

From Offline to Online: Digital Transformation in Barangay Quiot's Small Businesses

Janet P. Montecillo¹, Romeo P. Montecillo²

Cebu Technological University-Main Campus, M.J. Cuenco Ave. Cor. R. Palma St., Cebu City, 6000 Philippines

Abstract: The research focused on upgrading a digital marketing model for small business enterprises in Barangay Quiot, Cebu City. The study utilized a descriptive survey method with 40 respondents, including 10 proprietors and 30 customers, to evaluate their profiles, the importance of digital tools in business activities, and their computer literacy levels. The survey also gathered insights into the best practices in digitalization. Statistical tools such as frequency, percental, rank, and weighted mean were used for data analysis, with findings indicating no significant difference in digital utilization between proprietors and customers across most business aspects. However, some areas revealed a notable difference in digital usage between the two groups. The results highlighted similar levels of computer literacy among both proprietors and customers, a positive sign for businesses in the digital marketing landscape. The study emphasized the importance of digital utilization and computer literacy for effective business operations and customer interactions. It concluded that the upgraded digital marketing model for E-commerce could significantly enhance the digitalization of small businesses in Barangay Quiot.

Keywords: E-Commerce, Digitalization, Digital Marketing, Business Management, Small Business Enterprises, Computer Literacy, Barangay Quiot, Cebu City

1. Introduction

In today's digital age, integrating technology into business practices has become a pivotal factor in the success of enterprises regardless of their size. Small business enterprises, particularly in developing regions, face significant challenges in adapting to rapid technological changes. Barangay Quiot, Cebu City, is no exception; many small business proprietors need help leveraging digital tools to enhance their market presence and operational efficiency. Despite the growing availability of digital platforms and tools, a gap persists in digital literacy among business owners and customers, which could hinder the potential for growth and innovation in these businesses. The study investigates the digital utilization and computer literacy levels among small business proprietors and their customers in Barangay Quiot. Specifically, it seeks to identify whether there is a significant difference in the digital engagement between these two groups. Additionally, the research aims to uncover the barriers preventing optimal digital integration in business practices as well as to understand the current best practices in digital marketing that are

being used. These insights are crucial for proposing strategies to enhance digital adoption in the local business community.

2. Methods

The study used a descriptive survey method to collect and analyze quantitative data on digital utilization and computer literacy. The research design was chosen due to its effectiveness in providing a comprehensive overview of digital engagement among the study's participants. The descriptive approach allows for an in-depth examination of the patterns and trends in digital use, which are crucial for identifying areas that require improvement or further intervention. The participants of the study included 40 respondents from Barangay Quiot, consisting of 10 small business proprietors and 30 customers. The selection criteria for participants were based on their involvement in local business activities, either as service providers or consumers. The diversity in the participant pool ensured that the study captured a broad perspective on digital utilization and computer literacy, reflecting the realities faced by different stakeholders in the

community.

2.1. Procedure for Data Gathering

Data was gathered through structured questionnaires that were distributed to the selected respondents. The questionnaire was divided into several sections, each focusing on different aspects of digital engagement. These included questions on the frequency of digital tool usage, the types of digital platforms employed, and the respondents' comfort level with various digital devices and applications. Additionally, the questionnaire sought to identify challenges business owners face in adopting digital marketing strategies and the extent to which customers engage with businesses online. The data collected from the questionnaires were analyzed using statistical methods, including frequency distribution, percentage analysis, and the computation of weighted means. T-tests were employed to determine whether there were significant differences in digital utilization between business owners and customers. The study provided insights into the overall digital literacy of the participants and highlighted specific areas where digital engagement could be improved. The statistical analysis was crucial in validating the research hypotheses and drawing meaningful conclusions from the data.

3. Results

3.1. Digital Utilization

The analysis in Table 1 revealed that both proprietors and customers in Barangay Quiot engage in digital activities to a similar extent, particularly in areas such as online communication and social media usage. However, specific differences were observed in the adoption of more advanced digital tools, such as e-commerce platforms and online payment systems, where business owners exhibited slightly higher utilization rates. These findings suggest that while basic digital engagement is common among both groups, there is a need for further education and resources to encourage the adoption of more sophisticated digital tools, especially among customers.

