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## **Opening of an e-commerce platform in the Filipino Handicraft industry**

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Master in International management

Supervisor:

PhD, Renato Telo de Freitas Barbosa Pereira, Assistant  
Professor with Aggregation,  
Iscte-lul

September 2023



Department of Marketing, Strategy and Operations

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# Abstract and keywords

In this paper, I will discuss my plan to establish an e-commerce platform and a physical store in Makati. As someone with dual nationality, it is important for me to promote the skills of Filipino indigenous people and improve their livelihoods.

My goal is to create ethical and sustainable products that will benefit these communities and sell them in Europe and the United States, while simultaneously addressing the issue of poverty in the Philippines.

The research revealed gaps in logistics regarding the environment and a lack of customer knowledge about the Philippines and its treasures.

To answer the question “**What business venture could link the environmental impact to the wellness of the Philippines’ inhabitants?**”, a qualitative method was made to understand the point of view of the potential customers and how are they sensitive to ethical and sustainable products.

Filipino handicraft is a way of life, which enables them to create specific and unique products to sell all around the world.

Keywords: E-commerce, Handicraft, Philippines, store, ethics, and sustainability.

JEL classification code: M31, L81



# Resumo e palavras-chave

Neste trabalho, desenvolvo o meu plano para estabelecer uma plataforma de comércio eletrónico e uma loja física em Makati, nas Filipinas. Para alguém com dupla nacionalidade como eu, é importante promover as competências dos povos indígenas filipinos e melhorar os seus meios de subsistência.

O meu objetivo é criar produtos éticos e sustentáveis que beneficiem estas comunidades através da venda dos mesmos na Europa e nos Estados Unidos, ao mesmo tempo que abordo a questão da pobreza nas Filipinas.

A investigação revelou lacunas na logística relativamente ao meio ambiente e uma falta de conhecimento dos clientes sobre as Filipinas e os seus tesouros.

Para responder à pergunta “Que empreendimento comercial poderia vincular o impacto ambiental ao bem-estar dos habitantes das Filipinas?”, foi utilizada uma metodologia qualitativa para compreender o ponto de vista dos potenciais clientes e compreender a sua receptividade a produtos éticos e sustentáveis.

O artesanato filipino é um modo de vida que permite criar produtos específicos e únicos para vender em todo o mundo.

Palavras-chave: comércio eletrónico, artesanato, Filipinas, loja, ética, sustentabilidade.

Códigos de classificação JEL: M31, L81



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# Glossary of acronyms

B2B: Business-to-Business

B2C: Business-to-Consumer

WWF: Worldwide Fund for Nature

NFTP-TF: Non-Timber Forest Product Task Force

CMCC: Custom Made Craft Center

NGO: Non-Governmental Organization

SEO: Search Engine Optimization

KPI: Key Performance Indicators

CPM: Cost Per Mille

CPRS: Client Profile Registration System

ASEAN: Association of Southeast Asian Nations



# I. Identification of the promotor and the innovative proposal

*“Art is not a handicraft; it is the transmission of feeling the artist has experienced” – Leo Tolstoy.*

My thesis aims to develop an innovative business plan that enlightens with an adequate strategy and a market analysis. It requires the creation of marketing, human resources, and operations plans together with a financial analysis that proves the economic sustainability of the project. The goal is to sell genuine Philippine handicrafts on an economic and social aspect due to my mixed culture. I have been traveling around the Philippines since a young age, and throughout my trips, I discovered the interior of the country to its beauty, poverty, and kindness of the people. I had the opportunity to visit "Smokey Mountain" near Manila with an association that helps poor children. I was struck by the happiness and kindness of those children who live in poverty.

This is why I want to create in the future an e-commerce platform for handmade Filipino products, to improve the livelihood of indigenous people who live in poverty in the Philippines.

Thus, this innovative project objective is to establish an ethical handicraft company for selling our products in the United States and Europe through an e-commerce platform and later, create several physical stores in the three cities in the Philippines which are Cebu, Boracay, and Manila.

The idea for developing a Filipino handicraft business model is to highlight the beauty and importance of handicraft products in the Philippines. They will be created by Filipino indigenous all around the country with special raw materials found on the island.

The thesis will be structured into eight steps to set up the project.

- The literature review is made to collect all the relevant information, sources, and research needed for my innovative project and synthesize it into a cohesive strategy for the business plan. To do so, I developed several paragraphs such as the idea of the business, the description of the products, the e-commerce opportunities, the digital marketing, and the environmental importance. This helped me to identify the issues and to develop a methodology.
- The methodology is based on a qualitative method to be able to answer the problem: **“What business venture could link the environmental impact to the wellness of the Philippines’ inhabitants?”**.
- To do so, I created a survey divided into three parts. The first part is to develop the segmentation of the market. The second one focuses on the sensitiveness of the craftsmen and the ethics of the products, and the last segment is the knowledge of Filipino handicrafts. In addition, I foresee an involved partnering with associations and Ecosia which is a search

engine that helps to plant trees with every research made on it to conserve natural resources. To open our first store, I conducted an analysis of popular tourist areas in the Philippines. After careful consideration, we decided to settle in Makati, which is known for its safety and appeal to tourists.

- The market analysis involves collecting and analyzing data to identify opportunities and threats. I used the SWOT, the Canva, and the 4Ps as essential tools for creating a cohesive marketing strategy.

The SWOT analysis identifies the market opportunities and threats.

The business model Canva is a key tool to transform my business opportunities into a competitive project.

The 4P marketing tool is used for building advertising tactics to engage with customers. Finally, I shall conduct a competitive analysis to determine how I could stand out from other companies.

- Creating a comprehensive business plan is crucial to understand how a business will operate. In this project, the aim is to establish a company that designs and produces handicraft products for sale on an e-commerce platform in Europe and the United States. The physical stores will be established later, using the profits generated from the e-commerce platform.
- The development strategy is crucial for creating and organizing the project, implementing, and building upon the current strategy.
- For that, I decided to do an e-commerce platform which is an innovative modern tool made by a developer. This development also focuses on customer experience and IT security. In this part, we can find all the elements needed for the platform such as the products (wallets made in abaca, lamps made with Capiz, and chairs made in rattan), the legal mentions, the communication process (including blogs, email, and newsletter), and the payment options.
- The definition of the implementation strategy is a method to achieve objectives through analysis of marketing, operations, and finance.
- In this part, I analyze the e-commerce marketing with Facebook's ads, the segmentation, the campaign objectives, and Pinoyhandicraft creatives. It also covers the expenses, and fixed costs of the e-commerce platform, and the store.
- The requirements for the implementation part are the two essential issues found in the survey which are the environmental sensitivity and the lack of knowledge about the Philippines. To address environmental concerns, the Philippines implemented "Green freight logistics",

one example is the use of more cargo and fewer airplanes for exportation. The second solution to address the lack of knowledge of the Philippines is to set up a heavy communication strategy through the creation of a blog and sending regular newsletters to show how the products are made, the impact on the artisans, and the description of the Filipino archipelagos.

- At last, the financial evaluation is the final part of the thesis that reveals the projected income statement for the e-commerce platform and store over three years. It is important to note that the two approaches have varying charges.
- The e-commerce platform's financial plan will have lower expenses compared to the store due to the latter's higher fixed costs like insurance, charges, and rental, which an e-commerce platform does not require.

Handicraft products from China and India have gained global recognition, although there may be differences in quality. Very often, the primary objective of India and China's handicrafts is to produce Western-designed goods at a low cost and high volume as found on drop shipping platforms.

However, in the Philippines, consumers are searching for unique, indigenous products that incorporate ethnic elements and their designs, even if they come at a higher cost. The goal is to develop sustainable products that consider the environmental impact on the wellness of the Philippines' inhabitants.

In this innovative business plan, we aim to promote unique, indigenous products by discovering the history and beauty of handicraft artists. Handicrafts are integral to this island's culture and have been passed down for generations.





## II. Literature review

### A. An idea for starting an international business.

#### 1. Mixing the two cultures

This project was thought of as being of mixed culture, French and Filipina, it was important for me to develop a thesis regarding both of my origins. The goal of this proposal is to export handcrafted products such as lamps, chairs, and wallets to sell them through an e-commerce platform and then in different physical stores in the Philippines (Luzon, Boracay, and Manila) where tourism accounts for a large part of people's income.

#### 2. Joining tourism, handicraft, and e-commerce

According to the OECD, the tourism industry is one of the most important sectors of the worldwide economy and benefits from the fastest growth. The tourism business has an important role in the creation of jobs, which can have a strong impact on the gross domestic product (GDP) of some countries (OCDE, 2018). That is why it is important to develop a physical store in the most famous cities of the Philippines.<sup>[1]  
[SEP]</sup>

According to Vanessa Ratten, Handicraft products can be defined as products that are created by artisans who are not using any machines but are developing merchandise with their hands or with the help of manual tools. Handicraft products are made with natural materials that can be produced in unlimited numbers (Ratten, 2022). With those natural materials, the artisans can develop many products such as decorations, office accessories, pillows, necklaces, and much more.<sup>[1]  
[SEP]</sup>

Creating an e-commerce platform is also significant to take advantage of, as it enables businesses to have an online presence worldwide and thus, is a huge opportunity for businesses. According to the OECD, an e-commerce platform can be a range of different commercial relationships which can include Business-to-Business (B2B) or Business-to-Consumer (B2C). They define the e-commerce platform as a sale or purchase of goods or services that can be bought through a cellphone or a computer network. (OECD, 2019).

#### 3. Why create a Handicraft company in the Philippines?

Filipino knowledge regarding handicraft products is one opportunity that can be developed internationally on an e-commerce platform. Filipino artisans can create several products such as furniture, accessories, clothes, and more. All this knowledge, and through the indigenous traditions of

creating handicraft original products, enlightens the importance of the Philippines in the handicraft industry.

The abundant natural resources that offer the landscape are a major opportunity to take advantage of. Indeed, due to the 180 ethnic groups in the Philippines and thanks to their different languages and traditions (Burrington, s.d.), there exists an outstanding range of textiles and local costumes. They also provide several natural resources such as Capiz, which is a shell that can be found in the sea. In the South of the Filipino archipelago, Pinoy women are known as Dream Weavers who develop clothes with the fiber of the plant called abaca. In northern Luzon, the artisans are specialized in woodcarving, silver craft, and natural tattoos. Thanks to that knowledge, the city of Baguio was named in the UNESCO Creative City of Craft and Folk Art (Burrington, s.d.).

Due to abundant natural resources and the knowledge that the Filipino people have regarding the handicraft industry we can see that it has developed itself through the years. Altogether, it enabled the Philippines to become the second-largest world producer of handicrafts. They also develop and maintain powerful markets in the United States, Europe, and Japan (Maria Victoria P. Tibon, 2019).

The natural resources, the knowledge of the Filipino indigenous, the innovation, and the market will allow the development of a handicraft company in the Philippines where it will be possible to sell Filipino products on an e-commerce platform and then in different physical stores.

One of the major issues would be to improve the merchant service and the technologies to be more transparent with the product logistics and market information (Arts, 2008).

## B. Description of the products

The products that I would create for the e-shop and the physical stores are handicraft wallets, chairs, and lamps. The goal will be to draw and design the goods to add my personal touch to those products to be able to differentiate myself from the competitors. Another opportunity, that I will provide for the customer would be the possibility for them to add their personal touch to those products.

### 1. Wallet made of abaca

The abaca plant is a well-known plant, also known as the Manila hemp, that grows in the humid Philippines Islands. There are more than 400 varieties of this plant but only 20 of them are used for commercial purposes (Subramanian Senthilkannan Muthu, 2020). According to authors Subramanian Senthilkannan Muthu and Miguel Angel Gardetti, the abaca plant has been growing for commercial purposes in the Philippines since the sixteenth century but grew in Manila in the fifteenth century. In the eighteenth century, abaca was used in the navy for ropes as it was of good strength and was

resistant to saltwater (Subramanian Senthilkannan Muthu, 2020). Thanks to those benefits the fiber of abaca has been exported since the nineteenth century.



The abaca plant is a hard fiber that Indigenous artisans obtained from the leaf sheaths. This plant is considered the strongest plant fiber of all (Amar K. Mohanty, 2005). Today, 80% of the fiber of abaca is mainly used to create paper (filter paper, cigarette papers...), and the remaining 6% is used to create textiles such as carpets, bags, baskets, wallets, and much more (Wilsby, 2019).

The cultivation of abaca is mainly made in Mindanao, Visayas, and Bicol regions, specifically in the southern part of the Philippines, where the atmosphere is very humid (Subramanian Senthilkannan Muthu, 2020). Rain and sunlight are the main factors in the production of abaca. Indigenous artisans are using the abaca fiber to create handicraft products as it is a robust fiber and is very bright. The other advantage during the cultivation of the abaca plant is that this plant doesn't need to have additional inputs (Khan, 2021). The cultivation of abaca fiber gives a competitive advantage to the Philippines due to its exclusivity, and its ease of extraction and cultivation (Lobrigo, 2008).

Since abaca is native to the Philippines, they are the most dominant abaca producer, with 85% of the world's imports (Wilsby, 2019). Catanduanes province was the leading abaca producer from 2010 to 2019 with an average of 22,548MT per year for abaca fiber (Authority, 2021). During the years abaca fiber industry exports had to decrease in the global demand in 2011 and 2013 but had to recovered in 2014. The most important exportations are made in Europe specifically in the UK, Spain, Japan, and China (Authority, 2021). In the past ten years, the country has exported more than \$119 million per year of abaca fiber and manufactures (Authority, 2021).

Regarding the abaca fabrics, Hong Kong, Italy, and China were the major buyers of abaca fabrics. Other important buyers were the UK, Japan France, Spain, and the US (Authority, 2021). The demand for abaca fabrics was high due to their unique appeal and due to the environmental considerations of abaca cultivation which is a renewable material for friendly environmental products.

Since the productivity of abaca fibers is growing internationally. Today productivity is no longer sufficient for the market demand. In fact, in 2019 a gap began to arrive between supply and demand (Authority, 2021).

In the abaca business, we can also talk about the abaca handicraft industry, which is an evolving industry due to its abundance in the southern part of the Philippines. Thanks to the knowledge and

the raw materials that are important in some regions, locals use the fiber to create several products that are exported all around the world (Lobrigo, 2008).

