Journal DOI: 10.36713/epra1013 | SJIF Impact Factor (2026): 8.748 ISSN: 2347-4378
EPRA International Journal of Economics, Business and Management Studies (EBMS)
Volume: 13 | Issue: 3 | March 2026 -Peer-Reviewed Journal

INNOVATION ON MARKET POTENTIAL AMONG CARMELADO MICROENTREPRENEURS IN MASBATE

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ABSTRACT

This examined the effect of innovation on the market potential of microentrepreneurs of Carmelado in Masbate by the calendar year 2025. The study utilized a quantitative-descriptive correlational design to gathered data through a validated, researcher-made questionnaire from 46 microentrepreneurs. The innovation measurement included product development, packaging and labelling, marketing and promotion, and distribution channels. At the same time, the market potential indicators were sales growth, profit margin, return on investment (ROI), and market share expansion. Descriptive statistics and Pearson correlation were the tools used to analyze the data. The findings indicate that the level of innovation adoption by Carmelado microentrepreneurs varies from moderate to high. In particular, packaging and labelling (M = 3.58) and marketing and promotion (M = 3.54) are the areas where the most innovation has been implemented. Market potential, on the other hand, was mostly rated as high, especially in market share expansion (M = 3.69) and sales growth (M = 3.48). The correlation analysis showed that the relationships between the innovation dimensions and the market potential indicators were all positive and significant. It was the relationship between marketing and promotion and sales growth that was the strongest ($r = .655$, $p < .01$). ROI showed the least significant impact as a result of the limited financial monitoring and investment evaluation practices. Consequently, based on these findings, a Strategic Innovation Plan was developed to strengthen innovation capabilities, improve product quality and branding, enhance distribution systems, expand digital and tourism-based markets, and improve financial management. These results confirm that innovation serves as a critical driver of competitiveness, sustainability, and market expansion among rural, culturally rooted microenterprises like Carmelado producers in Masbate.

KEYWORDS: *Innovation, Market Potential, Microentrepreneurs, Carmelado, Product Development, Packaging and Labelling, Marketing and Promotion, Distribution Channels, Return on Investment, Strategic Innovation Plan, Masbate, MSMEs, Philippine Innovation Act*

INTRODUCTION

Masbate province, a place famous for its scenic rural views and fruitful fields, is the home of the Carmelado sweet treat that is not only a delight but a real symbol of Masbate culture and local business. It is not just a commodity but a cultural craft mostly upheld by family-owned and women-led microenterprises. These microentrepreneurs are the preservers of an indigenous culinary heritage, as they depend on the ancestral knowledge, their own ingenuity, and manual skills to maintain their livelihoods and at the same time keep a long-loved delicacy alive (Habibi, Salim, & Jabar, 2021).

However, the Masbate Carmelado industry which is the source of a strong cultural foundation is now at risk of losing its charm. The traditional ways of doing the production, the basic packaging, and the few marketing channels have put a limit on its competitiveness in the rapidly changing market. Because of the shifts in consumer preferences and the speed of technological innovations, local producers are in a position where they have to struggle if they want to keep up with the new trends (Canare & Francisco, 2019). These issues highlight the necessity for employing innovation not only as a means of survival but also as an instrument of significant growth. Schumpeter (1934) argued that innovation is the major driver of economic growth as it allows companies to restructure their resources and open new doors in the market. In the same vein, Drucker (1985) said that innovation should not be limited to invention only but rather imply generating new ideas that lead to better products, processes, or marketing through continuous development.

Innovation has been the core of survival for MSEs globally, which has enabled such businesses to be sustainable and profitable even when they are resource-constrained (Fagerberg, 2018; Gunday et al., 2011). The international

experiences reveal that many local food products transformed into global brands not merely by scaling up their operations, but mostly through creative strategies in product development, innovative packaging, and strategic marketing (Ngo & O'Cass, 2013). In an economy that is increasingly driven by experiences and is more conscious of sustainability, consumers and travelers are looking for authentic, story-rich, and eco-friendly products (Richards, 2018; UNWTO, 2019). For Carmelado producers, this represents an untapped potential, by combining tradition with innovation, they can position Carmelado as both a cultural emblem and a competitive market product beyond Masbate's borders.

In the Philippine context, innovation is now institutionalized as a national priority. The Philippine Innovation Act (Republic Act No. 11293, 2019) and the MSME Development Plan 2017–2022 of the Department of Trade and Industry (DTI, 2021) highlights the importance of innovation in enhancing competitiveness and productivity. These policies encourage microenterprises to adopt to technology, improve product quality and access new markets. instruments incentivize microenterprises to technologically upgrade, improve product quality, and open new markets. For Carmelado microentrepreneurs, the implementation of innovative measures such as packaging modernization, digital marketing, and product diversification would be instrumental in boosting their market potential and local tourism value chain integration (OECD, 2018).