Table 1 Summary of Digital Utilization of Business Activity Being Used by the Respondents

DIGITAL UTILIZATION OF BUSINESS ACTIVITY BEING USED	PROPRIETORS / OWNERS		SBEs CUSTOMERS	
	$\bar{x}$	VD	$\bar{x}$	VD
In terms of digital utilization of business activity being used by the respondents, how important are the following:				
Communication	4.45	VI	4.22	VI
Handling Information and Content	4.75	VI	4.66	VI
Transaction	4.65	VI	4.52	VI
Problem Solving	4.82	VI	4.74	VI
Security	4.96	VI	4.63	VI
E-Marketing Activities	4.28	VI	4.25	VI
Average Weighted Mean	4.65	VI	4.50	VI

Legend: Very Important (VI) 4.21-5.00; Important (I) 3.41-4.20; Moderately Important (MI) 2.61-3.40; Less Important (LI) 1.81-2.60; Not Important (NI) 1.00-1.80; $\bar{x}$ - Weighted Mean; VD – Verbal Description

Table 1 presents the importance of various aspects of digital utilization in business activities by proprietors/owners and customers of small business enterprises (SBEs) in Barangay Quiot, Cebu City. Both groups rated communication, handling information and content, transaction, problem- solving, security, and e-marketing activities as very important (VI), with an average weighted mean of 4.65 for proprietors/owners and 4.50 for customers. Among these, security and problem- solving were rated the highest, strongly emphasizing safeguarding digital operations and effectively addressing issues as they arise. Both proprietors and customers recognize the critical role that digital tools play across different business activities, underscoring the need for robust digital strategies in small

business operations.

3.2. Computer Literacy

The results in Table 2 showed that most respondents possess a moderate level of computer literacy, with both proprietors and customers demonstrating comparable skills in basic computer operations and internet usage. However, the study identified gaps in more advanced digital skills, such as data analysis and online marketing, which are essential for maximizing the benefits of digital tools in business. The similarity in computer literacy levels across both groups indicates a shared challenge in accessing or understanding advanced digital resources, highlighting the need for targeted training programs.

Table 2 Summary of Level of Computer Literacy of Respondents

LEVEL OF COMPUTER LITERACY	PROPRIETORS/OWNERS		SBEs CUSTOMERS	
	$\bar{x}$	VD	$\bar{x}$	VD
In terms of computer literacy of the respondents, what level of knowledge are the following:				
Basic Skills	4.15	VS	4.22	VS
Intermediate Skills	4.06	VS	3.93	VS
Advanced Skills	3.42	VS	3.38	S
Average Weighted Mean	3.88	VS	3.84	VS

Legend: Outstanding (O) 4.21-5.00; Very Satisfactory (VS) 3.41-4.20; Satisfactory (S) 2.61-3.40; Fair (F) 1.81-2.60; Poor (P) 1.00-1.80; $\bar{x}$ - Weighted Mean; VD – Verbal Description

Table 2 summarizes the level of computer literacy among proprietors/owners and customers of small business enterprises (SBEs) in Barangay Quiot, Cebu City. Both groups rated their basic and intermediate computer skills as very satisfactory (VS), with average weighted means of 4.15 and 4.06 for proprietors/owners and 4.22 and 3.93 for customers, respectively. However, both groups

reported only satisfactory (S) levels of advanced computer skills, with lower averages of 3.42 for proprietors/owners and 3.38 for customers. While the respondents are generally proficient in basic and intermediate computer tasks, there is room for improved advanced skills, which could further enhance their digital capabilities in business operations.

Significant Relationship Between Proprietors or Owners and Customers in Terms of Digital Utilization

The focus is on various aspects of digital engagement, including communication, handling information and content, transactions, problem-solving, security, and e-marketing. By comparing the means of digital utilization between these two groups, the study aims to identify any significant differences and areas for potential improvement.

Table 3 Significant Relationship Between Proprietors or Owners and Customers in Terms of Digital Utilization

Digital Utilization	Source of Relationship	N	Mean	T-Stat	2-Tailed Test		
					Critical Value	P-Value	Decision
Communication	Proprietors or Owners	10	4.45	-1.47	2.04	0.15	Accepted H1
	Customers	30	4.22				Accepted H1
Handling Information & Content	Proprietors or Owners	10	4.75	-0.49	2.06	0.63	Accepted H1
	Customers	30	4.66				Accepted H1
Transaction	Proprietors or Owners	10	4.65	-0.89	2.11	0.39	Accepted H1
	Customers	30	4.52				Accepted H1
Problem Solving	Proprietors or Owners	10	4.82	-0.57	2.07	0.57	Accepted H1
	Customers	30	4.74				Accepted H1
Security	Proprietors or Owners	10	4.96	-2.45	2.04	0.02	Rejected H1
	Customers	30	4.63				Rejected H1
E-Marketing	Proprietors or Owners	10	4.28	-0.10	2.13	0.92	Accepted H1
	Customers	30	4.25				Accepted H1