When Ferdinand Magellan colonized the Philippines in 1521, abaca product was mainly used for textile purposes (Gillis, 2022). Today, abaca is used to manufacture ropes and cords and to create handicraft products such as fishing nets, baskets, hats, bags, paper, and wrapping material. Abaca handicrafts are classified into (1) housewares, (2) giftware, and (3) seasonal decors. In the housewares products artisans can create curtains, hammocks, carpets, lamps, throw pillows, and much more.

Under the giftware, we can find gift bags and boxes, hats, sandals, slippers, candles, and so on. Lastly, in seasonal decors, artisanal products are mainly made for Christmas such as angels, cards, and other Christmas items and giveaways (Lobrigo, 2008).

## 2. Lamp made with Capiz

Capiz are shells that are found in the island seas of the Philippines. Over the years, Capiz has been used by indigenous artisans for several products. The word “Capiz” is named after the province name of the Philippines, Capiz, and the island of Samal (Engold, 2022).

Formerly called “windowpane oysters” because they were used for several centuries in the Philippines during the Spanish occupation, the shells were used as windowpanes to reduce the excessive sunlight at home but also for churches.



Capiz shells are found on muddy or sandy bedrock. Capiz grows in a water temperature between 24.5 and 30 degrees Celsius. The shells are abundant in the province of Capiz but are also distributed in other provinces for food or to make handicraft products (Matichub, 2021). To use Capiz shells, the artisans need to (1) dry them, (2) put them in acidic water to clean and soften them, (3) after they under the sun to dry it, (4) at the end, the Capiz can be cut, varnished, and formed into different shapes and sizes with different colored (Matichub, 2021).

Because the Philippines is the major producer of Capiz and the demand is getting higher this is good for the Filipino artisans as the Capiz industry is creating new job opportunities (Park, s.d.). Jumbo Pacific Inc. is one of the major suppliers and manufacturers of the Capiz shells, the industry is in Cebu a province of the Philippines (Matichub, 2021). Due to the high production and the need for Capiz for the Philippines, whether it is for handicraft products or the food industry, there are small and big supplier industries that were created.

The major products that Filipino artisans make with the Capiz shells are windowpanes, jewelry, kitchen utensils, fashions, and home decorations such as lamps, chandeliers, and much more.

### 3. Seats made with rattan

The palm tree rattan is one of the most famous plants in the Philippines with the abaca. Rattan belongs to the palm family and has over 70 species and 4 of them are the most used: the *Calazamus*, *Demonorops*, *Korthalsia*, and *Plectocomi* (Pilipino, 2021). Like the abaca, in the sixteenth century, Rattan was used for boats as it had anti-rotting properties. The knowledge of Rattan was passed from generation to generation due to the abundant sources, and to create solid bags which does not rot in contact with water (Pilipino, 2021).



In the early twentieth century, Filipino craft of rattan furniture showed up in the United States specially used in Hollywood to create outdoor furniture for scenes (Taylor, 2022). Due to the increasing demand for rattan crafts, several Filipino artisans decided to create new designs and looked to sell them abroad.

The production of rattan comes from the Mindanao region and is manufactured in Cebu, Pampanga, and Metro Manila (Louis Defo, 2007). Rattan can be produced for canes, poles, or edible fruits. Rattan can be found in forests, tree farms, and soil types (IIRR, 1992).

As the Philippines has various species of Rattan, it is one of the most powerful business suppliers of furniture all around the world (Louis Defo, 2007). The rattan industry also enables Filipinos to have job opportunities, but it is also a way of life for Filipino people to use rattan as a handicraft product.

Palasan Rattan is one of the largest sources in the Philippines, it can be easily identified by its solid steams. After, the cultivation, Filipino artisans dry under the sun and the rattan poles are shipped to manufacturers (Taylor, 2022).

According to the Worldwide Fund for Nature (WWF), the rattan global industry is valued at more than 4 billion dollars per year (Taylor, 2022).

Rattan is specially used to make outdoor and indoor furniture. Rattan is easy to handle and move it can resist extreme conditions of humidity and temperature and has a good natural resistance to insects (Taylor, 2022). Filipino artisans used them to make outdoor and indoor chairs, baskets, hats, wall decors, sofa sets, and much more. Rattan handicrafts are mainly used for home purposes.

## C. E-commerce opportunities

### 1. Why it is important to develop an e-commerce platform?

An E-commerce platform has the potential to make profits, be known worldwide, and give a good competitive advantage to some companies. E-commerce is also a driver to connect small and medium enterprises in developing countries to their domestic market and the global ones (Shouvik Kishore Majumdar, 2020). The rapid technological changes across the world enable companies to develop an e-commerce strategy and help to connect with producers across the globe (Shouvik Kishore Majumdar, 2020). According to Maja Kochoska and Dijana Ivanovska Przo, "E-commerce is no longer a choice but a need", due to the new connected generation.

### 2. What are the advantages of e-commerce?

One of the most important advantages of e-commerce is the progress in marketing and job creation. The fact that transactions can be made 24 hours and 7 days a week companies can give satisfaction to their consumers and help them be more loyal to the company. The need for international new customers and new markets is quickly fulfilled, as with an e-commerce platform consumers can be found globally (Przo, 2021).

The other benefit is the cost saving to the company, the cost of creating, processing, and distributing is decreasing compared to a physical store (Patil, 2018).

The personalization of the products and the customer's requirements can be fulfilled easily (Patil, 2018).

### 3. What are the benefits for consumers?

According to John B. Cullen and K. Praveen Parboteeah, consumers are looking for fast transaction making which means engaging the transaction as soon as possible. The other benefit that consumers are looking for is self-service. In fact, in today's generation, consumers are often on their phones and are willing to buy every day (Parboteeah, 2010).

The benefit for consumers is the choice that they have in an e-commerce platform, they can buy products from worldwide that cannot be found in a specific country (Patil, 2018).

The price comparisons are easier for consumers because they can easily check other prices on other e-commerce platforms. The fact that e-commerce platforms can make reductions in their marketplace often, can create a stronger loyalty impact on customers (Patil, 2018).

#### 4. What are the disadvantages of an e-commerce platform?

Although e-commerce has strong advantages for society, businesses, and customers it exists some disadvantages that marketplaces must face such as card credit security issues, hidden costs (computers, server costs...), the knowledge and experience in marketing digital, the shipment and speed for customers to find the product that they are looking for in the catalogs, and finally, the competition between the e-commerce platforms (Patil, 2018).

#### D. The digital marketing strategy

Today in the world, 3.6 billion users are active on social networks. Over the years, a multitude of platforms have emerged and changed our daily lives. From sharing to communication, these platforms are now indispensable to us.

Social networks are progressively positioning themselves at the heart of businesses. As people tend to use digital devices more than physical stores, digital marketing has become more effective for brands. This trend has led companies to switch their focus from being product-centric to customer-centric, thus, supporting the customer throughout his entire life cycle. Companies get insights into every part of the customer journey allowing them to identify, anticipate, and satisfy customers. Moreover, a benefit for businesses is that the cost of digital marketing versus traditional one is less, plus it can even be free to generate traffic (Todor, 2016). It can then be said that social media platforms can be used as a part of digital marketing campaigns to connect with customers at a lower cost.

Different from traditional marketing, digital marketing allows us to understand the client and touch a wider audience with new forms of interaction. Digital marketing is based on digital channels but also technologies such as customer databases (Smith, 2017). From this, it is possible to target, measure, and create interactions to attract and convert leads. Developing your activity on social networks will hence allow you to target your prospects according to their age, gender, interests, and country of residence but also to widen your clientele to target a broader audience and to build a relationship of trust with a new public.

Today, digital advertising is a key point to maximize your return on investment. In addition, all interactions made through this medium are measurable, which facilitates the analysis of campaigns to perfect them to achieve the objectives (Anaëlle, 2023). The digital marketing strategy enables us to measure effectiveness through different metrics, according to the KPIs established beforehand. Yet, the priority lies in developing a strategy that will foresee the relationship with the customers.

Several methods can be used for digital marketing including Social Media Marketing, Search Engine Marketing, Email Marketing, and Influencer Marketing.

## E. Social Media Marketing tools

### 1. Meta Ads

Facebook was created in 2004 by Mark Zuckerberg at Harvard University. The main goal of Facebook is to give people the opportunity to share and make the world open and connected. Facebook users can share their personal information, photos, and interests. On Facebook, you can find not only personal "profiles" of all the people who decided to register but also "business profiles" that are accounts of brands, companies, and services.

The main advantage of Facebook Ads comes from the "low marketing cost" as compared to traditional media. This platform in fact can make content go viral, also called an "international buzz marketing campaign" very quickly, thanks to the speed of sharing. This allows brands to reach more people in a short period at a low cost.

The Facebook ecosystem offers businesses a unique opportunity to target and convert their ideal customers. Campaigns are designed to identify users who are most likely to convert and create engaging social content and ads that reach and grab their attention. Posts, ads, and engagement are designed to let the audience speak.

These ads can appear on Facebook News Feed, Instagram, Messenger, What's App, and even on non-Facebook apps and websites. They come in a variety of formats (single images, videos, slideshows, etc.) and can target very specific audiences. Facebook Ads are paid posts that businesses place on Facebook. This allows businesses to write in their voice, in addition to reaching out to the people who matter most to one's business.

Every year, META expands quickly. It is becoming a more sophisticated tool for all marketers worldwide. This platform contains data about its users and their online behavior, which in turn, can help any business reach new customers.

Throughout the years, Facebook user behavior has changed. There are today, 2.963 billion users worldwide on the platform, with a potential audience reach in Facebook Advertising of 1.983 million people (Kemp, 2023). Hence, this explains why 50% of small and medium businesses reported being active on social networks.

People have changed the way they spend their time on social networks. Indeed, the average user spends about 50 minutes just on META platforms, including Facebook, Instagram, Messenger, and WhatsApp. Exposure to social media has drastically increased, being a go-to platform to reach potential customers.

The targeting options within Facebook Ads are extremely well-structured and detail-oriented. Businesses can target users by location, demographics, age, gender, interests, behavior, and much



more. From new customers to existing ones, META allows businesses to thrive in a world where communication, engagement, and customer relationship is key to success. **(Annex A)**

## 2. Pinterest Ads

Pinterest is a social network that allows users to visually share, curate, and discover new interests by posting, also known as 'pinning,' images or videos to their own or others' pinboards. It allows users to create mood boards, being a source of inspiration in different sectors, the main ones being Fashion, beauty, cuisine, travel, and home decor (Pinterest, s.d.).

In a world where customers have the power to choose when, where, and how to interact with business, Pinterest is a social network that allows customers to have the freedom to navigate on the platform based on their interests. Hence, being active on this platform allows businesses to reach new clients on a site that is growing.

Brands have the chance to reach consumers on Pinterest at the early stage of their purchasing journey, thanks to the different "inspirations" they will find on the platform. As 97% of searches on Pinterest are unbranded, people are actively looking for things that interest them. By capitalizing on this top-of-the-funnel, inspirational intent, results can significantly be driven. In fact, according to Pinterest, traffic to retailers has more than doubled over the past year, and 83% of weekly pinners have bought something as a result of seeing a brand's pin (Georgieva).

Any business that relies on driving a high volume of website traffic to increase sales should consider joining Pinterest. In fact, according to comScore, Pinterest buyers spend more money, more often, and on more items than users from any of the other top five social media sites.

Recent data published in the company's self-service advertising tools shows that Pinterest's advertising audience reach grew by 10.6% over the past 12 months. Pinterest had 450 million active users in February 2023, with a potential reach of 249.7 million users in Advertising (Kemp, Datareportal, 2023).

According to a study made by Statista, 42,91% of Pinterest users are from the United States (Kemp, Datareportal, 2023).

Considering the type of Advertising business, they want to run, it is essential to keep in mind that 76.2% of Pinterest's global users are female. Furthermore, this platform gathers mainly the Millennial generation, as Pinterest is a big hit with them. Indeed, nearly 80% of Millennial women and 40% of Millennial men use the platform for inspiration (Kemp, Datareportal, 2023).

Studies show that Pinterest is a popular platform for advertising, as it generated in 2022, nearly \$2.51 billion from brands running Campaigns on the site. It is an essential tool to generate awareness

for the products and services offered, thus in return, increasing conversion rate and revenue (Shepherd, 2023). **(Annex B)**

### 3. Pay-per-click advertising with Google Ads

PPC or Pay-Per-Click is a type of online advertising, involving Advertisers to pay a fee each time a user clicks on their Ad. These Ads are built to look like a search result on any type of Search Engine platform.

The focus will be drawn on Google's search engine, more specifically Google Ads, also known as AdWords. Introduced in October 2000, Google Ads works as a PPC model. It is an advertising platform that allows advertisers to show their content on Google search pages and other websites and platforms through their Google Display Network or even YouTube.

With over 3.5 billion searches per day on Google, Google Ads is a powerful advertising platform that allows businesses to reach their target audience through relevant Ads at the right time. Google offers advertisers the opportunity to be displayed on different networks including the Google Search engine, Display Network, Website, Shopping, YouTube, and mobile apps. Advertisers can utilize Google Ads to drive targeted traffic to their website, which can help increase conversions such as leads and sales.

The platform uses a bidding system so that the advertisement appears in the Google webpage search. The display of the advertisement would appear on the top or right part of the search results. When a user types a keyword or phrase on Google search, Google would display any related advertisements. The clicked advertisement leads the customer to the desired landing page. Google Ads is an essential marketing tool as it has the power to introduce products or services online (Tricahyadinata, 2017).

The targeting options within Google Ads allow advertisers to target specific audiences based on demographics, interests, and behavior but mostly keywords. Furthermore, since advertisers only pay when someone clicks on the Ad, controlling the advertising budget has been easier. Indeed, Google allows advertisers to set a daily budget and control bids on targeted keywords, enabling the control of costs and ensuring businesses get the most out of their Ad spend. As with any other platform, Google Ads provides detailed analytics and reporting of results, making it easier to track the performance of campaigns and make data-driven decisions to optimize and create tailored ads specific to business and marketing goals.

Paid online advertising is a key driver for growth for any business. With the constant increase and evolution of the internet, businesses should position themselves where customers are present.

#### 4. Email Marketing

E-mail marketing is currently the most used form of direct marketing using the internet. Indeed, it is a valuable way of communicating with a company's audience. When creating an email campaign, companies must take into consideration who the target audience is, what the goal of the email is, and the reason the reader is consulting the email.

Regardless of the type of communication email marketing helps in recalling the existence of a business, to provide information to customers and potential customers. Additionally, this type of marketing strategy enables companies to raise the credibility of the brand, lead to conversion, and receive feedback from customers. All in all, it allows brands to maintain their relationship with customers.