Moreover, the growth of the Carmelado industry is a step towards rural socio-economic resilience. Local dairy farmers and rural households benefit from the value chain by supplying fresh milk and generating employment opportunities. Increasing profits and expanding market access create a ripple effect that enhances the efficiency of local supply chain, boosts rural job opportunities and strengthen income reliability (Prayag et al.,2020). This aligns to the Teece's (2007) Dynamic Capabilities Theory, that highlights the need for businesses to continuously reconfigure resources in response to market and technology changes.

On the other hand, while the innovative practices of MSMEs have been a major focus of research in the case of urban and technology-driven sectors, there is still a lack of empirical research on the issue of innovation in food microenterprises that are culturally rooted and based in rural areas, such as Carmelado producers in Masbate (Habibi et al., 2021). Designing effective support system and policy interventions requires understanding of how these entrepreneurs adapt, innovate, and manage their resources is vital. (OECD,2017; Carayannis, Sindakis, & Walters, 2021).

Furthermore, this study responds to the need for investigating the impact of innovation on the market potential of Carmelado microenterprises in Masbate. It determines the current innovation practices, challenges and strategic responses to market dynamics. The result aims to development of a Strategic Innovation Plan which provides a framework to capacity building, product improvement, and sustainable business models to support Carmelado microentrepreneurs/ producers. This study also aims to enhance the visibility and competitiveness of Masbate's Carmelado industry not just locally but globally as well.

REVIEW OF RELATED LITERATURE

This study is anchored on Schumpeter's Theory of Innovation (1934), Rogers' Diffusion of Innovations Theory (2003), and Teece's Dynamic Capabilities Theory (2007). These theories describe how innovations are developed, adopted, and sustained by microenterprises that lead to improved market performance. By combining these framework, a micro-level and macro-level understanding of the role of innovation in enhancing the market potential of Carmelado microentrepreneurs in Masbate.

Joseph Schumpeter (1934) emphasized that innovation is the main driver of economic development through what he called "creative destruction," the process by which new ideas and technologies replace obsolete methods. He identified five types of innovation: product, process, market, input sourcing, and organizational innovation. Modern researchers have shown that these remain important for MSME competitiveness (Fagerberg, 2018; Tavassili & Karlsson, 2015). For Carmelado producers, product development such as the introducing new flavors, using local ingredients, or improved cooking techniques, and process innovation, such as mechanized mixing or sanitation methods that improves quality and efficiency are how innovations manifested.

Entrepreneurial dynamism is characterized by the ability to combine limited resources creatively to disrupt existing markets according to Schumpeter's viewpoint (Carayannis, Sindakis, & Walters, 2021). In the context of Carmelado microenterprises, this dynamism may involve creating new packaging concepts, adopting digital marketing, or diversifying into tourist souvenir markets. Survival and growth in the competitive and technology-driven food industry are facilitated by product and process innovation.

Rogers (2023) emphasized that the stages of knowledge, persuasion, decision, implementation, and confirmation for the adoption of new ideas and practices within a social system. The five perceived attributes - relative advantage, compatibility, complexity, trialability, and observability - are necessary for adoption. These factors affect whether both entrepreneurs and consumers will accept the new packaging designs, online selling platforms, or promotional methods for Carmelado producers.

Additionally, a direct connection is made by diffusion theory to the study's packaging and labelling and marketing and promotion dimensions. It is shown by research conducted by Mileva and Bielik (2020) and Rosenzweig and Grinstein (2016) that innovations succeed when alignment with cultural values and enhancement of consumer trust are present. In rural-based microenterprises, maintaining cultural authenticity while introducing change is crucial. For instance, Carmelado packaging that incorporates Masbate's local motifs not only adds visual appeal but strengthen community identity—making the innovation both compatible and observable.

Furthermore, Rogers' theory emphasized the significant of communication channels and social networks. In Masbate's close-knit entrepreneurial communities, diffusion pathways through which innovations are shared, learned, and adopted acted upon by word-of-mouth, trade fairs, and local cooperatives. Studies on Filipino MSMEs (Guillen & Lim, 2023; Tutica, 2024) affirm that peer influence and accessibility of information strongly affect innovation adoption.

Teece (2007) suggested that capabilities must sense, acquired, and modified by the firms to remain competitive in changing environments. Continuous learning, resource reconfiguration, and adaptable to change are involved. For Carmelado microentrepreneurs, this means recognizing shifts in consumer preferences (e.g., demand for eco-friendly packaging or sugar-free options), investing in feasible innovations (like vacuum-sealing equipment), and reconfiguring operations (such as forming cooperatives to share costs).