Table 3 compares different aspects of digital utilization between proprietors or owners and customers. The results indicate no significant differences in most areas, such as communication, handling information and content, transactions, problem-solving, and e-marketing, suggesting that both groups engage with digital technologies similarly. However, a notable exception was security, where proprietors or owners reported significantly higher utilization. This difference may be due to proprietors or owners having more direct responsibility for business security, whereas customers typically rely on external security measures. The findings highlight that while digital utilization is comparable across most areas,

attention to security practices is significant for proprietors or owners.

Significant Difference Between Proprietors or Owners and Customers in Terms of Computer Literacy

This section investigates the differences in computer literacy between proprietors or owners and customers, focusing on basic, intermediate, and advanced computer skills. Understanding these differences helps assess the proficiency of each group in using digital technologies, which is crucial for effective business operations and communication in the digital era.

Table 4 Significant Difference Between Proprietors or Owners and Customers in Terms of Computer Literacy

Computer Literacy	Source of Relationship	N	Mean	T-Stat	2-Tailed Test		
					Critical Value	P-Value	Decision
Basic Skills	Proprietors or Owners	10	4.17	0.11	2.13	0.92	Accepted H1
	Customers	30	4.22				Accepted H1
Intermediate Skills	Proprietors or Owners	10	4.06	-0.28	2.11	0.79	Accepted H1
	Customers	30	3.93				Accepted H1
Advanced Skills	Proprietors or Owners	10	3.42	-0.10	2.11	0.92	Accepted H1
	Customers	30	3.38				Accepted H1

Table 4 compares computer literacy between proprietors or owners and customers. The analysis shows no significant differences across all basic, intermediate, and advanced skill levels. Both groups scored similarly for basic skills, with a mean of 4.17 for proprietors or owners and 4.22 for customers. Intermediate skills were also comparable, with means of 4.06 and 3.93, respectively. Advanced skills showed a mean of 3.42 for proprietors or owners and 3.38 for customers. The lack of significant differences suggests that both groups possess similar levels of computer literacy, indicating that resources and training programs may effectively support the digital competencies of both proprietors or owners and customers. This uniformity in computer literacy is beneficial for ensuring smooth business operations and communication.

Best Practices in Digital Marketing

The study identified several best practices that small businesses currently employ in Barangay Quiot. These include using social media platforms

such as Facebook and Instagram for customer engagement, incorporating online advertising to reach a broader audience, and using messaging apps for direct communication with customers. These practices have proven effective in enhancing customer interaction and expanding the market reach of small businesses. However, the study also noted that many businesses must fully utilize available digital tools, such as analytics and customer relationship management (CRM) systems, which could further improve their marketing strategies.

The table highlights the best practices in digital marketing identified by both proprietors/owners of small business enterprises (SBEs) and their customers in Barangay Quiot, Cebu City. The top practices for both groups include selling the right products and providing detailed product descriptions, with 80% of proprietors and 83.33% of customers recognizing the importance of offering relevant products and 90% of customers emphasizing the need for clear product descriptions. High-quality images and interactive features were also valued, especially by customers (76.67%), suggesting the importance of visual appeal and engagement in digital platforms.

Table 3 Best Practices Encountered

BEST PRACTICES ENCOUNTERED	PROPRIETORS/ OWNERS			SBEs CUSTOMERS		
	f	%	Rank	f	%	Rank
1. sell the right products	8	80	1.5	25	83.33	2
2. product descriptions	8	80	1.5	27	90	1
3. attracts visitors to the site	4	40	8.5	18	60	7.5
4. use high-quality images	7	70	5	23	76.67	3.5
5. deliver a clear message	8	80	1.5	21	70	5
6. mobile responsive sites	6	60	6	20	66.67	6
7. win trust (i.e., enable and display customer reviews, security assurances, and contact details)	5	50	7	18	60	7.5
8. reduce the complexity of navigation	4	40	10	18	60	7.5
9. boost service and support delivery speed	8	80	1.5	18	60	7.5
10. use interactive features	4	40	8.5	23	76.67	3.5

Additionally, delivering a clear message, ensuring mobile responsiveness, and winning customer trust through reviews and security assurances were significant for both groups, though they ranked these practices differently. Proprietors highly rated speed in service and support, while customers placed more importance on on-site navigation and attracting visitors. These findings indicate that while proprietors and customers prioritize certain digital practices, their focus may

vary, guiding SBEs in optimizing their digital marketing strategies to cater to these preferences.