Email Marketing is inexpensive compared to other types of marketing yet addresses potential and existing customers. The reach, as with other online marketing channels, is high. Though, one must keep in mind that today, companies and marketers combine paid advertising and email channels, to increase website traffic and increase sales revenues.

The newsletter must provide useful information that leads customers to convert or keep them interested in the company. Whether it is email marketing or newsletter, both are considered as one of the most effective channels in terms of Return On Investment. Indeed, according to research from Science Direct, up to 68% of companies use this method to maintain a relationship with their client, which in turn helps them achieve their KPIs.

#### F. Negotiation: The Hofstede analysis

Hofstede's cultural dimensions Theory was created for cross-cultural communication. It helps to understand the influence of the culture and people's behavior in different countries. This theoretical framework was used by Hofstede from 1967 to 1973, to analyze six dimensions such as power distance, Individualism, Uncertainty avoidance, Masculinity, Long-term orientation, and Indulgence (Nguyen Ngoc Thach, 2021).

This theoretical framework was used for several research and was applied by other authors. Their goal was to maintain the Hofstede cultural dimensions as it is a stronger indicator of cultural values (Nguyen Ngoc Thach, 2021).

According to Hofstede, national culture is the values of the country, which means the things that are preferred by or desirable to a group. The values of one country were developed and maintained through structures such as the family and the education system (Erdman, 2017).

Figure II-1: Hofstede Philippines Insight

Go further, discover the **Culture Compass™** or join our **open programme Introduction to Cross-Cultural Management**.



Source: Hofstede Insight, 2023, <https://www.hofstede-insights.com/country-comparison-tool?countries=philippines>

**Power distance of the Philippines:** With a score of 94, the Philippines has a hierarchical society which means that people accept a hierarchical order in which people have their place in the society. This shows the inequalities, the centralization is popular, and people are expected to do what is being told by the boss (Insights, 2023).

**Individualism of the Philippines:** Filipino culture is considered a collectivistic group with a score of 32. This means there is a high preference for social frameworks and that Filipinos are committed to their groups and families (Insights, 2023).

**Masculinity in the Filipino culture:** With a score of 64, the Philippines has a masculine society which means that they live to work. The managers are expected to be decisive and assertive. They emphasize on competition, performance, and conflicts are resolved fast (Insights, 2023).

**Uncertainty Avoidance of the Philippines:** The Filipino culture has a low uncertainty avoidance score of 44. Which means that Filipinos are more relaxed. Practice counts more than principles and if there is a deviance from the norm will be easier to tolerate (Insights, 2023).

**Long-term orientation of the Philippines:** With a small score of 27, we can see that Filipinos are more normative than pragmatic. They have great respect for their traditions and have small savings for the future. They like to focus on achieving fast results (Insights, 2023).

**Indulgence of the Philippines:** According to Hofstede, the Philippines are restrained which means a strong control. In fact, with a score of 42, this shows that they tend to be more pessimistic. Filipinos have the perception that their social norms are restrained (Insights, 2023).

## G. Environmental Importance

### 1. Corporate social responsibility

Indigenous Filipinos have several valuable traditional knowledge about nature. They have an important role in the sustainability of the ecosystem. The knowledge that Filipinos have regarding nature is important, regarding the opening of a handicraft industry. Handicraft companies also have a role in Corporate Social Responsibility to show customers that sustainable products are important for the future of the world.

The corporate social responsibility programs are divided into 3P, People, Planet, and Profit. The “triple bottom line” is a new term to define sustainability this means sustainable development that involves economic prosperity, environmental quality, and social equity (Cheryl Marie M. Cristobal-Cipriano, 2022).

Corporate social responsibility occurs when a business acts to enhance social well-being. The goal of this relationship is to achieve a balance between the firm and the community (Wasioleski, 2018).

Corporate social responsibility is a corporate initiative to help companies achieve good relationships with the stakeholders; increase their competitive edge; catalyze innovation; and promote goodwill (Cheryl Marie M. Cristobal-Cipriano, 2022). There also exists externalities in CRS which refers to all the factors that can have an impact on the stakeholders for example natural disasters (Cheryl Marie M. Cristobal-Cipriano, 2022).

The benefits of corporate social responsibility:

Businesses have a good reason to pursue corporate social responsibility. It exists common benefits such as the improvement of employee productivity, engagement, talent acquisition, and retention. Lower costs and the reduction of waste and finally enhance community support and loyal customers (BDC, s.d.).

### 2. Environmental protection:

The development of environmental protection programs made by the Filipino government is important in the handicraft industry. The craft program of the Non-Timber Forest Product Task Force (NTFP-TF) has been created to reduce the sustainable use of non-timber forest resources by providing an income from handmade products (Arts, 2008). A lot of Filipino communities such as Oriental Mindoro, Palawan, Negros Occidental, and more are using this program. The NTFP program collaborates with NGOs and community-based organizations. The goal of this program is to manage the forest resources and empower the communities to be more sustainable. This program will also provide training to the Filipino communities to have the potential to sell in the European market.

The CustomMade Craft Center (CMCC) is a program that will help the community and the market, it is a non-profit organization based in Manila (Arts, 2008). The CMCC sells products with the brand name “CustomMade” or “MODI”. Those products are presented as indigenous Filipino craftsmanship combined with a modern design. Those products are divided into two groups: homeware and fashion. The CMCC program also decides if a product is sustainable or not.

The Filipino government already applied several protection programs for the planet and the people such as the Community-Based Forest Management (CBFM) program that was developed in 1995. The goal is to adopt community-based forest management. The strategy of this program is to ensure sustainable development (Daquio, 2014).

This law is divided into 4 parts:

- First it is the democratization regarding access to the forest and the resources;
- The second is the improvements of the communities and the socio-economic conditions;
- The third is the management of the forest and the forestland;
- Finally, it is the conservation of biodiversity and the maintenance of environmental services to the forest and the forestlands to both on-site and off-site communities (Daquio, 2014).

### 3. Environmental impacts of our products:

The cultivation of abaca can be hard due to the presence of several diseases such as the virus infections of Abaca-Mosaic and Bunchy-top and natural disasters are a threat to cultivation (Lobrigo, 2008).

Due to overexploitation, water pollution, and destructive methods such as fishing the Capiz shells are declining. The Filipino government is taking several actions to sustain this industry such as fishing regulations where Filipino locals need to have fishing permits and licenses and they also have restricted areas to take the Capiz shells (Matichub, 2021).

The government took actions to have sustainable productivity of the rattan because of deforestation and due to unsustainable practices, some species of rattan are under extinction (Muralidharan Enarth Maviton, 2020). Like the Capiz production, indigenous Filipinos needed to have licenses to cut rattan, and taxes were added. All the action made by the government was made to manage the rattan resources for forest conservation (Louis Defo, 2007).

### III. Methodology

To be able to answer the following problem which is “What business venture could link the environmental impact to the wellness of the Philippines’ inhabitants?”, I created a survey which is divided into 3 parts to have a better understanding of the potential customer (**Annex C**). Afterward, a method is used to provide a solution to explain and find out where to place the store.

I created a survey as a quantitative method to collect and analyze all the important data. The survey consists of a random selection of the population made on a “Google form” with open and closed questions found on social platforms such as LinkedIn. This will allow me to learn more about the e-commerce market in Europe and the United States. The results will be used to analyze the position of these countries on the environment and the well-being of the inhabitants of the Philippines.

This questionnaire is divided into 3 parts.

- The first one is to have a better understanding of the population;
- The second, is to position the population towards e-commerce and its values;
- The last one, is about the knowledge of handicrafts of the Philippines.

The first part of the questionnaire will help to develop the segmentation that will be used for the market research to understand which type of customer will be targeted. For example:

- The age group;
- The social category;
- The living country.

The second part will be about their sensitivity to the respect of the craftsmen and the ethics of the different products. For example:

- Are you sensitive to the ethical nature of the products you buy?
- Would you buy environmentally friendly products?
- Would you buy products that respect the artisans who make them?
- Would the customer buy ethical products?

Finally, the last part will be about the knowledge that the customer has regarding Filipino handicrafts.

For example:

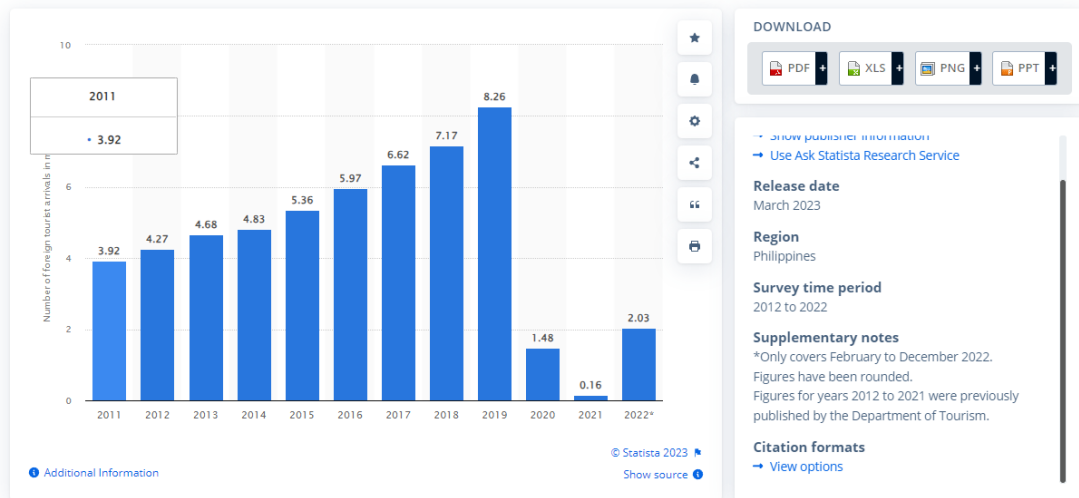
- Do you know the Philippines and its treasures?
- Would you like to follow the manufacturing of the products?

These questions will be necessary to implement the recommendation and find solutions to provide market research based on the problem “What business venture could link the environmental impact to the wellness of the Philippines’ inhabitants?”

The second important question is how and where to place the physical store. The method used is the analysis of the tourism industry in the Philippines to set up the store.

Figure III-1: Total number of international tourist arrivals to the Philippines from 2012 to 2022.

**Total number of international tourist arrivals to the Philippines from 2012 to 2022**  
(in millions)



[www.statista.com/statistics/1053908/philippines-number-of-foreign-visitor-tourist-arrivals](https://www.statista.com/statistics/1053908/philippines-number-of-foreign-visitor-tourist-arrivals) (Statista, 2023)

First, since my family is near Manila, the best way to look for a place is to travel to the Philippines to do an initial reconnaissance of the stores.

The second way is to set up the store near a tourist area like Makati, which is one of the safest places for tourists to stay and visit Manila.

To pay less taxes and fees, “Sari Sari Stores” which is a well-known store in the Philippines that sells everything, is the first choice to open a store in Manila. Opening a store in a mall is much more expensive.

Based on this statistic, we can also see the number of international tourists in the Philippines. The growth of the tourism industry is important for the Philippines economy. Even if, the tourism industry had decreased due to Covid-19, the increase in this industry in 2022 shows the importance of the Philippines in this business.

One of the most important missions for “Pinoyhandicraft”, is to offer a new environmental possibility. To do so, all customers will place a new order give “Pinoyhandicraft” an opportunity to plant a new tree to protect the Filipino environment.

The method is to have a partnership with Ecosia which is a search engine that plants trees when a person is looking for a specific subject. The other approach is to create associations with local indigenous and some NGOs like the Haribon Foundation which is a foundation based on the conservation of natural resources to replant all the trees that are used for handicraft products.



## IV. Market Analysis

The SWOT analysis points out:

| Strength   | Weakness   |
|--|--|
| A large market and a large producer<br>Product variety<br>Cheap labor<br>Filipino communities are friendly and hospitable.<br>Innovation and creativity of the Filipino people<br>Richness of nature   | Lack of infrastructures<br>Follow-up and product transparency.<br>Less interest from younger people in the handicraft business |
| Opportunities  | Threats  |
| Use of an e-commerce platform for direct marketing<br>Tourism attractions regarding handicraft products<br>Strategic planning regarding the tourism industry and the local government<br>Contribution of handicraft products as a tourism activity | Natural disasters<br>Sanitary risks<br>Political instability<br>Competition in the local market                                |

### A. Strength

- A large market and large producer

With the culture and the tradition of handicraft production in the Philippines and the knowledge that indigenous Filipinos have. The Philippines became one of the largest producers of Handicraft (Arts, 2008). Thanks to the Program NTFP-TF “Non-Timber Forest Products Tasks Force”, the exportation of Filipino crafts became available locally and worldwide (Arts, 2008). We can talk about a large market regarding the handicraft business in the Philippines as they export several products worldwide. Especially in Japan, Europe, Australia, Canada, and Singapore (Arts, 2008).

- Product varieties

Thanks to the landscapes and the knowledge of the Filipino artisans, the crafts products that are made in the Philippines have a lot of varieties. In fact, with the different natural resources that can be found in the Philippines such as Rattan, Capiz, Abaca, Bamboo, coconut shells and more, different types of handicraft products can be created (Arch, 2019). The common tools that are created in handicrafts are for decorations, houses, accessories, and fashion.

- Cheap labor and the Filipino culture

One other strength is the cheap labor and the creativity that the Filipino artisans must provide which can offer a competitive price. The cultural impact that Filipinos have, is that they are friendly and hospitable which makes it easier for entrepreneurs to develop a handicraft business.

- Innovation and creativity

The innovation towards the products is also a strength for the handicraft industry. The development of new products or improvements made to the products were made to meet other customer needs. The creative impact on handicraft products made them very attractive in the United States and Europe (Divina M. Edralin & Maria Victoria P. Tibon, 2019).

- The richness of nature

The Philippines is well-known for its richness of natural resources. In fact, with more than 7,107 islands and due to abundant raw materials, Filipino artisans acquired skills to make handicraft products. This shows the importance of the handicraft industry in the lives of the locals. According to Jaja Victorio, many Filipino artisans are in today's world engaged in the handicraft industry (Victorio, 2019).

## B. Weaknesses

- Lack of infrastructure

One of the major weaknesses that we can find in the Filipino handicraft industry is the lack of infrastructure in rural areas. Poor infrastructure has been a major constraint to Filipino economic growth. Most of the indigenous people that are working in the handicraft sectors are in rural areas.

