/Air Purifier and others

The crisis has created a sudden demand for hand sanitizers, face masks, etc. among businesses, hospitals, and personal consumers. About 29.41% of the online sellers offer and focus on selling the personal protective essentials and constituted the 44.10% described as the retailing and wholesaling business of these quarantine essentials, while 37.30% were privately-owned business. In effect, 52.90% of the online seller in Cebu City offered the same products in the market during the Covid-19 pandemic.

Hardware stores were seeing unprecedented demand for tools and hardware supplies as consumers in self-isolation used the time to complete home improvement projects. And with most active hubs closed and the virus keeping everyone indoors, consumers were turning to home equipment, exercise bikes, weights, and personal fitness trackers and other gear to stay fit while confined. Which made the 7.84% online sellers engaged in a buy and sell activity for their old stuff.

The researchers discovered that *65.69 % of the online sellers used Facebook in selling their products and reaching their market easily, while 34.31% solely used Instagram.* And the majority of them joined business groups like Facebook Market, Let's Eat Bai, Mangaon ta Bai, Cebu Online Tindahan, Cebu Buy and Sell, Punta Princesa Market, Cebu Market Market, and among others, as it was convenient in reaching their market easily and it is a low-cost marketing strategy which makes it ideal for small to medium businesses with a limited marketing budget. Also, Facebook is a place where online sellers can upload pictures and

videos from businesses with fewer photography skills required. It can't all be sunshine and rainbows in the online industry, and like the other social platforms, Instagram does have some drawbacks for brands. Primary challenge why few online sellers did not highly recommend Instagram for the reason that it required great photography skills in order to captivate the audience and jumpstart engagements.

Table 3 revealed the top 3 reasons why Cebu City online sellers decided to engage in online business. On the query: *Are there any positive and negative influences of E-commerce using the social networking platforms that could be identified during the quarantine period?*

Table 4. Reasons why Cebu City online sellers decided to engaged in online business

Positive Influences	Frequency	Percentage	Rank
Additional income and encouraged productivity while on quarantine.	65	63.70%	1 st
It lessened the anxiety and diverted the negative thoughts brought by the coronavirus pandemic.	27	26.50%	2 nd
Passion or love doing business online, thus increased selling skills	10	9.80%	3 rd

Respondents who shared a portion of the 9.80% said that they always wanted to have a business, but were scared to take the first step. And since everything is already online, they ventured out, saw it explode in potential, and leveraged their online profile into business relationships and contacts.

In effect, about *94.10%* of the online sellers attested that having their online business honestly helped them cope up with their financial difficulties and their day-to-day function during the pandemic.

As many people discovered newfound hope in online selling amid the harsh disruption of Covid-19, there were also few negative influences of e-commerce that made online sellers uncertain from pursuing their online business in the future; that is, the ever-changing sales tax landscape placed more compliance obligations to online businesses. As the government agency, BIR announced that persons or entities engaged in business or earning income from “digital transactions through the use of any electronic platforms and media, and other digital means” are required to register and be “tax compliant.” (*Manila Bulletin, 2020*). Secondly, the ripple effect on the supply chain was being felt by

manufacturers all the way to the end-users, which resulted in limited inventory, frustrated customers, and worst canceled orders.

The last set of questionnaire was only a formal validation of the prevalent impacts of E-commerce to the online sellers of Cebu City. Based on the gathered data conducted, the researchers discovered that 65.69% of the online sellers used and recommended the social networking platform, Facebook, as the most effective social networking site for aspiring entrepreneurs to start for business and reach a great number of people from diverse background easily and quickly. This cluster also confirmed that they still want to pursue doing online business even after the pandemic.

CONCLUSIONS

The COVID-19 pandemic has had a colossal impact on the ways that we tend to live, work, socialize, and shop. Several customers were avoiding going to the stores, malls, and in any public places over the last few months. The new normal we're all living in additionally represents an opportunity for e-commerce. A lot of people were buying online than ever before, and industries that have historically struggled to break into e-commerce were seeing new growth. And this trend is ready to continue, with e-commerce penetration rates set to rise even after the global crisis – coronavirus pandemic. A niche is merely a smaller and a lot of specific section of a bigger market, hence, aspiring entrepreneurs much choose and understand their niche is essential if they need to draw in the proper customers to the e-commerce store. Choosing a niche means online sellers can focus on a specific market group with less competition. Counterintuitive though it may seem, this can actually lead to higher revenue than trying to do too many things all at once. Focusing on a niche market also gives the online sellers the opportunity to get to know their customers base on a deeper level. Knowing their target market inside and out is one of the most critical keys to ecommerce success. And finally, when online sellers choose their niche, they must start by considering what they care about, starting with their passions and interests is paramount. Market demand, potential profitability, availability of products, and their competition must also be considered.

TRANSLATIONAL RESEARCH

The findings of the study may be translated to various social networking platforms for the integration of both online and offline experiences for customers and brand relationships during the era of the new normal, if not, further brand awareness with inbound marketing strategy must be reinforced to increase social media engagements. Effective alternative methods such as regular content production, infographics and visual content, multimedia, demos, free trials, samples, interactive content, remarketing, email tagline, industry publications, guest blogging, referral programs, local or industry partnerships, community involvement may be used in the brand awareness drive.

RECOMMENDATION

It is recommended that social media platform, *Facebook*, as the niche for the aspiring entrepreneurs of Cebu City to start for business and reach a great number of people from diverse background easily and quickly, supported with safety and security in mind.

Also, the infusion of other social networking sites like YouTube and Mobile Application may be worth exploring for the following valuable reasons, (1) to increase business patrons through the help of vloggers, and; (2) cebuano online Sellers may expand their business exposure through LEB app, the first Cebuano app for food and delivery services, created to support the local entrepreneurs of Metro Cebu.

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