Teece et al. (2016) and Wilden et al. (2016) shows that businesses with strong dynamic capabilities use both technological knowledge and market insights to gain lasting competitive edge. Connections are made by this theory to the distribution channel variable in this study, since a shift from traditional in-person sales to hybrid channels, such as online delivery and partnerships with local resorts and "pasalubong" centers is performed by adaptive competitiveness. In Philippine, this adaptability matches with the government's innovation framework, which encourages digitization and competitiveness in MSMEs (DTI, 2024).

In support of these theories, the Resource-Based View (RBV) posits that firms achieve competitive advantage through effective use of unique internal resources (Barney, 1991). For Carmelado producers, these resources include artisanal skill, product authenticity, and local brand reputation are factors that are not easily imitated. Enhanced market potential through customer loyalty, premium pricing, and brand differentiation translates when these resources are utilized.

Entrepreneurial Orientation Theory states that innovativeness, proactivity, and risk-taking drive performance (Lumpkin & Dess, 2001; Pelegrin, Nayve, & Mansueto, 2022). Carmelado microentrepreneurs who actively explore new ideas and take calculated risks—such as expanding to online markets—are more likely to achieve higher sales growth and return on investment.

Product Development is the primary dimension of innovation, focusing on creating new or improved Carmelado variants that cater to emerging tastes. Studies have confirmed that small food enterprises that regularly update product designs enjoy higher profits (Habibi, Salim, & Jabar, 2021).

Innovations on packaging and labelling enhance marketability and perceived quality. Del Prado, Molinos, and Cabauatan (2024) found that sustainable and informative packaging significant a influences on purchasing decisions and willingness to pay among Filipino consumers.

Marketing and Promotion Innovation in this dimension includes social media utilization, storytelling, and collaborative promotions. Guillen and Lim (2023) observed that MSMEs that engaged in digital marketing reported significant increases in customer engagement and repeat orders.

Distribution Channels a Hybrid distribution, which combines local stores with e-commerce platforms, extends market reach. Cordova et al. (2025) reported that digital transformation in Philippine MSMEs led to measurable gains in sales and competitiveness.

These innovation dimensions collectively influence the four market potential indicators—sales growth rate, profit margin, return on investment (ROI), and market share expansion. As shown in the conceptual framework, innovation acts as the independent variable driving market potential as the dependent variable.

Empirical research supports the theoretical model. Philippine studies (Francisco, 2024; Tutica, 2024) identify innovation adoption and digital marketing as major determinants of MSME competitiveness. Internationally, OECD (2018) emphasized that digital transformation and product diversification improve microenterprise performance. The framework also in line with the Philippine Innovation Act (RA 11293, 2019), which institutionalizes innovation as a national development priority and promotes MSME modernization.

Through integration of Schumpeter's economic foundation, Rogers' sociocultural diffusion process, and Teece's adaptive management perspective, the theoretical framework explains not only how innovation occurs but also how it translates into measurable market potential.

The conceptual framework of this study illustrates that innovation, operationalized through its four dimensions: product development, packaging and labelling, marketing and promotion, and distribution channels that directly affects the market potential of Carmelado microenterprises, measured in terms of sales growth, profit margin, ROI, and market share expansion. Supporting theories show that sustained innovation requires entrepreneurial dynamism (Schumpeter), adoption mechanisms (Rogers), and adaptive resource management (Teece). The framework thus links innovation practices to tangible economic outcomes, offering a holistic explanation of how rural microenterprises can achieve competitiveness and sustainability in a changing market environment.

METHODOLOGY

This study employed a quantitative research design using a descriptive-correlational method to examine the relationship between innovation and market potential among Carmelado microentrepreneurs in the Province of Masbate. Guided by an Input-Process-Output (IPO) framework, the study gathered data on respondent profiles and innovation indicators—such as product development, packaging, marketing, and distribution—to evaluate their impact on market potential variables including sales growth, profit margins, ROI, and market share. Using a purposive sampling technique, 46 active microentrepreneurs were selected as respondents, the majority of whom were female (76.09%), reflecting the household-based and woman-led nature of the Carmelado industry in the region. The research environment spanned several municipalities in Masbate known for this traditional delicacy, providing a suitable context for observing how local innovative practices influence business competitiveness and sustainability.

The primary research instrument was a researcher-made, three-part questionnaire validated by a panel of experts and pilot-tested for reliability using Cronbach's Alpha. Data collection followed a systematic procedure involving formal transmittal letters to Local Government Units (LGUs), personal distribution of surveys, and a one-to-two-week retrieval period to ensure a high response rate while maintaining strict ethical standards of confidentiality. For the statistical treatment of data, descriptive statistics—specifically frequency, percentage, and weighted mean—were used to summarize the demographic profiles and levels of innovation and market potential based on a 5-point Likert scale. Furthermore, Pearson's Correlation (r) was employed as the inferential tool to assess the significant relationship between innovation dimensions and market performance, providing the empirical foundation for a proposed Strategic Innovation Plan aimed at empowering Masbate's Carmelado producers.