- Product transparency

The other issue is the lack of follow-up and transparency regarding craft products and the knowledge that an entrepreneur can have regarding the process of fabrication. Due to a lack of internet connection, it can be hard for an entrepreneur to follow up on all the information from the beginning of the cultivation to the end of the final product.

- Lack of interest of the younger generation

Another issue in today's handicraft sector in the Philippines is the lack of interest of younger people to work in the handicraft business. According to Carmen Lopez, the younger generation in the Philippines are no longer interested in craft due to low income. Younger Filipinos are looking for better opportunities in big cities or abroad to have a better life situation.

The cultural degradation regarding the craft industry for the youth is also a weakness as they are tempted to work in other businesses including technology and social media (Carmen Roceli M. Lopez, 2022).

## C. Opportunities

- Development of E-commerce website

In today's digital world, consumers are all around the world. The use of E-commerce in the handicraft industry can be an opportunity to develop an e-commerce website. According to Jovanka and Aleksandar, the use of online stores enables artisans to be more visible and accessible for consumers to make purchases. Countries like the United States, France, the United Kingdom, and Italy have a strong demand for Handicraft products. By developing an e-commerce platform, the demand can be fulfilled by exporting handicraft products to those specific countries (Erceg, 2019).

- Tourism attraction to handicraft products

According to Pamela Mariz Geminiano, some Filipino provinces have tourism development plans to show handicraft products (Geminiano, 2018). For example, Baguio developed an attraction for tourists to experience local arts and crafts. The tam-awan village is also another famous site that enables tourists to have a look at indigenous crafts (Geminiano, 2018). Tourism e-commerce platforms are also proposing Arts and crafts tours. All those attractions can be a good opportunity to develop physical stores in some provinces of the Philippines and to develop an e-commerce platform as people already know craft products.

- The help of the government

As the role of the local Filipino government is to promote social, economic, environmental, and cultural heritage towards tourists, they developed a plan to promote institutional partnership among national, regional, and local tourism in the craft industry named "the local tourism development plan" (Turismo, 2018).

#### D. Threats

- Natural disasters

The Philippines is highly prone to natural disasters which can be a threat to the handicraft industry. With more than 20 tropical cyclones per year in the Philippines (Atmospheric, 2023), the impact on the artisans is big. Raw materials, roads, infrastructures, houses, and establishments can be damaged.

- Sanitary risks

Unexpected sanitary risks such as COVID-19 had a strong impact on small handicraft enterprises, highlighting the lack of a crisis management strategy. According to Uma Shanker, Ravindra Tripathi, and Mano A. Tripathi, the handicraft sector and the artisans have been much more affected by the lockdown than others (Uma Shankar Yadav, 2022). COVID-19 has affected the handicraft sector was not an essential industry, artisans have suffered from the loss of their jobs (7, s.d.). The Philippines has grown its economy thanks to the tourism industry, but since COVID-19 arrived the demand for traveling abroad resulted in a severe loss of revenues for the country and developed unemployment across the Philippines, which had an impact on the handicraft stores (Kristhel Anne M. Caynila, 2022).

- Political instability

One other threat is the political instability, especially in Mindanao which is a region where conflict arose due to corruption, terrorism, and poor government. The political instability harms the tourism industry and the handicraft stores that are located there (Abuza, 2012).

- Local market competition










The other threat is the competition in the local market but also from other countries such as India, Indonesia, Vietnam, China, and more. The emergence of online retail gives easier accessibility to handicrafts which makes the handicraft market grow, increasing competition (A., 2023). The local artisans that produce special handicraft products all around the Philippines for the tourism industry created strong competition in the local market (A., 2023).

## V. Internal Analysis

### A. The business model Canva

This Business model canvas has been proposed by Osterwalder and Pigneur. It helps to identify the nine interrelated components of an enterprise model (Mansfield, 2019). The Business model canvas was created to be a visual system that is accessible, readable, and easily understandable for everyone. The aim is to transform the idea of an enterprise into innovative and competitive project (50Minutes, 2017).

**The Business Model Canvas**

|  |   |   |   |   |
|--|---|---|---|---|
| <b>Key Partners</b> <br><br>Local Filipino government.<br>Local artisans.<br>Tourism agency;<br>Logistics.                | <b>Key Activities</b> <br><br>Handicraft products.<br>Marketing campaigns.<br>Innovation/Design<br>Local and worldwide | <b>Value Proposition</b> <br><br>Handmade product that are sustainable and that focus on the artisan's well-being. | <b>Customer Relationships</b> <br><br>Customer support.<br>Personal service. | <b>Customer Segments</b> <br><br>Tourism market.<br>Customers that are attracted by sustainable and handmade products. |
| <b>Key Resources</b> <br><br>Online platform.<br>Materials.<br>Artisans' know-how.                                      |   | <b>Channels</b> <br><br>Email marketing.<br>Social media.<br>Online advertisement.<br>Tourism agency.          |   |   |
| <b>Cost Structure</b> <br><br>Quality driven and the know-how of the artisans.<br>Marketing advertisement.<br>Shipping. |   |   | <b>Revenue Streams</b> <br><br>Product sales                               |   |

- Customer segments

The creation of unique and sustainable products and the use of differentiation can be a major competitive advantage. Tourism is one of the customer segments that is important in this business. In fact, by creating physical stores tourists will be able to buy accessories, gifts, or housewares products in the store. On the other hand, French or United States customers seeking sustainable handicraft products would be able to place an order on the e-commerce "Pinoyhandicraft" platform.

- Value proposition

The different types of products such as chairs, wallets, and lamps that would be sold in the physical stores and on the e-commerce, platform will provide high-quality product that is sustainable and environmentally friendly. The objective is also to focus on the artisan's well-being to provide them with a better lifestyle.

- Channels

By using Facebook ads, Google ads, Pinterest ads, newsletter, and blogs to promote the online platform. This will be a good way to be known by customers and to promote the different products. For the physical stores, the use of social media and tourism agencies can be a good alternative to be known by tourists.

- Customer relationship

The goal will be to provide strong customer support which will be used for the benefit of all online consumers. The use of promotional codes for loyal consumers would be applied, which will create a positive impact on customers who will return to the e-commerce platform. The goal is to create a strong relationship with the customers and to create awareness of handicraft products. In the physical stores, personal assistance will help customers to choose the product that they need and give them advice.

- Revenue Streams

Physical stores and e-commerce platforms will generate cash thanks to product sales. The objective will be to propose a moderate price for the basic product and a higher price for the customization of the other product which will improve the revenue stream of the Pinoy handicraft.

- Key resources

The physical resources such as the online platform and the boutiques are important as the customers will be buying there. The raw materials and the artisan's knowledge regarding the handicraft industry is also a key resource for the company.

- Key activities

Artisans coming from different archipelagos and their knowledge of sustainable and unique handicraft products are a major key activity.

Marketing campaigns to sell the product and to be known worldwide.

Distribution will be made locally by using direct distribution and worldwide.

In research and development key activities, innovation, design, sustainability, and quality products are major goals and actions to operate in the handicraft market.

- Key partnership

The local artisans are the ones that will create the products which is an effective partnership for Pinoy handicraft. The logistic team that I would partner with, would be helpful for Pinoy Handicraft to import the products worldwide or in the physical stores.

One other key for the partnership would be the Tourism agency and the tour guides that will provide more information and new customers in the physical stores.

- Cost structures

The high-quality articles and the know-how made by artisans and quality controls of the products. The marketing advertisement, the tourism agency, and the physical stores would be a cost structure. The worldwide shipping on the e-commerce platform will be an expense.

## B. 4P (internal)

### 1. Product

The products sold will include chairs, lamps, and wallets made from handicrafts. The goal is to develop environmentally friendly products that can be used everywhere and specially to improve the well-being of the artisans that will make the products.

The goal would be to provide basic products to the customers, but also to give them the possibility to customize their products through the e-commerce platform.

The target market will be tourists and foreigners that will be in the Philippines in the physical store and online the target audience will be people with age 20 to plus 60. The products will be made to have different types of consumers with lower prices and higher prices.

- Demographic segmentation

According to the survey that I created for this thesis, and the responses of 129 persons from Europe and the United States.

The target audience for the e-commerce store and the physical ones would be from the age of 18 to 60. (**Annex D**)

- Social category:

Most of the people interested in Handicraft products are retirees and employees. Most men in Europe are much more interested in Handicraft products than females, but on another hand in the United States and Canada Females are willing to buy Handicraft products.

## 2. Price

The main objectives set for “PinoyHandicraft” regarding pricing strategy will be based on delivering a high-end quality product. The reason behind having a higher price than its competitors will be to develop a unique selling point. Consumers will be able to add special options to the various products that will be sold.

The pricing would also be an advantage on the e-commerce platform as the customers would perceive the price differently. The price that will be shown in the different stores would be lower than a whole number for example 199.99€//\$ and not 200€//\$.

The penetration pricing, according to Paddle, is to attract new customers with lower prices than competitors (Paddle, s.d.). This strategy will be used in the physical stores in Manila first to create awareness. The goal will be to have low prices so customers would take advantage of the discount that would convert them into loyal customers.

The tourism industry will also be an advantage and the price penetration is a good strategy to be known thanks to the word-of-mouth of the tourists. They would be able to have gifts and souvenirs at lower prices than other competitors at first and develop at the end a higher price thanks to the quality of the product and custom-made products for foreigners that are willing to stay in the Philippines.

## 3. Place

The products will be sold in physical stores for tourism first in Manila and afterward in two other physical stores in Filipino cities that are tourists' area. One of the big advantages of selling in physical stores is that customers can touch, see, and feel the different products and may buy other additional products.

Personalized customer service enables to increase the sales in physical stores as the salesperson will be able to guide and give good information and influence the customers to buy other items.

E-commerce platform is nowadays important to be known and sell imported products worldwide. Therefore, “PinoyHandicraft” will sell Filipino handicraft products on an e-commerce platform. This set of elements will aim to make the product available to the consumer wherever and whenever they want to place an order on the e-commerce platform.

## 4. Promotion

One of the main promotional activities of “PinoyHandicraft” online stores will be to use of social media platforms to make advertising on Google ads, Pinterest Ads and Facebook Ads to be known worldwide.



The use of email marketing for customers with promotional offers will be good to promote PinoyHandicraft which will improve the word-of-mouth of customers towards their families or friends.

Special events on the e-commerce platform for Christmas, Valentine-day and more will be used to sell specific products created especially for those events with a promotion offer such as free shipping and/or 10 to 20% off with the code: Christmas20 or Christmas10.

In the physical store, the promotion will be almost the same with the use of the social platforms to be known for example Facebook and Instagram. On Instagram, the goal will be to create a brand aesthetic. It will enable potential consumers to visit the site and have an idea of what will be sold in the stores. In the physical store offering a strong experience through customer services to customers will enable the store to promote the brand and the product awareness.

The creation of partnership and collaboration towards the tourism industry with the physical store “PinoyHandicraft” will open further promotional activity to customers to come into the store.



## VI. Competitive analysis

The handicraft industry is a highly competitive field, with small and large enterprises located all around the world (Jaiswal, 2018). E-commerce provides a way for the handicraft sector to boost its efficiency, productivity, product visibility, and sales worldwide (Erceg, 2019). In addition, local competition is fierce due to the presence of various tribes in the Philippines, each with its unique handicraft products.

### A. The well-known E-commerce platform

Amazon Handmade, eBay, and Flipkart are famous online marketplaces that sell different kinds of products but also handicraft products worldwide and E-commerce platforms such as Shopify, Woo, and WIX.

One of the major competitors for handicraft products in E-commerce is Etsy which is a well-known company. It is an online marketplace with more than 96 million active users where vendors can connect with buyers (Doan, 2023). One of the particularities of Etsy is that vendors are selling handicrafts or vintage goods all around the world (Lilyquist, 2020).

But also:

Indians' handicraft platform is also a threat to open an E-commerce platform in France to sell Filipino handicraft products. Several e-commerce platforms are from India and sell their products worldwide. They offer a large choice for consumers such as handicraft accessories, jewelry, and apparel made from craft. Indians' handicraft products are also a cultural identity for them. Even if, the products are not completely the same as the Filipino ones. Handicraft products from India or China are much more well-known worldwide than Filipino handicraft products.

### B. Local competitors

Pililokal, which means "choose local", is a Filipino e-commerce platform "For Filipino made by Filipinos". This e-commerce platform arrived in 2017. It has 44 merchants selling almost 684 products. Their goal is to have vendors that have products made locally and bring attention to Filipino artisans (Aseoche, 2021).

Shopee Philippines is an E-commerce platform that sells different types of products. It can go from Handicrafts Filipino products to Phone cases that are specific to the Filipino community.

Handicraft physical stores in the Philippines developed strong competition in this sector. It exists a lot of them all around the archipelago of the Philippines. They sell specific handicraft products for the tourists such as gifts and accessories. For example:

- Tersoro's Philippine Handicrafts was created in 1945. It has 12 retail outlets all over the archipelago. This store is in Malaki city.
- Balikbayan Handicrafts is also a handicraft store located in Makati.
- The Manila Collectible CO. is a museum, and gift shop in the heart of Manila. They collaborate with indigenous artisans to promote their heritage. Many more local handicraft enterprises are located all around the archipelago of the Philippines.

### C. How to differentiate myself

To stand out from my competitors, I would create a unique selling point that allows consumers to customize products specifically for them. For example, they could personalize a wallet with their name or request something specific that they want. This would make their purchase more unique and tailored to their individual preferences. Customers can personalize their chairs, creating a unique product for a higher cost.

## VII. Business plan objectives

The main objective of this project is to start a company that designs and manufactures the different products to be offered such as wallets, lamps, and chairs, and sell them through an e-commerce platform and later in physical stores based in the Philippines.

The goal is to understand whether those types of business ventures can link the environmental impact to the wellness of the Philippines' inhabitants.

This type of industry is important for the Philippine's inhabitants. In the country, the handicraft industry contributed almost 71.9 million of dollars in the year 2000 which employed more than one million Filipinos (Maria Victoria P. Tibon, 2019).

The handicraft industry enables Filipinos (1) to promote their cultural heritage through the use of their bare hands and simple tools, the skills that developed have been passed from generation to generation, (2) this industry also shows the creativity and the skills of the Filipino, (3) the handicraft business allows Filipino to develop themselves and to have a job as degrees are useless and can have a strong impact on the education in the Philippines as in some eras schools can be expensive and hard to be found, (4) this also help the Philippines to create more employment due to the demand that is growing in the field of handicraft products and finally (5) handicraft articles are sustainable which in today's world sustainable products are important due to the environmental importance. (Arch, 2019)

The e-commerce platform gives the possibility to send regular newsletters every week to leads. The newsletter enables the promotion and explanation of the skills of Filipinos through non-industrial products and being respectful towards the environment and the social approach.