4. Discussion

The study's findings highlight a general trend toward digital engagement among small business proprietors and customers in Barangay Quiot. The lack of significant differences in digital utilization suggests that both groups are becoming increasingly familiar with digital tools, though their application remains primarily at a basic level. The study indicates that while foundational digital literacy is present, there is a considerable opportunity for growth in more advanced areas that could significantly benefit businesses and consumers. The study's results have important implications for the future of small businesses in Barangay Quiot. The similar levels of digital literacy between business owners and customers suggest a shared understanding of the digital landscape, which can be leveraged to improve business practices. For small businesses, the findings underscore the need to invest in further digital training and explore new digital tools to enhance operational efficiency and customer satisfaction.

5. Conclusion

In conclusion, the study demonstrates that small business enterprises in Barangay Quiot are gradually embracing digital tools, although there is room for improvement in both utilization and literacy. By addressing the gaps identified in the study, local businesses can enhance their digital presence, improve customer interactions, and ultimately increase their competitiveness in the market. The proposed recommendations aim to foster a more digitally literate and technologically equipped business community, ensuring sustainable growth and development in Barangay Quiot.

Reference

- [1] Anderson, Jade. **Marketing & Advertising Technology**, June 1, 2018
- [2] Keith, Roberts J. **The Marketing Revolution**. First Published January 1, 1960 Research Article

- [3] Kerpen, Dave. **5 Old-School Marketing Techniques**
- [4] Srivastava, Shirish C. and Teo, Thompson S. H. **IT Training as a Strategy for Business Productivity: A Framework for Small and Medium-Sized Enterprises in Asia**, National University of Singapore
- [5] Zarella, Dan. **The Social Media Marketing Book**. Copyright 2010, printed in Canada Published by O'Reilly Media, Inc., 1005 Gravenstein Highway North, Sebastopol, CA 95472
- [6] Rogers, E.M. (2003). **Diffusion of Innovations (5th Edition)**, Free Press.
- [7] Venkatesh, V., Morris, M. G., Davis, G. B., & Davis, F. D. (2003). **User acceptance of information technology: Toward a unified view**. MIS Quarterly, 27(3), 425-478.
- [8] Barney, J. B. (1991). **Firm resources and sustained competitive advantage**. *Journal of Management*, 17(1), 99-120.
- [9] Homans, G. C. (1958). **Social behavior as exchange**. *American Journal of Sociology*, 63(6), 597-606.
- [10] Keith, Roberts J. **The Marketing Revolution**. *Journal of Marketing* (pre-1986); Jul 1959-Apr 1960; 24. 1; ABMNFORM Global
- [11] **International Journal of Advances in Management and Economics**, ISSN: 2278-3369 REVIEW ARTICLE Salwa CH et. al. | July-August 2016 | Vol.5 | Issue 4 | 55-67 55 Conceptual Framework for Marketing Strategy in the Context of Small Business: A Review Salwa CH*, Sudarsan N, Radha Ramanan T School of Management Studies, National Institute of Technology Calicut.
- [12] Chandler Jr, Alfred D. **Journal of Business and Management Research**, 8 (2015) 220-223 p-ISSN: 2356-5756 / e-ISSN: 2356-5764 © Knowledge Journals
- [13] Priyono, Anjar, et. al. 2020. **Identifying Digital Transformation Paths in the Business Model of SMEs during the Covid-19 Pandemic**. Department of Management,

Universitas Islam Indonesia, Yogyakarta
55283, Indonesia

- [14] Belitski, Maksim, et. al. 2021. **Economic Effects of the Covid-19 Pandemic on Entrepreneurship and Small Businesses.** Small Business Economics
- [15] Isoraite, Margarita, et. al. 2018. **Electronic Commerce: Theory and Practice.** Integrated Journal of Business and Economics
- [16] Haryanti, Tining, et. al. 2020. **Factors and Theories for E-commerce Adoption: A Literature Review.** International Journal of Electronic Commerce Studies
- [17] Fonseca, Patrick, et. al. 2020. **The Competencies Needed for Digital Transformation.** International Institute for Applied Knowledge Management, Online Journal of Applied Knowledge Management
- [18] Wheeler, Rose. July 20, 2022. **The Top E-Commerce Solutions for Small Businesses in 2022.** The Ascent