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Volume: 13 | Issue: 3 | March 2026 -Peer-Reviewed Journal

RESULTS AND DISCUSSION

This chapter presents, analyzes, and interprets the quantitative data from a survey of 46 Carmelado microentrepreneurs in Masbate, Philippines, investigating how innovation practices influence market potential in these traditional food-tech microenterprise sectors. The results were structured according to the profile of the respondents, assessment of innovation practices (product development, packaging and labelling, marketing and promotion, distribution channel), evaluations of market potential dimensions (sales growth, profit margins, ROI, market share expansion) and relationship between innovation and market potential. The findings show that moderate innovation adoption leads to positive but variable market outcomes, such as Agree-level sales growth (mean=3.48) with Neutral ROI (3.01). These empirical findings are consistent with Philippine MSME research, which suggests that innovation, particularly in marketing and digital channels, improves competitiveness, sales performance, and resilience for resource-constrained businesses such as Carmelado producers, providing a basis for developing a Strategic Innovation Plan.

PROFILE OF THE RESPONDENTS

This section provides the demographic characteristics of the Carmelado microentrepreneurs, such as age, gender, civil status, highest educational attainment and monthly income. To identify the how these demographic factors affect the entrepreneurial behavior, innovation adoption, and business decisions. Previous studies shown that demographic factors substantially influence entrepreneurial potential, risk-taking and innovation orientation. (Amoah & Jibril, 2022; Rashid et al., 2021).

Table No. 4 Profile of the Respondents

Age Range	**Frequency**	**Percent**
31-40	16	34.8
41-50	17	37
51-60	9	19.6
61-70	3	6.5
81-90	1	2.2
Total	**46**	**100**
Sex	**Frequency**	**Percent**
Male	11	23.9
Female	35	76.1
Total	**46**	**100**
Civil Status	**Frequency**	**Percent**
Married	37	80.4
Separated	1	2.2
Single	4	8.7
Widowed	4	8.7
Total	**46**	**100**
Highest Educational Attainment	**Frequency**	**Percent**
Elementary	10	21.7
High School	33	71.7
Vocational	3	6.5
Total	**46**	**100**
Monthly Income	**Frequency**	**Percent**
10,001-15,000	23	50
15,001-20,000	7	15.2
5,001-10,000	14	30.4
below 5000	2	4.3
Total	**46**	**100**

AGE

The results show that majority of Carmelado microentrepreneurs belongs between 41–50 age group (37%), followed closely by those aged between 31–40 (34.8%). A smaller portion falls within 51–60 years (19.6%), while only 6.5% are aged 61–70, and 2.2% are between 81–90 years old. This distribution shows that most of microentrepreneurs are

in their economically active and experienced working years, suggesting that business decisions related to innovation and market potential may be shaped by practical maturity and established livelihood practices. The predominance of elder participants suggests that Carmelado manufacture is a long-standing craft that has been passed down through generations. However, it seems that fewer young people are starting their own businesses in this field.

GENDER

The findings indicates that 76.1% of respondents are female, whereas 23.9% are male, showing a significant female representation in Carmelado microentrepreneur. This shows that the representation of females was very significant in Carmelado micro-entrepreneurship, and hence the women are the major promoters of the local cottage industry in Masbate, most probably they are combining the entrepreneurship with the household tasks. The dominance of female respondents also implies that innovation, product development, and market strategies could be guided by women's preferences, creativity, and community-based production standards, similar to other traditional food-based microenterprises where women are commonly the focal point of production, quality control, and household-based entrepreneurship (Habibi, Salim, & Jabar,2021).

CIVIL STATUS

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HIGHEST EDUCATIONAL ATTAINMENT

The majority completed high school (71.7%), followed by elementary graduates (21.7%), and only 6.5% attained vocational training. This indicate that the majority of the microentrepreneurs in Carmelado possess only a primary level of formal education, which may aff ect on their willingness to use innovation, adapt to technology and stay informed about the trends in market. This corresponds to the data that indicates education level has an impact on the entrepreneurial conduct and change openness (Amoah & Jibril, 2022; Rashid et al., 2021). Research on MSMEs likewise reveals that in most cases a standard secondary education is sufficiently to the gradual uptake of innovations in product, process, and marketing, if provision of support and training is ensured (Entrepreneurial Self-Efficacy and Adaptation to Change, 2024; Iddrisu & Nyuur, 2023). Furthermore, educated background on tertiary education is absent in the profile,however, the large portion of high-school graduates suggests adequate literacy for managing simple innovations, basic financial records, and marketing practices, which aligns with findings that many successful microenterprises in developing countries are run by owners with only secondary education but strong experiential learning (Pelegrin et al., 2022; Roper et al., 2017). However, limitation of education However, the limitations of education at higher levels may result in difficulties in the utilization of more sophisticated innovation strategies such as product branding or digital marketing, which usually require skills of a higher technical, analytical, and digital nature (Cordova et al., 2025; Guillen & Lim, 2023).