The blog is made with different articles to promote the Philippines and enable customers to know the country. The product explanation is also available in the blog.

E-commerce marketing is first made on Facebook and Instagram one marketing strategy is a campaign of awareness and after a campaign of purchase. Afterward, with the store, the marketing will be made on Google with a search campaign that enables the customer to search Google for a specific product and the page result will show "Pinoyhandicraft".

The objective of the Business plan is to create a coherent and sustainable project that respects financial equilibrium. It also enables the entrepreneur to clarify their ideas and structure a business plan clearly and precisely.

- The business plan measures the resources:

The goal of the business plan is to provide an accurate study of the project. All the budgets used are available in the structural financial plan which is all the resources that the company needs to plan for.

- The business plan measures the project viability and profitability:

The research made for the products and the charges needs to be prepared on a financial forecast to see if the project is sustainable and reliable.

- The business plan helps to determine the break-even point:

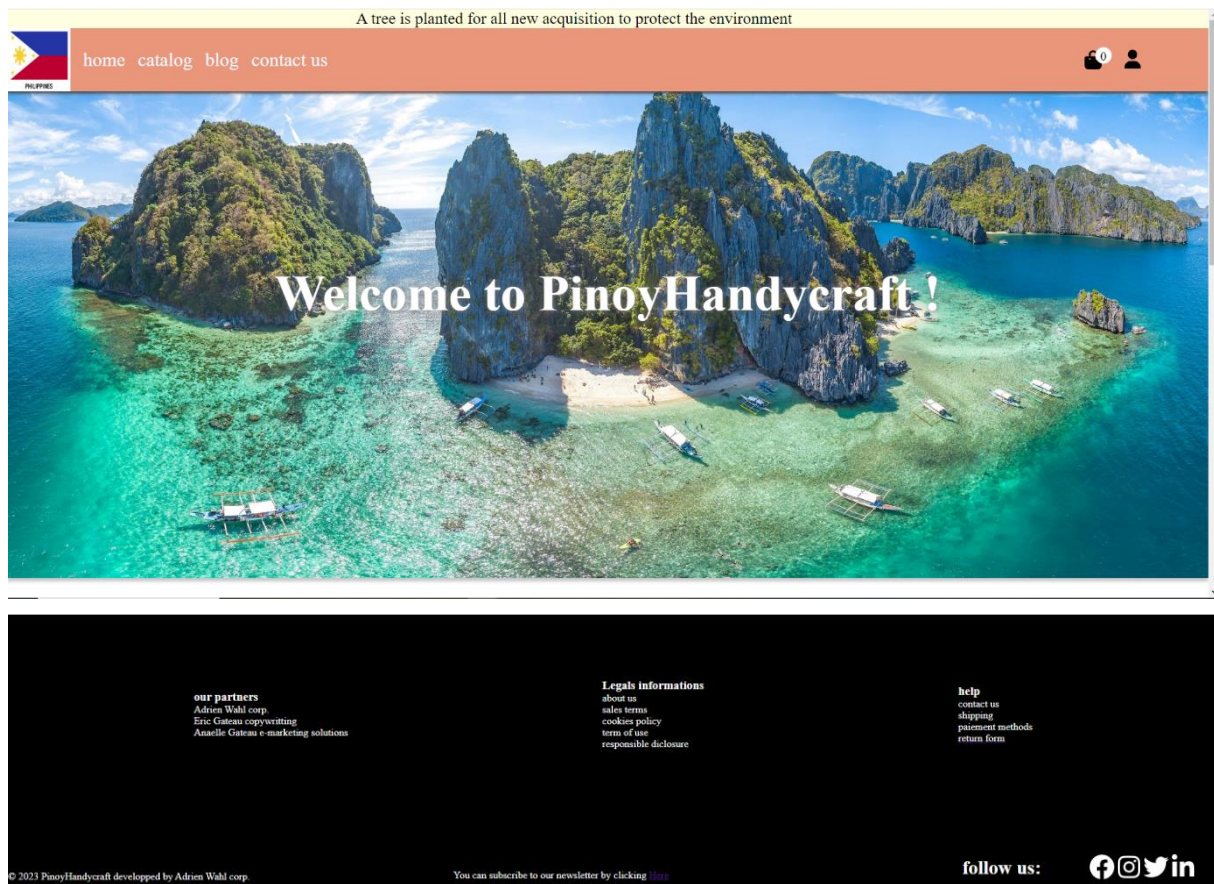
The break-even point represents the number of sales the company needs to face for the different charges. The business plan helps to identify the number of sales considering the company's strategy.

- The business plan is a confidence-building tool:

The objective of a business plan is to convince potential partners (banks, investors, and more) to consider a potential financing program.

## VIII. Development strategy

Figure VIII-1: The e-commerce platform



A personal developer will create the e-commerce platform. To protect the brand name, I use LWS supplier which also provides the domain name “www.Pinoyhandicraft.com”.

The page elements that you found on the site are:

- Products

The customer can find all the products on the tab “shop” and can place an order on the website. When the client adds the order to the basket, the site will lead him to the payment option. Every two- or three months new products will be available on the “Pinoyhandicraft” platform.

- Environment

Another special feature of “Pinoyhandicraft” is that we will plant a tree for all new acquisitions.

- The payment options are:

Debit/Credit card: The customer will be able to pay with his credit card. To do that, he will need to provide his card details so that the company “Pinoyhandicraft” will collect his money from his bank account.

Digital wallets such as PayPal, Google Pay, and Apple Pay: This will allow the customer to provide secure information. According to Stripe, digital wallet in 2020 was one of the most popular online payments in the United States. (Stripe, 2023)

Prepaid cards: This is also an option for this site. Customers will be able to add a specific amount of money to place the order like a regular debit card.

- Communication process and returns

Customer service will be available 24/7, to provide the consumer with all the necessary information. He has the choice between the chatbot, email, or phone to contact us. If he is not satisfied with any of the products, he will be provided with a return form or he will be able to find it at the bottom of the website with all the important information.

- Email confirmation

When the customer places an order, he receives a thank-you email and an email confirmation with all the products that he buys.

- Newsletter

Through the website, the customer can subscribe to the newsletter thanks to a lead magnet. The objective of the newsletter is to obtain more traffic on the website to have a better reputation and to boost sales. It enables as well to build customer loyalty and commitment.

- Legal mentions

All the legal mentions are found at the bottom of the website (about us, privacy notice, cookie policy, website, terms of use, responsible disclosure...).



## IX. Definition of implementation policies (10 pages)

### A. Media plan and Facebook strategy

The purpose of this document is to make sure that all markets, US and EU are creating an aligned strategy for the e-commerce «Pinoyhandicraft»

#### 1. Key Points

- Discover how to reach more awareness of the brand through Facebook.
- Plan activity on the different months to provide a schedule phase plan for all the new products.
- Be able to change the marketing strategy if it is not working.
- Create a SEO for the stores afterward.

#### 2. Platform Selection

The platform selection will be Facebook and Instagram first. Afterward, I will develop a campaign strategy on Pinterest and Google ads.

#### 3. Objectives/Optimizations

The first objective for the Campaign will be to use an awareness strategy to raise visibility on the e-commerce platform.

- Facebook and Instagram
  - *Campaign Objective: Reach, Video views,*
  - *Optimization KPI (Key Performance Indicators)*
    - *Reach: Impressions, CPM (Cost per Mille)*
    - *Video Views : 15s Video View*
    - *Additional Formats: Stories and Videos*

The second strategy will be a campaign of purchase which enables the ad to promote the different products.

- Facebook and Instagram
  - *Campaign Objective: Purchase*
    - *Purchase: ROAS (Return on Ad Spend), CPM*
    - *Video Views : 15s Video Views*
    - *Additional Formats: Stories and Carousel ads (multiple images and videos)*

#### 4. Market Budgets

For the first year, the campaign budget is estimated at 9 000€.

The different estimation costs for the first year of publicity:

*Table IX-1: Cost for the publicity*

|            |                 |         |
|------------|-----------------|---------|
| 1st month  | Awareness       | 500 €   |
| 2nd month  | Awareness       | 500 €   |
| 3rd month  | Purchase        | 850 €   |
| 4th month  | Purchase        | 750 €   |
| 5th month  | new<br>Purchase | 850 €   |
| 6th month  | Purchase        | 750 €   |
| 7th month  | new<br>Purchase | 850 €   |
| 8th month  | Purchase        | 750 €   |
| 9th month  | Purchase<br>new | 850 €   |
| 10th month | Purchase        | 750 €   |
| 11th month | Purchase        | 750 €   |
| 12th month | new<br>Purchase | 850 €   |
| Total      |                 | 9 000 € |

#### 5. Targeting Details

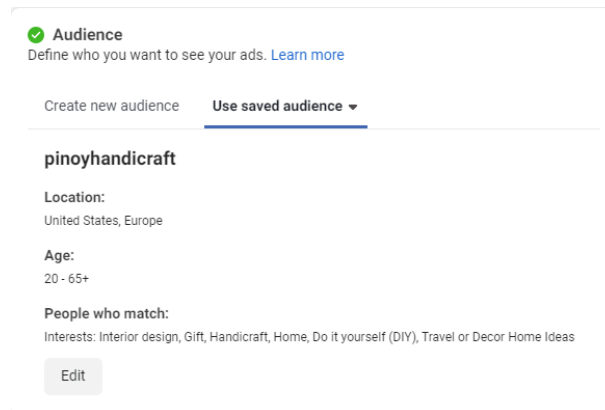
The target strategy will be male and female from the age of 20 – 65+

*Table IX-2: Recommended Audience and Platform Priority per Market*

| <u>Market</u> | <u>Platform</u> | <u>Target direction</u> | <u>Interest</u>  | <u>Audience size</u> | <u>Potential reach</u> |
|---------------|-----------------|-------------------------|--|----------------------|------------------------|
| <u>US</u>     | <u>FB</u>       | <u>M/F 20-65+</u>       | DIY, Home, Decor,<br>Interior design,<br>Gift, Handicraft,<br>Travel | 140,000,000          | 7k – 18k               |
| <u>EU</u>     | <u>FB</u>       | <u>M/F 20-65+</u>       | Home, Decor,<br>Interior design,<br>Gift, Handicraft,<br>Travel      | 26,000,000           | 4.4k – 13k             |

The audience is a group of people that I want to reach with the ad. With Facebook, I created an audience and specific interests to reach potential new customers with the most relevant ads.

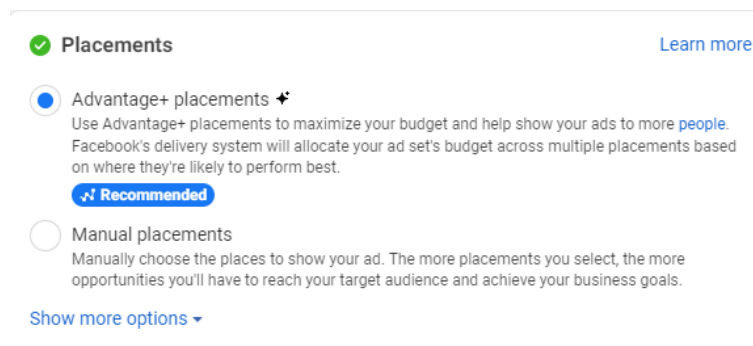
Figure IX-1: Example of the audience on Facebook ad



The screenshot shows the Facebook Audience configuration interface. At the top, there is a green checkmark icon and the word "Audience". Below it, the text "Define who you want to see your ads. [Learn more](#)" is displayed. There are two tabs: "Create new audience" and "Use saved audience", with the latter being selected. Below the tabs, the name "pinoyhandicraft" is shown. Under "Location:", it says "United States, Europe". Under "Age:", it says "20 - 65+". Under "People who match:", it lists interests: "Interior design, Gift, Handicraft, Home, Do it yourself (DIY), Travel or Decor Home Ideas". At the bottom, there is an "Edit" button.

The Facebook algorithm automatically chooses where and how to display ads (e.g. Facebook, WhatsApp, Instagram) for optimal conversion rates.

Figure IX-2: Facebook algorithm



The screenshot shows the Facebook Placements configuration interface. At the top, there is a green checkmark icon and the word "Placements". To the right, there is a "Learn more" link. There are two radio button options. The first option, "Advantage+ placements", is selected and has a blue "Recommended" badge. Below it, the text says "Use Advantage+ placements to maximize your budget and help show your ads to more people. Facebook's delivery system will allocate your ad set's budget across multiple placements based on where they're likely to perform best." The second option, "Manual placements", is unselected. Below it, the text says "Manually choose the places to show your ad. The more placements you select, the more opportunities you'll have to reach your target audience and achieve your business goals." At the bottom, there is a "Show more options" link with a downward arrow.

## B. Creative

### 1. Creative for the campaign awareness

Figure IX-3: Campaign awareness



A Facebook creative includes images or videos, headlines, explanations, and website links for advertising.

The campaign aimed to raise awareness of the Pinoyhandicraft website among potential customers during a specific period.

2. Creative of the campaign purchase:

Figure IX-4: Campaign purchase



The creative campaign purchase was built for potential customers to be able to go to the website and place an order when they see the publicity on Facebook.

C. The different costs for the e-commerce platform.

To have an idea of all the expenses on the e-commerce platform. Creating a list of all the needs of the business is crucial.

The personal investment contribution will be the sum of all the costs I need to start the startup.

As we can see in the table below, not all lines need to be fulfilled because, for an e-commerce platform, the most important expenses are the communication elements, the office supplies, the stock materials, and the starting cash flow. Working from home doesn’t affect the other fees.