MONTHLY INCOME

Approximately half of the respondents indicated that their household income is in the range of ₱10,001–₱15,000 (50%), and a third of them (30.4%) reported that it is in the range of ₱5,001–₱10,000. Additionally, the percentage of those whose monthly income is between ₱15,001 and ₱20,000 is 15.2%, while 4.3% of them receive less than ₱5,000. On the one hand, these figures demonstrate that most of the Carmelado microentrepreneurs are in the low-income brackets, which is reflecting with the small-scale nature of the business and the nationwide statistics that state many Philippine microenterprises are at subsistence or near-subsistence income levels (DTI, 2021, 2024). On the other hand, low-income is continuously identified as a particular problem of these developments that they are unable to promote innovations due to the fact that low-income households are not in a position to increase their set-ups, buy machinery for packaging and to promote their products (Canare & Francisco, 2019; OECD, 2018).

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Their limited income levels highlight the existence of financial constraints which may hinder their capacity to invest in product innovation, packaging to reach more customers, or simply increasing their market access. These constraints are similar to those of MSMEs which are identified as undercapitalized, thus most of them are unable to modernize (Francisco, 2024; Tutica, 2024). However, the income concentrations around moderate–low-income ranges imply that even minimal innovations can significantly increase market potential and livelihood outcomes of these microentrepreneurs because small, low-cost changes have been proven to bring a disproportionate increase in the visibility and profitability of traditional food microenterprises (Habibi et al., 2021; Schaper et al., 2018).

INNOVATIVE STRATEGIES PRACTICED AMONG CARMELADO MICROENTERPRISES

The section is about innovational practices by producers across four dimensions: product development, packaging & labelling, marketing & promotion, and distribution channels. Innovation is generally considered to be an essential factor that keeps small businesses sustainable and competitive in the market (Schierjott et al., 2021; Fagerberg, 2018). The empirical literature on MSMEs tells that those firms that systematize even minor innovations in these areas become more capable of achieving better performance in growth and survival (Gunday et al., 2011; Roper et al., 2017). The results show the degree of the innovative strategies of Carmelado producers to consolidate their market position and they are in line with the research of food-based microenterprises in the different rural areas (Habibi et al., 2021; Richards, 2018).

Table No. 5 Product Development

Indicators	Mean	Std. Deviation	Interpretation
I regularly improve product taste and texture based on customer feedback.	3.35	0.737	Netural
I innovate by adjusting Carmelado packaging sizes to fit customer needs.	3.41	0.777	Agree
I maintain product authenticity while introducing creative changes.	3.39	0.649	Netural
I experiment with organic or locally sourced ingredients for new Carmelado versions.	3.22	0.696	Agree
Product Development	**3.34**	**0.549**	**Netural**

PRODUCT DEVELOPMENT

The findings for product development shows to an average level of innovation for the microentrepreneurs of Carmelado, as the overall mean of 3.34 and standard deviation of 0.549 both indicate a Neutral response. This means that while innovation activities are there, they are not very strong, and the producers are not implementing them consistently, which is a pattern of typical MSMEs that are heavily dependent on tradition and tacit know-how (Habibi et al., 2021; Roper et al., 2017).

The first indicator, which deals with regularly improving the taste and texture based on customer feedback, achieved a mean of 3.35 with a Neutral interpretation. This finding implies that microentrepreneurs genuinely seek customer input but they do not always use it to a product refinement process. Similar results have been found in small food firms where feedback is typically obtained through informal ways and is seldom turned into documented product development cycles (Ngo & O'Cass, 2013; Fernández, 2023). One of the reasons could be that technical skills are missing in the microentrepreneurs, they still rely on the traditional methods, or they cannot experiment because they lack the resources, which is very similar to the limitations of MSMEs in the Philippines and other developing-economies (Canare & Francisco, 2019; Iddrisu & Nyuur, 2023). Quality upgrading becomes an occasion rather than a continuous process, thus the producers from Carmelado may have a limited capacity to meet the changing demands of consumers, which in turn affects their potential to differentiate themselves in the market (Gunday et al., 2011; Schumpeter, 1934).