Table IX-3: Costs for the e-commerce platform.

|                                       | Amount (€)   |  |
|---------------------------------------|--------------|--|
| Administration fees                   |              | Costs of creation of the company                       |
| Meter opening fees                    |              | Water, electricity, gaz meters...                      |
| software training                     |              |  |
| Trademark, patent, model filing       |              | Filing or registration fees                            |
| Entrance fees                         |              | For example to integrate a franchise network           |
| Purchase of good will or shares       |              | In the event of a recovery                             |
| Right to lease                        |              |  |
| Security deposit                      |              |  |
| Application fees                      |              | For signing loan contracts                             |
| Notary or lawyer fees                 |              | For signing commercial contracts and leases            |
| Sign and communication elements       | 25           | Business cards, logo, website...                       |
| Property purchase                     |              | Acquisition of building                                |
| Works and developments                |              | For the layout of the local                            |
| Material                              |              | Material, cars...                                      |
| Office supplies                       | 2 000        | Supplies, computer, printer                            |
| Stock of materials and products       | 300          | Raw materials, finished or semi-finished products      |
| Starting cash flow                    | 5 000        | Amount of money to start the activity                  |
| <b>TOTAL</b>                          | <b>7 325</b> |  |
| <b>Investment amortization period</b> | <b>3</b>     | (required; lifetime of initial acquisitions, in years) |

The second part contains all the fixed costs required to launch the start-up. As we can see, the most important expenses are the insurance cost, the phone and internet, and the taxes to work from home. That is why, all the other lines don't have any costs.

One of the most important charges is the advertising and communication budget, which will enable "Pinoyhandicraft" to promote its products.

*Table IX-4: costs for the store*

|  | <i>Amount first year (€)</i> | <i>Amount second year (€)</i> | <i>Amount third year (€)</i> |
|--|------------------------------|-------------------------------|------------------------------|
| Insurance                                    | 250                          | 250                           | 250                          |
| Phone and internet                           | 280                          | 280                           | 280                          |
| Other subscriptions                          |                              |                               |                              |
| Fuel, transport                              |                              |                               |                              |
| Travel and communication costs               |                              |                               |                              |
| Water, electricity, gaz                      |                              |                               |                              |
| Mutual                                       |                              |                               |                              |
| Supplies                                     |                              |                               |                              |
| Equipment and clothing maintenance           |                              |                               |                              |
| Cleaning of the premises                     |                              |                               |                              |
| Advertising and communication budget         | 9 000                        | 7 000                         | 7 000                        |
| Rental and charges                           |                              |                               |                              |
| Lawyers and accountant                       |                              |                               |                              |
| Bank charges and credit card terminal        |                              |                               |                              |
| Taxes (12%)                                  | 1 382                        | 1 797                         | 3 055                        |
| <b>Other expenses (please specify below)</b> |                              |                               |                              |
| Internet app subscriptions                   | 300                          | 400                           | 400                          |
| <b>TOTAL</b>                                 | <b>11 212</b>                | <b>9 727</b>                  | <b>10 985</b>                |

#### D. The different types of costs for the store.

As mentioned earlier, the goal is first to create an e-commerce platform to see if "Pinoyhandicraft" works. After that, the surplus from the e-commerce platform will be used to open the first store in Manila.

This is the list of information needed for the costs of the store. The expenses on the table were in Filipino currency (Pesos) that I calculated and converted to Euros.

In this chart, more expenses are made due to higher fees implementation for boutiques such as administration, water, electricity, loan contracts, supplies, and more.

Other bills are not considered such as the property purchase, the entrance fees, and the right to lease because the store will be a "Sari Sari store" and not a franchise network or a store in a mall.

Table IX-5: types of costs for the e-commerce platform

|                                 | Amount (€)    |   |
|---------------------------------|---------------|---|
| Administration fees             | 120           | Costs of creation of the company                  |
| Meter opening fees              | 25            | Water, electricity, gaz meters...                 |
| software training               |               |   |
| Trademark, patent, model filing |               | Filing or registration fees                       |
| Entrance fees                   |               | For example to integrate a franchise network      |
| Purchase of good will or shares |               | In the event of a recovery                        |
| Right to lease                  |               |   |
| Security deposit                |               |   |
| Application fees                | 10            | For signing loan contracts                        |
| Notary or lawyer fees           | 10            | For signing commercial contracts and leases       |
| Sign and communication elements | 25            | Business cards, logo, website...                  |
| Property purchase               |               | Acquisition of building                           |
| Works and developments          | 100           | For the layout of the local                       |
| Material                        |               | Material, cars...                                 |
| Office supplies                 | 2 000         | Supplies, computer, printer                       |
| Stock of materials and products | 300           | Raw materials, finished or semi-finished products |
| Starting cash flow              | 10 000        | Amount of money to start the activity             |
| <b>TOTAL</b>                    | <b>12 590</b> |   |

Investment amortization period

3

(required; lifetime of initial acquisitions, in years)

The second table shows all the fixed costs recommended for launching the store. Like the e-commerce start-up, not all the expenses are used such as clothing maintenance, transport, and bank charges because all those bills will not be used.

Table IX-6: types of costs for the store

|  | Amount first year (€) | Amount second year (€) | Amount third year (€) |
|--|-----------------------|------------------------|-----------------------|
| Insurance                                    | 250                   | 250                    | 250                   |
| Phone and internet                           | 280                   | 280                    | 280                   |
| Other subscriptions                          |                       |                        |                       |
| Fuel, transport                              |                       |                        |                       |
| Travel and communication costs               |                       |                        |                       |
| Water, electricity, gaz                      | 280                   | 280                    | 280                   |
| Mutual                                       |                       |                        |                       |
| Supplies                                     | 500                   | 500                    | 500                   |
| Equipment and clothing maintenance           |                       |                        |                       |
| Cleaning of the premises                     | 1 500                 | 1 500                  | 1 500                 |
| Advertising and communication budget         | 3 000                 | 2 000                  | 2 000                 |
| Rental and charges                           | 1 500                 | 1 500                  | 1 500                 |
| Lawyers and accountant                       | 110                   | 110                    | 110                   |
| Bank charges and credit card terminal        |                       |                        |                       |
| Taxes (12%)                                  | 30                    | 30                     | 30                    |
| <b>Other expenses (please specify below)</b> |                       |                        |                       |
| Internet app subscriptions                   | 300                   | 400                    | 400                   |
| <b>TOTAL</b>                                 | <b>7 750</b>          | <b>6 850</b>           | <b>6 850</b>          |

## X. Requirements for implementation

Based on the survey conducted for this business plan, it was found that there are numerous issues related to logistics and awareness regarding Filipino products.

### A. Legal customs

The top three importers of Handicrafts are the United States with 63,249 shipments followed by France with 11,546 and Germany (Global, 2023).

To import products from the Philippines, the importers need to be registered with the Bureau of Customs (BOC), the fee for new registration is PHP1,000, and for renewals PHP500. The importer needs to set up an account with the Client Profile Registration System (CPRS).

The businesses importing to the Philippines must provide several documents such as the packing list, the invoice, the bill of lading, the import Permit, the Custom Import Declaration, and the Certificate of Origin. Additional documents may be asked for certain imports (Dunseith, 2023).

The Philippines follows the United Nations Standard International Trade Classification (SITC). This means that the import tariff can go from 0 to 65%. The imported goods that have high domestic production will have a higher tariff and for non-agricultural goods, the import tariff will have an average of 6.7% (Dunseith, 2023).

The Filipino customs does not levy tariffs or taxes on goods worth less than PHP10,000 (approximately 200USD) (Tradesolutions, 2023).

### B. The Global Green Freight Action Plan

The main concern is the environmental impact of exporting products from the Philippines to Europe. Consumers seek products from "Pinoyhandicraft" made by Filipino artisans with traditional knowledge in Europe. However, the growth of the Philippine economy has negatively impacted logistics and transportation due to high gas emissions and pollution.

To find a solution to this problem, the concept of "green freight and logistics" has been developed in the policy and corporate agendas of Asian countries. Green logistics means a business that minimizes the environmental impact by improving logistics performance, technological advancement, and the interest of companies to become more efficient (Agatep, 2018).

The Philippines decided to become a signatory to the "Global Green Freight Action Plan" in 2013. This means having actions on a global partnership to reduce the impacts on climate change, health, and energy. The Green Freight program is to assist governments and businesses to promote trade in a cost-efficient way to improve the quality of life of the people and preserve the environment (Agatep, 2018).

Those are examples of what the “Global Green Freight Action Plan” proposes:

- Improve the truck data, by enhancing data collection of the old and new trucks,
- Reduce flight and road options for exportation by using trains and water transport,
- Create new alternative routes to reduce traffic jams,
- Improve the transportation process, and the logistics services to lower the costs of delivery.

### C. Learn about the Philippines

The other issues that I found were the knowledge of the Filipino country and the product of handicrafts that are made in the Philippines.

To improve knowledge about the Philippines, we plan to send newsletters to potential customers who subscribe to it and who want to learn more. The development of a blog will also be a huge opportunity for clients to have a better knowledge of the Philippines. Additionally, we will increase publicity and create small videos that will be posted on Instagram and Facebook ads to raise awareness about our products.



## XI. Financial evaluation

A financial plan is crucial for achieving life goals in any enterprise. Financial evaluation is a unique process that varies based on the type of business. It provides a better understanding of the overall financial status and helps to identify the goals that the company wants to achieve (Rajput, 2021).

Two financial evaluations will be presented, one for the e-commerce platform and one for the Makati store, to clarify future goals.

This three-year income statement projection prioritizes the e-commerce platform and includes budget allocations for insurance, phone and internet, the communication advertising budget, and internet application subscriptions.

The e-commerce business needs general and product liability insurance to cover physical assets like inventory and equipment.

The cost of phone and internet is for network services. Strong data is critical for e-commerce businesses to provide the best service to the customer.

Investing in the communication budget for advertising is the most important expense in the e-commerce platform. For the first year, I estimated a cost of almost €9,000 to create a brand awareness campaign, followed by several purchase campaigns. The brand awareness campaign will increase the visibility of the e-commerce platform, and the second campaign will promote the different products that will be sold. For years two and three, costs will be lower without the campaign of awareness and due to the reduction of the costs for the purchase campaigns.

Internet application subscriptions are platforms that enable the sale of products online while automating the invoicing process for customers. The main objective is to compensate the developer who created the e-commerce platform and the necessary features for conducting e-commerce transactions. For instance, Subbly can provide an overview of all purchases made on “Pinoyhandicraft” along with payment options.

## A. E-commerce financial plan

Table XI-1: 3 Year forecasted income statement.

| <b>3-year forecasted income statement (in €)</b>   |               |               |               |
|--|---------------|---------------|---------------|
|  | <b>Year 1</b> | <b>Year 2</b> | <b>Year 3</b> |
| <b>Operating revenues</b>                          | <b>11 520</b> | <b>14 976</b> | <b>25 459</b> |
| <i>Sales of goods before tax</i>                   | <i>11 520</i> | <i>14 976</i> | <i>25 459</i> |
| <i>Sales excluding services</i>                    |               |               |               |
| <b>Operating expenses</b>                          | <b>4 032</b>  | <b>5 242</b>  | <b>8 911</b>  |
| <i>Purchases consumed</i>                          | <i>4 032</i>  | <i>5 242</i>  | <i>8 911</i>  |
| <b>Gross Margin</b>                                | <b>7 488</b>  | <b>9 734</b>  | <b>16 548</b> |
| <b>External expenses</b>                           | <b>9 830</b>  | <b>7 930</b>  | <b>7 930</b>  |
| <i>Insurances</i>                                  | <i>250</i>    | <i>250</i>    | <i>250</i>    |
| <i>Phone, internet</i>                             | <i>280</i>    | <i>280</i>    | <i>280</i>    |
| <i>Other subscriptions</i>                         |               |               |               |
| <i>Fuel, Transportation</i>                        |               |               |               |
| <i>Travel and accommodation expenses</i>           |               |               |               |
| <i>Water, electricity, gas</i>                     |               |               |               |
| <i>Mutual insurance</i>                            |               |               |               |
| <i>Miscellaneous supplies</i>                      |               |               |               |
| <i>Maintenance of equipment and clothing</i>       |               |               |               |
| <i>Cleaning of the premises</i>                    |               |               |               |
| <i>Advertising and communication budget</i>        | <i>9 000</i>  | <i>7 000</i>  | <i>7 000</i>  |
| <i>Rent and rental charges</i>                     |               |               |               |
| <i>Chartered accountants, lawyers</i>              |               |               |               |
| <i>Internet application subscriptions</i>          | <i>300</i>    | <i>400</i>    | <i>400</i>    |
| <i>Wording other expenses 1</i>                    |               |               |               |
| <b>Added value</b>                                 | <b>-2 342</b> | <b>1 804</b>  | <b>8 618</b>  |
| <b>Taxes 12%</b>                                   | <b>1 382</b>  | <b>1 797</b>  | <b>3 055</b>  |
| <b>Employee salaries</b>                           |               |               |               |
| <b>Employee social charges</b>                     |               |               |               |
| <b>Executive levy(s)</b>                           |               |               |               |
| <b>Social security charges for the director(s)</b> |               |               |               |
| <b>Gross operating surplus</b>                     | <b>-3 724</b> | <b>7</b>      | <b>5 563</b>  |
| <b>Bank charges, financial expenses</b>            |               |               |               |
| <b>Depreciation and amortization</b>               | <b>675</b>    | <b>675</b>    | <b>675</b>    |
| <b>Income before taxes</b>                         | <b>-4 399</b> | <b>-668</b>   | <b>4 888</b>  |
|  |               |               |               |
| <b>Net accounting result (result for the year)</b> | <b>-4 399</b> | <b>-668</b>   | <b>4 888</b>  |

The second income statement pertains to the first “Sari Sari” store that will be established in Makati. The main objective of creating these stores is to expand the reach of "Pinoyhandicraft" globally, following its success in gaining customer recognition through the e-commerce platform. The goal is to reinvest the profits generated from the e-commerce platform into the physical stores.

All charges below are in Filipino pesos converted to euros.

The store's three-year income statement includes expenses for insurance, phone and internet, utilities, supplies, premises cleaning, advertising, rent, legal fees, and internet application subscriptions.

The first expense is the rental of the commercial property insurance, which protects both the physical shop and its contents.

The phone and internet will have the same cost as the e-commerce platform as I will use the same network services.

All the charges including the bills, and the cleaning of the premises, are also costs for a physical store. All those expenses were converted from Filipino pesos to euros.

The cost of hiring a lawyer is crucial in protecting the company and its customers and avoiding legal disputes. Additionally, the lawyer will suggest where and how to establish the store in the Philippines and provide the necessary papers.

Miscellaneous supplies refer to the furniture needed in the store, such as tables, a cash register, and more.

The advertising costs for the store will be lower compared to the e-commerce platform because we will implement SEO techniques to increase the store's visibility on Google search results. Our objective is to rank number one for handicraft products and our store name when a person searches for them.