On the other hand, adjusting Carmelado packaging sizes to fit customer needs stands out with the highest mean, 3.41, which interpreted as Agree. This shows that microentrepreneurs are more proactive in innovating by means of packaging customization. The previous study emphasize that size variation and portioning are a frequently used and inexpensive way of product innovation for microenterprises since it does not involve major changes in the process but is a direct response to the purchasing power and consumption patterns (Pelegrin et al., 2022; OECD, 2018). This

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implies that packaging innovation becomes an available instrument for increasing market potential, enhancing product attractiveness, and addressing customer purchasing behaviors (Del Prado et al., 2024; Richards, 2018).

The statement on maintaining product authenticity while introducing creative changes obtained a mean of 3.39, still within the Neutral range. It shows that the microentrepreneurs have taken a balanced but cautious approach: even though they are close to the idea of the traditional Carmelado, they do not really agree with creative modifications that may change the original product's character. Research on culturally-based food entrepreneurship reveals similar conflicts, where producers want to protect heritage but at the same time, they experiment with new variants to attract younger or non-local consumers (Habibi et al., 2021; Richards, 2018). Their hesitation might be due to the fear of losing customer trust because Carmelado is a product that is culturally rooted and has been associated with taste expectations for a long time. However, it also means that there are still so many opportunities for product diversification which are not visible because the business has limited the ability of their customers to attract new segments who are looking for novelty in local delicacies (UNWTO, 2019; Schaper et al., 2018).

Experimenting on organic or locally sourced ingredients, which earned a mean score of 3.22 and was interpreted as Agree, demonstrate a positive attitude towards exploring new variations of ingredients. This is in line with global trends wherein consumers increasingly demand natural, traceable, and locally sourced ingredients in their food products (Richards, 2018; UNWTO, 2019). Carmelado to a higher, or even niche, market level by using organic or locally sourced ingredients. This could lead to higher prices and a larger number of health-conscious buyers, the same way a study shows that such positioning increases the willingness to pay and brand differentiation (Del Prado et al., 2024; Iddrisu & Nyuur, 2023). However, the moderate score also shows that while the experimentation is ongoing, it might still be constrained due to the availability of the supply, consideration of the cost, or lack of technical skills in new formulation development which are typical obstacles in rural value chains (Prayag et al., 2020; OECD, 2017).

The neutral composite rating underscores that product development practices of micro-entrepreneurs from Carmelado are at developing stage. The aspects of innovation, especially packaging changes and ingredient experimentation, have shown significant progress, but other facets such as systematic quality improvement and balanced authenticity–innovation integration are still at a low level. MSMEs-focused research reveals that structured product development even in case of traditional products, is linked to higher innovation output and better performance (Gunday et al., 2011; Fernández, 2023). The effects on market potential are huge: without continuous product development strategies, there will be few growth opportunities. However, with right training, capacity-building programs, and access to innovation resources, micro-entrepreneurs of Carmelado can improve their ability to innovate to a more confident and strategic level, which would result competitiveness, wider market, and, at the same time, being able to preserve the cultural value of Carmelado products in Masbate (DTI, 2024; Habibi et al., 2021).

Table No. 6 Packaging and Labelling

Indicators	Mean	Std. Deviation	Interpretation
I design attractive and functional packaging to enhance product appeal.	3.67	0.920	Agree
I include clear product labels that show ingredients, expiration, and origin.	3.65	0.766	Agree
I use eco-friendly and durable packaging materials.	3.59	0.748	Agree
I adopt creative packaging that reflects Masbate's culture and heritage.	3.37	0.741	Neutral
I improve packaging to extend product shelf life and preserve quality.	3.61	0.745	Agree
Packaging and Labelling	**3.58**	**0.558**	**Agree**

PACKAGING AND LABELLING

The findings for packaging and labeling expose a largely positive level of innovative practice among Carmelado micro-entrepreneurs as the overall mean of 3.58 with a standard deviation of 0.558 was scored, which is interpreted as Agree. In other words, the majority of the respondents are actively engaging in the improvement of how their products are presented, protected, and communicated to the consumers. Similarly to the studies show that packaging and labeling are most frequently the first innovation areas for small food enterprises since the changes are very visible to the consumers and can be done even with a small amount of capital (Del Prado et al., 2024; OECD, 2018). As a

result, packaging and labeling seem to rank among the most chosen innovation strategies, probably because these aspects are both visible and manageable with the typical limited resources of small-scale businesses (Roper et al., 2017; Fagerberg, 2018).