## B. Makati store financial plan

Table XI-2: Makati store financial plan

| <b>3-year forecasted income statement (in €)</b>   |               |               |                  |
|--|---------------|---------------|------------------|
|  | <b>Year 1</b> | <b>Year 2</b> | <b>Year 3</b>    |
| <b>Operating revenues</b>                          | <b>19 440</b> | <b>25 272</b> | <b>42 962,40</b> |
| <i>Sales of goods before tax</i>                   | <i>19 440</i> | <i>25 272</i> | <i>42 962,40</i> |
| <i>Sales excluding services</i>                    |               |               |                  |
| <b>Operating expenses</b>                          | <b>6 804</b>  | <b>8 845</b>  | <b>15 036</b>    |
| <i>Purchases consumed</i>                          | <i>6 804</i>  | <i>8 845</i>  | <i>15 036</i>    |
| <b>Gross Margin</b>                                | <b>12 636</b> | <b>16 426</b> | <b>27 925</b>    |
| <b>External expenses</b>                           | <b>7 720</b>  | <b>6 820</b>  | <b>6 820</b>     |
| <i>Insurances</i>                                  | <i>250</i>    | <i>250</i>    | <i>250</i>       |
| <i>Phone, internet</i>                             | <i>280</i>    | <i>280</i>    | <i>280</i>       |
| <i>Other subscriptions</i>                         |               |               |                  |
| <i>Fuel, Transportation</i>                        |               |               |                  |
| <i>Travel and accommodation expenses</i>           |               |               |                  |
| <i>Water, electricity, gas</i>                     | <i>280</i>    | <i>280</i>    | <i>280</i>       |
| <i>Mutual insurance</i>                            |               |               |                  |
| <i>Miscellaneous supplies</i>                      | <i>500</i>    | <i>500</i>    | <i>500</i>       |
| <i>Maintenance of equipment and clothing</i>       |               |               |                  |
| <i>Cleaning of the premises</i>                    | <i>1 500</i>  | <i>1 500</i>  | <i>1 500</i>     |
| <i>Advertising and communication budget</i>        | <i>3 000</i>  | <i>2 000</i>  | <i>2 000</i>     |
| <i>Rent and rental charges</i>                     | <i>1 500</i>  | <i>1 500</i>  | <i>1 500</i>     |
| <i>Chartered accountants, lawyers</i>              | <i>110</i>    | <i>100</i>    | <i>100</i>       |
| <i>Internet application subscriptions</i>          | <i>300</i>    | <i>400</i>    | <i>400</i>       |
| <i>Wording other expenses 1</i>                    |               |               |                  |
| <b>Added value</b>                                 | <b>4 916</b>  | <b>9 606</b>  | <b>21 105</b>    |
| <b>Taxes 12%</b>                                   | <b>30</b>     | <b>30</b>     | <b>30</b>        |
| <b>Employee salaries</b>                           | <b>3 000</b>  | <b>3 000</b>  | <b>6 000</b>     |
| <b>Employee social charges</b>                     | <b>2 160</b>  | <b>2 160</b>  | <b>4 320</b>     |
| <b>Executive levy(s)</b>                           |               | <b>2 500</b>  | <b>3 500</b>     |
| <b>Social security charges for the director(s)</b> | <b>1 103</b>  | <b>1 103</b>  | <b>3 000</b>     |
| <b>Gross operating surplus</b>                     | <b>-1 377</b> | <b>814</b>    | <b>4 255</b>     |
| <b>Bank charges, financial expenses</b>            |               |               |                  |
| <b>Depreciation and amortization</b>               | <b>755</b>    | <b>755</b>    | <b>755</b>       |
| <b>Income before taxes</b>                         | <b>-2 132</b> | <b>59</b>     | <b>3 500</b>     |
|  |               | <b>8</b>      | <b>525</b>       |
| <b>Net accounting result (result for the year)</b> | <b>-2 132</b> | <b>49</b>     | <b>2 975</b>     |

Understanding the cost comparison between an e-commerce business and a physical store is crucial. The two approaches have different expenses, with higher fixed costs for physical stores due to insurance, charges, supplies, and rental. Therefore, starting with an e-commerce platform like "Pinoyhandicraft" is important, with the possibility of expanding to a physical store in the future.

## XII. Conclusion

As someone with dual nationality, I am passionate about promoting ethical products crafted by local artisans in this project. My goal is to take a social approach that will allow these skilled individuals to earn a fair income from their art while also contributing positively to the environment.

The aim of this innovative business plan is to determine whether "Pinoyhandicraft" has created a suitable strategy and market analysis for sustainable products that prioritize the welfare of the artisans who produce them. The plan covers various aspects, including a literature review, methodology, market analysis, comprehensive business plan creation, development strategy, implementation strategy, implementation requirements, and financial evaluation.

The study of this innovative project shows that the e-commerce platform and the store will be profitable projects. A survey was conducted to assess the potential market. As well, to understand the potential of this innovative project, marketing strategies were created for both the e-commerce platform and the stores. Additionally, a financial plan was developed to evaluate the project costs. These elements are crucial in determining the future potential of "Pinoyhandicraft".

During the implementation of our business plan, we encountered some issues that needed to be addressed. One of these issues is the negative impact of logistics on the environment. To mitigate this, the Filipino government developed an implementation plan called "The Green Freight Logistics Program", which will be implemented in 2023. This initiative aims to reduce the environmental impact of logistics.

Another issue we faced was the lack of knowledge among potential customers about our products and the Philippines. To address this, we plan to regularly create and send newsletters and maintain a blog for our potential and loyal customers. These materials will help educate them about our products and the Philippines.

It is crucial to understand that online handicraft products face tough competition from Indian and Chinese handicraft products that are sold globally and in big quantities. Therefore, the introduction of "Pinoyhandicraft" aims to stand out through a unique selling point strategy, which will add a personalized touch of indigenous elements to each customer's wallet, chair, and lamp. This might result in a higher cost, as the knowledge of the artisans and the replanting of trees with every new purchase are incorporated into the product.

Throughout this innovative business plan, we have discovered the immense potential of Filipino handicrafts. We hope that this project will continue to be profitable in the future. However, we should also consider how we can connect ethical products, responsible environmental practices, and even greener transportation methods in the future.



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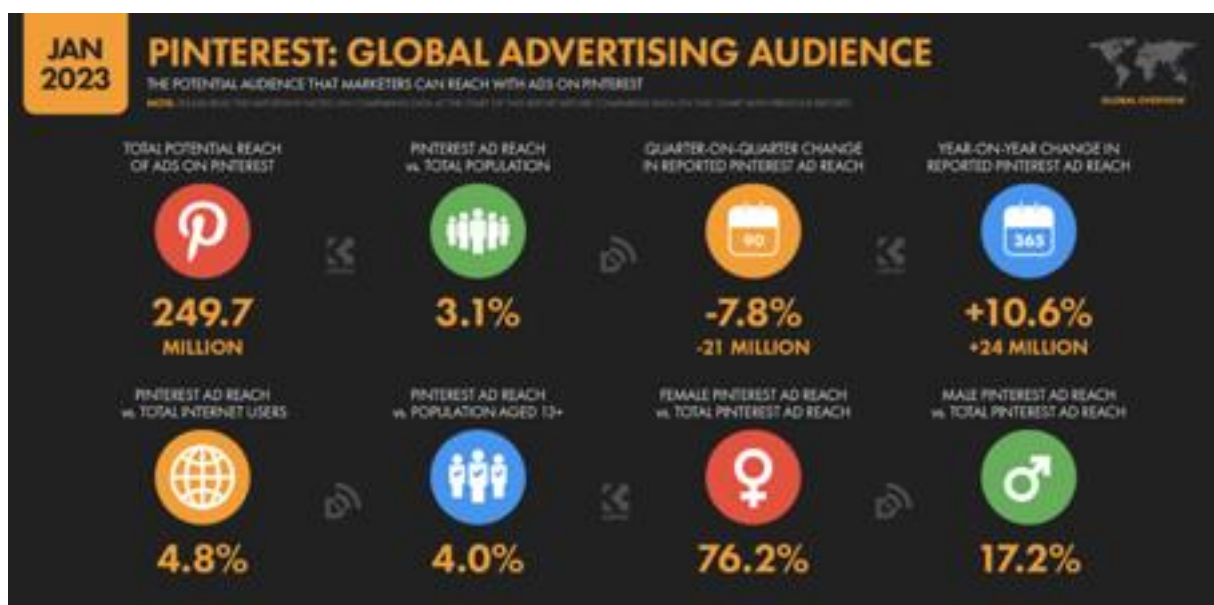
## XIV. Annexes

### A. Annex A: Global advertising audience



Simon Kemp, 2023: <https://datareportal.com/essential-facebook-stats>

### B. Annex B: Pinterest: Global advertising audience



Simon Kemp, 2023: <https://datareportal.com/essential-pinterest-stats?rq=pinterest>

## C. Annex C: Survey

### Want to travel? Why don't you take a few minutes to answer this questionnaire...

Hello,

My name is Laurijn and I am preparing my thesis.

Indeed, I want to create an e-commerce company that offers items made in the Philippines by local artisans, while preserving environmental and ethical values.

This questionnaire is divided into 3 parts:

- The first one to know you better.
- The second, to position yourself on the e-commerce and its values.
- The last one, about your knowledge of the handicrafts of the Philippines.

Please note that we do not do dropshipping (buying products not always of good quality on platforms mainly located in China).

Your data will remain confidential.

Thank you in advance,  
Laurijn

You are :

☐ A female

☐ A male

Your age group

☐ - 18 year old

☐ 18 - 25 years old

☐ 26 - 40 years old

☐ 41 - 60 years old

☐ + 60 year old

Your social category:

- ☐ Student
- ☐ Employee
- ☐ Manager
- ☐ Senior Manager
- ☐ Retired
- ☐ Unemployed

In which country do you live?

Réponse courte

Family Status:

- ☐ Single
- ☐ Married

Our values: Ethics and fair trade



We are sensitive to the respect of the craftsmen

\*\*\*

Are you sensitive to the ethical nature of the products you buy? (e.g.: transparency, traceability, respect of working conditions...)

- ☐ This is very important
- ☐ A little
- ☐ Very few
- ☐ Not at all

Would you buy environmentally friendly products?

- ☐ Yes
- ☐ Occasionally
- ☐ Never

Would you buy products that respect the artisans who make them?

- ☐ Yes
- ☐ Occasionally
- ☐ Never

What are your main expectations from ethical trade?

- ☐ Quality products
- ☐ Competitive prices
- ☐ Traceability of the product
- ☐ Respect for working conditions
- ☐ Respect for the environment
- ☐ Autre...

How often would you visit this type of e-commerce?

- ☐ 1 time per week
- ☐ 1 time per month
- ☐ Every 6 months
- ☐ 1 time per year

You would purchase ethical products for :

- ☐ Yourself
- ☐ Your entourage/family
- ☐ Making a gift

Would you be willing to buy ethical products made in the Philippines on an e-commerce platform?

- ☐ Yes
- ☐ No



Our original articles from the Philippines respectful of people and the environmentSection
sans titre
Description (facultative)

Do you like original and artisanal products?

☐ Yes
☐ No

If not, why?
Réponse courte

Do you know the Philippines and its treasures?

☐ Yes
☐ No

If not, would you like to learn more?

☐ Yes
☐ No

Would you like to follow the manufacturing of the products?

☐ Yes
☐ No

What is the average unit budget you could put towards your purchase?

☐ Less than €30
☐ Between 30 and 50€
☐ Between 50 and 100€
☐ More than €100

Do you have any suggestions?
Réponse courte

Après la section 3 Passer à la section suivante

Rubrique 4 sur 4

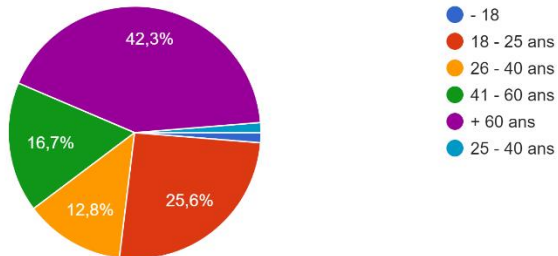
Thank you, for your answers which will be useful for the creation of our site.
Description (facultative)

## D. Annex D: Demographic segmentation

### Europe:

Votre tranche d'âge :

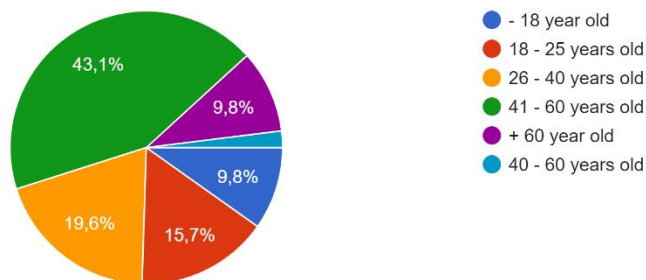
78 réponses



### US:

Your age group

51 réponses



## E. Annex E: How to negotiate with a Filipino

### How to negotiate with a Filipino ?

Negotiation in the Philippines can be hard, especially outside of the capital. In fact, outside Manila and other tourism spot, the Filipinos are not that exposed to other cultures. We can say that the Philippines is a pluralistic society which means that they have diverse group ethics. Since Filipinos are less exposed to cultures, they are expecting things to be done their way. In today's world with the new generation that is more open-minded regarding international experience it can be easier to negotiate with them (Katz, 2017).

- Relationship and respect

Due to their culture, the Philippines are group-oriented which means that they have a strong harmony within the group. They focus on the well-being of the group rather than the individual. Show

respect and maintain harmony in a group are big values in this country. Build long and trust relationship among others is very important for them, especially in a deal process. They prefer to do business with people that they know and like, for them to know you they will develop a discussion about the family and the personal background of what did you do in your life. Filipinos will be more comfortable to do business when they will have all the personal information (Katz, 2017).

The relationships are based on familiarity, respect, and trust. Business relationship in the Philippines exist between people and not between companies. For example, if a local build a relationship of trust with a foreigner, he will not trust the company in which the foreigner is working (Katz, 2017).

Social contact is also a very important in the Philippines, in fact this allows to foreigners to create powerful networks based in commitment and mutual obligations. Foreigners needs to always maintain cordial relations; they also need to show humility for them to build a stronger trust relationship (Katz, 2017).

The person that is negotiating with a Filipino need to have the ability to control their emotions and remain friendly. A positive attitude is crucial will doing business with a Filipino (Katz, 2017).

To negotiate with a Filipino, the foreigner needs to show respect primarily on his age and status. Filipino leaders will be senior roles which means that the foreigner would need to show a stronger respect to the elderly. Their personality traits include humility, politeness, modesty, and graciousness. The Filipino culture combines the Asian concept and the Spanish ones. Filipinos can get offended easily so the person doing business with them needs to gain their honor (Katz, 2017).

- How to Communicate with a Filipino?

The official languages of the Philippines are English and Tagalog which is a standardized dialect. If the communication between the Filipino and the negotiator is English, the negotiator will need to speak in English with simple phrases and by avoiding using slang (Katz, 2017).

In a happy and cheerful mood, Filipinos are enthusiastic conversationalists. In another hand, a loud and boisterous behaviors is perceived as a lack of self-control. The negotiator needs to listen carefully while listening to a Filipino, because interrupting them may be considered as offensive. A silence during a negotiation may signal a problem. The perfect conversation would be to stand around to or three feet apart (Katz, 2017).

The communication with a Filipino need to be indirect. In fact, with a direct question a Filipino may say “yes” to respond about what the negotiator said but they don’t usually agree with the person. Disagreements, confrontation, and negative emotion needs to be avoided (Katz, 2017).

- Meeting and contact:

To have an initial contact with a Filipino, it is better to engage a local intermediary. The local intermediary will help the negotiator regarding the cultural and the communication gap (Katz, 2017).

The negotiation can be made individually or by team. In a team everyone needs to have their roles assigned. If the team is changing the relationship progress will need to be start over and this should be avoided.

To schedule a meeting, it is better to do it at least three to four weeks in advance. Filipinos likes to know who they will meet before. To do that, the negotiator needs to provide details the details of the persons, their positions, and their responsibilities. As well, the negotiator needs to communicate the objectives that they would like to have in the meeting and to agree on an agenda will be useful. Even if, Filipinos are not punctual, they like to have the negotiator to be very punctual (Katz, 2017).

The names are usually given in the order of first name, family names. Filipinos have often two-family names, the one of their fathers and the one of their mothers. The negotiator will need to use the Mr./Mrs. or Miss plus the father's family name. The use of nickname in the Philippines is often used even if business. The introduction with a Filipino might be done by looking each other in the eyes. Handshakes are accepted but needs to be light and short. If the negotiator is a man, they need to wait the women initiation to the handshake. If a Filipino is writing his or her phone number on a business card, they will wait for a call (Katz, 2017).

Small talk will appear at a beginning of a meeting. This allows the negotiators to become more personal with others. Filipinos likes to have humor in meetings but lightly. The first meeting plan in the agenda, will not lead to straight decisions directly (Katz, 2017).

All negotiation meetings will need to finish in a cheerful note with social conversation at the end.

- Negotiation part:

Attitudes and styles: Leveraging relationships it is a really important element for Filipinos while negating. Problem-solving process is the joint of negotiation. Filipinos expects long-term commitments and long-term benefits from their business partners. The first negotiation needs to be a cooperative style which means that every party need to satisfy the interests of each member. Filipinos likes to find a win-win solution (Katz, 2017).

Sharing of information: The negotiator needs to give the information to locals as they believe that it is an advantage to have all the information. Humility is a virtue in the Philippines' business culture (Katz, 2017).

Pace of negotiation: The negotiation needs to be slow. In fact, relationship building, information gathering, bargaining and decision making takes time. Filipinos has a lower sense of urgency this means that deadlines and efficiency can more time. To have the objectives of the negotiation, the negotiator

will need to do several trips which means that the negotiator will need to show patient, control, and accept the delays (Katz, 2017).

The Filipinos employ a polychronic work style which means that they can work a several tasks simultaneously. To negotiate with them, the negotiator would need to use a holistic approach which refers to the understanding of the relationship between all the parties (Katz, 2017).

**Bargaining:** One important information regarding the culture of the Philippines is the importance of bargaining. The negotiator will need to be strong in bargaining as during the negotiation, the Filipino will get offended if the negotiator will not bargain. Generally, the initial price will move more than 40 percent (Katz, 2017) .

Filipinos like to give false information by pretending that they are not interested about the deal. Final offers can come more than one's. For that, the negotiator would not apply pressure as the locals will see a sign of no long-term relationship. The negotiator needs to avoid pressure tactics such as opening the negotiation with the best offer (Katz, 2017).

The negotiator needs to avoid emotional techniques, and defensive tactics such as changing the subject, asking questions, or making promises. Written terms and conditions as a negotiation tactic is rarely successful (Katz, 2017).

Corruption and bribery are unfortunately common in the Philippines in the public and private sectors. The negotiator needs to know the line between a minor payment as a reward or a gift which is not necessarily corruption or bribery (Katz, 2017).

Conflicts during a negotiation will be difficult to solve as Filipino prefers to ignore them. If no solution can be found, a mediator can be a solution (Katz, 2017).

**Decision making:** Due to Filipino culture, the business culture is very hierarchical. The decision making in the Philippines is made in a group process. In the end, the senior managers will make the final decision. This process can take a long time, which means that the negotiator will need to show patience, and building a strong relationship with the other parties will be a good advantage. Filipinos consider much more specific situations; they prefer to understand personal feelings and experiences rather than empirical evidence (Katz, 2017).

- **Contracts and agreements:**

The agreement needs to be written as it may be honored. The contract needs to be registered with the Filipino government administration as well to be legal. It is preferred to have a local legal expert before signing any contract. Staying in touch with the Filipino partner is crucial as conditions can be changed (Katz, 2017).

- **Other important information:**

Business entertainment and meals are frequent such as lunch, dinners, and more. Those meals are a vital process to build a strong relationship and enable the negotiator to grow their network. But the negotiation parts would be outside those events. In social events, being late is expected. Giving gifts is common in social and business settings in the Philippines. Fashion articles are preferred and finally, the negotiator would need to wait to open the gifts unless the host did it first (Katz, 2017).

## F. Annex F: About the Philippines

### 1. Geography

The Philippines is a country in the Southeast Asia. The Philippines has more than 7,000 islands divided into 16 regions and have more than 300 000 square kilometers of land (Gula, 2022). Manila is the capital, but Quezon city is the city with the most populous (Carolina G. Hernandez, 2023). The three main islands are Luzon, Visayas. And Mindanao. The Philippines is spread over a total of 500 000 square miles in the western of the Pacific Ocean (Gula, 2022). The Philippines has no border with other country; its closer neighbors are Vietnam, China, Taiwan, Malaysia, and Indonesia. Unfortunately, the Philippines are marked by active vulcanism, intense seismic activity and isostatic imbalance (Gula, 2022) .

The Philippines overs a vast environmental complex that includes large and tiny gulfs, seas, coral shoals, and regions (Abinales, 2022). Thanks to the environmental complex of the Philippines rice, corn, sugarcane, tropical fruits, and various types of vegetables can be found in the plains and the hill, but also with more than 2,400 fish species this makes the Philippines one of the world richest fishing zones (Abinales, 2022). The mountains are also rich in flora and fauna as well as the rainforests (Gula, 2022).

- Luzon

Luzon is the biggest island in the Philippines with a total size of 40,420 square miles and accounts for around 35% of the country's total geographical area (Gula, 2022). Luzon is located on the northern part of the Philippines, and it is bounded by the Philippines Sea and the South China sea (Britannica, 2023). On this island 46% of the Filipinos reside (Gula, 2022). Due to complicated history in Luzon, there are noticeable regional variances.

Luzon leads the country both in industry and in agriculture (rice, corn, coconuts, sugarcane, mangoes, and bananas).

- Visayan Islands

Visayas is a vast collection of big and small islands that is separate from Mindanao and Luzon. The major islands are Panay, Negros, Cebu, Bohol, Leyte, Samar, Masbate, Romblon, Sibuyan, and Siquijor

which referred as the Visayan group. Samar is the biggest island in Visayas with more than 5,050 square miles. Bohol is also compared to another major Philippine Islands.

Due to the densely population of the Visayan Island, it exists three major Visayan languages: Cebuano speakers live mainly in Cebu and Bohol; Hiligaynon is spoken in Panay, Masbate and Waray-Waray are found in Samar (Britannica T. E., s.d.).

- Mindanao

Mindanao is in the southern of the Philippines. It has a land area of 36,537 square miles. Mindanao is the second biggest island of the Philippines (Gula, 2022). Mountains and volcanoes occur in many areas in this peninsula. Mindanao is a Muslim Island and have the largest concentration of ethnic minorities (Britannica T. e., s.d.).

## 2. History

Ferdinand Magellan was the first European explorer that landed in the Philippines in 1521 but got killed by a local chief. The Spanish explorer Ruy Lopez de Villabolas named the Philippines after the King Philip II during his trip to the Philippines between 1542 to 1546 (Gula, 2022). Due to the Spanish colonization the Philippines became Christian in 1565 (Gula, 2022). The Spanish helps the Philippines to acquire a share in the lucrative spice trade and to develop a stronger contact with China and Japan. In 1762 the British colonized the Philippine for two years, but they handed it back in 1764 due to the Treaty of Paris.

In the nineteenth century, Chinese immigration increased and became a feature in the social and economic life of the Philippines. Through the Chinese immigration, native elite class grow and became receptive to liberal and democratic ideas (March, 2020).

Between 1898 to 1935 the United States ruled over the Philippines to prepare the Philippines for eventual independence which was did the 23rd of January 1899. The second phase of the United States rules was from 1936 to 1946 to characterize the establishment of the Commonwealth of the Philippines and the occupation of Japan during the World War II (March, 2020).

After the World War II, the Philippines was suffered from inflation and shortage of food and other goods. The Philippines became independent from the United States in 1946. But the Filipino economy remained highly dependent on the United States markets and the United States also controlled the 23 military installations. In 1947, the United States was providing military aid, training, and materials to the Philippines. In 1950, a rebellion began with the communist support and in 1951 the Huk movement also call the People's Liberation Army or "Hukbong Mapagpalaya ng Bayan" in Tagalog decided to dissipate into a criminal activity but the leader was killed in 1954 (March, 2020).

In 1953, the Populist Ramon Magsaysay was elected but after his death in 1957 due to an airplane crash, the president Carlos P. Garcia was elected the same year. In 1961, the Liberal Party Diosdado Macapagal was elected president. He tried to have closer relationship with Southeast Asian neighbors with the leaders of Indonesia and Malaysia to develop a spirit of consensus, but it unfortunately didn't work.

The Nationalista Party leader Ferdinand Marcos became president in 1965 for two decades. He is the first president that was elected twice but during his mandate the economy of the Philippines slowed, and crime rates increased. In 1967, the Philippines became a founding member of the Association of Southeast Asian Nations (ASEAN). In 1972, Marcos was engaged in corruptions with his wife (March, 2020). The Martial law was created by Marcos to maintain law and order and to have a political stability in the country. Due to a rising disorder caused by the new Communist Party of the Philippines and the Muslim separatist movement of Moro National Liberal front.

Benigno Aquino was the chief opposition leader during the era of Ferdinand E. Marcos but was assassin in 1983. In 1986, the revolution of the "People's power" was created to end the dictatorship of the President Ferdinand Marcos and to create a new era. At the same year, Corazon Aquino was the first female president and restore a democratic rule (Britannica T. e., Britannica, 2023).

In 1992 Fidel Ramos became president, he helps the Philippines to improve the infrastructure and the electricity supply. Thanks to those improvements the economy of the Philippines began to grow rapidly (March, 2020).

Gloria Macapagal-Arroyo was the second female president of the Philippines from 2001 to 2010.

Today, the Philippines is still a poor country, but a lot of changes has been done as in 2010 the Philippines economy has grown for 6%. Since the election of the President Duterte in 2016 and its war against drugs, the economic growth of the Philippines continued to grow (Pesek, 2021).

Since the 30th of June 2022, Ferdinand Marcos Jr. became the actual president of the Philippines. His goal is to have a positive change and to give new hope to all the Philippines to have a better life.

### 3. Culture

With the historical background and the different colonization made by several countries. The Philippines have shared three physical and cultural worlds: The Asian World, the Pacific world, and the western world. China, Japan, Malaysia, and other country has contributed to the enrichment of the Filipino culture. Spain and the United States was the main sources of modern interaction in the Philippines.



#### 4. Religion

The Philippines has a strong relationship with religion since the Spanish occupation. In fact, they go to church every Sunday and can often go twice or three times a week. It is estimated that the religious breakdown is: 85 % Catholic; 5% Protestant and 5% Muslim (Gula, 2022). Islam arrived in the fourteenth century in the island of Sulu and was spread across Mindanao and the southern of Palawan.

#### 5. Festivals

It exists a lot of Christian Festivals and Fiestas across the Philippines which shows that the Filipinos are fun-loving people. A Fiesta is a religious or historical event, that is based on traditional ritual. In fact, the population of indigenous peoples in the Philippines is estimated at 12 million and represents almost 14% of the country's population (Hazel T. Biana, 2016). We can find 110 indigenous groups all around the archipelagos. They are dependent on agriculture and fishing. In each region, the different indigenous communities have their own art and crafts (Hazel T. Biana, 2016). Throughout, the festivities that can be found in the Philippines, their goals in to remember the old traditions of indigenous people but also through the Spanish colonization Filipinos likes to have religious festivals such as Santa Rosa de Lima which is the Saint of Peru and the rest of the indigenous people of Latin America and the Philippines. It is celebrating every 23rd of August. One of the biggest festivals known in the Philippines is the "Sinulog Festival" it was created to remember the souvenir of Magellan when the Spanish colonized the Philippines. Also called the Santo Nino, it is a fluvial parade that takes place in Cebu.

Each province has their own festival for indigenous traditions, such as the Ati-Atihan festival also known as "The Mother of All Philippines Festivals" it was created around 800 years ago. It is a festival based on the indigenous traditions their highlights are a parade of tribes and floats.

Panagbenga also known as the "Flower Festival" takes places in Baguio City. The goal of the festival is to celebrate the coming of summer its colorful floral species.

#### 6. Food

The Filipino dishes are influences by Spanish, Indian, Chinese and from native indigenous. They have six meals a day: breakfast, lunch, dinner, and snack after each meal. Rice like a lot of Asian country is a typical food which is usually consumed alongside with other dishes. All the provinces of the Philippines have their own Filipino dishes specialty.

## 7. Other important culture impact

Filipinos are respectful towards older generation and are very family oriented. In fact, it is common to find three generations living together. The Filipinos are very hospitable and love to help each other which means that they have a “community spirit”.