The highest indicator relates to designing attractive and functional packaging that scored a mean of 3.67 with relatively high variability (SD = 0.920), which is interpreted as Agree. This implies that the respondents considered the visual appeal and the functionality of the product to be the most influential factors in the customer's purchasing decision, which is aligns with the marketing research that highlights packaging as a "silent salesman" that changes the perceived quality and brand image (Kotler & Keller, 2016; Armstrong & Cunningham, 2018). Functional packaging such as resealable containers, sturdy wrappers, or sizes that are easy to use, can improve the usability and delight of the customers. Attractive designs can also prolong the products shelf life especially in competitive local markets and tourist-oriented stores (Del Prado et al., 2024; Richards, 2018). The implication is that microentrepreneurs are deliberately making their products more attractive to increase their competitiveness and market potential.

In the same way, the measurement for the indication of the inclusion of clear product labels—information like ingredients, expiration dates, and origin—got a score of 3.65, which shows that most of the respondents agreed with this statement. Hence, proper labelling seems to have been understood as a means to create consumer trust, product transparency, and fulfill basic food safety requirements (OECD, 2018; UNWTO, 2019). Furthermore, clear labelling is a branding tool that not only helps in the promotion of Carmelado as a local Masbate delicacy but also is in line with the studies suggesting that origin labelling and storytelling elevate perceived authenticity and gastronomic tourism value (Richards, 2018; Schaper et al., 2018). Indubitably, the finding suggests that good labelling will enable products to draw the attention of informed buyers, increase trust, and be health-conscious and safety-oriented consumers' choice of purchase.

Moreover, the adoption of eco-friendly and durable packaging material also showed a favorable result with the average score of 3.59 and an Agree interpretation. This indicates that microentrepreneurs are gradually adopting more sustainable packaging options, which aligns with rising consumer preferences for environmentally responsible products and policy pushes toward greener MSME practices (OECD, 2018; Iddrisu & Nyuur, 2023). On the other hand, the use of durable packaging for Carmelado can keep the product safe from melting, contamination, and physical damage and consequently increase customer satisfaction while at the same time lessen post-production losses (Prayag et al., 2020; Del Prado et al., 2024). The implication is that the two factors, sustainability and practicality, are becoming the main focus, thus, helping to retain the image of Carmelado as a traditional yet environmentally friendly product in the evolving market landscape.

Meanwhile, adopting to creative imaginative packaging that reflects Masbate's culture and heritage resulted in an average of 3.37, which is interpreted as Neutral. The finding indicates that cultural branding is acknowledged as a useful tool, but it is still not being implemented widely or regularly. The case-study evidence on cultural products reveals that using local symbols, stories, and identities not only in the product but also in the packaging can greatly influence place-based branding as well as the tourism sector (Richards, 2018; UNWTO, 2019). Some microentrepreneurs may not have the necessary design skills, resources, or be able to access suppliers who can produce culturally inspired packaging; likewise, some may be hesitant to combine cultural and cost aspects as a way of increasing the production cost when a similar challenge has been observed among other rural producers (Habibi et al., 2021; OECD, 2017). The implication is that while cultural identity can be a powerful marketing tool to differentiate Carmelado in the local and external markets through tourism and regional pride, it is still essentially a dormant resource.

Improving the packaging to extend the shelf life was gauged with a mean of 3.61, which is interpreted as Agree, thus the respondents recognize the product protection and preservation as vital. It is through proper packaging that longer shelf-life can be attained, spoilage can be controlled, and quality in the case of transport can be assured especially when Carmelado is sold outside the local markets or given as pasalubong (Prayag et al., 2020; Schaper et al., 2018). This innovation becomes a direct market-expansion toucher by ensuring that carmelado reaches customers in optimal condition.

Journal DOI: 10.36713/epra1013 | SJIF Impact Factor (2026): 8.748 ISSN: 2347-4378
EPRA International Journal of Economics, Business and Management Studies (EBMS)
Volume: 13 | Issue: 3 | March 2026 -Peer-Reviewed Journal

The consistency of agreement over most of the indicators reveals that the innovations in packaging and labelling are highly acknowledged by microentrepreneurs of Carmelado and practiced in their businesses. These results implies that producers put a great deal of emphasis on the aspects of product presentation, consumer communication, and protection. On the other hand, their neutral rating of culturally inspired packaging suggests an infusion of Masbate's heritage into the packaging designs could not only help solidify brand identity but also make Carmelado more distinct at the provincial and national level (Richards, 2018; UNWTO, 2019). By deepening this facet—together with the current momentum in durability, shelf-life enhancement, and clear labelling—there is a great deal of market potential that can be unsealed, thereby not only supporting long-term sustainability but also microenterprises in the Carmelado sector.

Table No.7 Marketing and Promotion

Indicators	Mean	Std. Deviation	Interpretation
I use social media platforms (e.g., Facebook, TikTok) to advertise Carmelado.	3.54	0.836	Agree
I participate in trade fairs or tourism events to promote my brand.	3.52	0.809	Agree
I implement discounts, freebies, or bundle promotions to attract customers.	3.65	0.900	Agree
I collaborate with tourism offices and local businesses to market my products.	3.59	0.884	Agree
I monitor competitor promotions to improve my marketing strategy.	3.37	0.711	Neutral
Marketing and Promotion	**3.54**	**0.589**	**Agree**

MARKETING AND PROMOTION

The results for marketing and promotion indicate that Carmelado microentrepreneurs are actively engaging in various promotional strategies, as reflected in the overall mean of 3.54 with a standard deviation of 0.589, interpreted as Agree. This indicates that respondents generally recognize the importance of marketing activities to increasing product visibility, attracting customers, and strengthening their competitive position in the local market, in line with evidence that marketing innovation is a critical driver of MSME performance (Gunday et al., 2011; Guillen & Lim, 2023).

Using social media platforms such as Facebook and TikTok to advertise Carmelado got a mean of 3.54, interpreted as Agree, showing that digital promotion is a growing trend among microentrepreneurs. The studies in the Philippines have shown that digital marketing has been rapidly adopted by the MSMEs after the pandemic especially in the field of social media which is considered a low-cost but very effective tool for microenterprises (Guillen & Lim, 2023; Cordova et al., 2025). This indicates that numerous producers have realized the great reach and low cost of social media marketing and are currently using it to display their products, to announce their availability, or to engage with customers online. However, the moderate standard deviation of 0.836 indicates varying levels of digital literacy. This means that while some people actively use social media, others may not be able to because of their skills, access, or lack of experience with online advertising tools. These same problems have been reported in other parts of the Philippines (Tutica, 2024; Francisco, 2024).

Participation in trade fairs and tourism events scored a mean of 3.52, which is also interpreted as Agree, indicating that a considerable number of microentrepreneurs use community and provincial events to promote their Carmelado products. These events allow producers to reach tourists, wholesalers, and new customer segments and have been identified as significant channels for traditional food producers to create networks and gain visibility (UNWTO, 2019; Richards, 2018). Consequently, trade fairs appear to be a feasible marketing avenue, particularly in areas like Masbate where cultural and tourism events attract different types of audiences.

Nonetheless, the differences in responses indicate that not all respondents are equally engaged, thus, there may be financial constraints or limited invitations to such events affecting the respondents' activity level, a trend that has also been recognized in other MSME clusters (Schaper et al., 2018; OECD, 2018).

The use of discounts, freebies, and bundle promotions stands out with one of the highest ratings with a mean of 3.65, interpreted as Agree. This demonstrates that promotional pricing strategies are being extensively applied. This also indicates that microentrepreneurs consider that making the product more affordable and giving something extra are

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EPRA International Journal of Economics, Business and Management Studies (EBMS)
Volume: 13 | Issue: 3 | March 2026 -Peer-Reviewed Journal

effective methods to attract and retain customers, which aligns with the well-known marketing principles for sales promotions and price-based tactics in price-sensitive markets (Kotler & Keller, 2016; Armstrong & Cunningham, 2018).Promotions may also help clear inventory, encourage repeat purchases, and make Carmelado more appealing during peak seasons or special occasions. The high standard deviation reflects differences in how frequently and creatively these promotions are used, which may relate to differences in entrepreneurial orientation and risk-taking (Lumpkin & Dess, 2001; Pelegrin et al., 2022).

Collaboration with tourism offices and local businesses resulted a mean of 3.59, interpreted as Agree, indicating that many respondents actively build partnerships to extend the reach of their products. The mentioned collaborations—where Carmelado is presented in local tourism centers, hotels or resorts are partnering for souvenir packs, and a municipality is launching a campaign in which businesses are participating—are examples of network-based marketing and cluster strategies, which have been linked to increased small-firm performance (Carayannis et al., 2021; Prayag et al., 2020). These partnerships enable microentrepreneurs to tap into established networks and boost brand visibility, which contributing to a broader market access.

Furthermore, monitoring competitor promotions was the least scoring practice under this dimension by a mean of 3.37 and a Neutral interpretation. It implies that a few microentrepreneurs monitors competitor strategies, but it is not a regular practice of the whole group. Limited access to information, a lack of formal marketing training, and a preference for traditional selling methods may impede effective observation and analysis of competition. This indicates the gaps identified in previous MSME research (Roper et al., 2017; Tutica, 2024). The identified gap indicates a potential shortcoming in strategic marketing, underscoring the significance of competitor analysis for improving promotional strategies and product differentiation (Kotler & Keller, 2016; Gunday et al., 2011).

The findings demonstrate that microentrepreneurs actively participate in diverse marketing and promotional strategies, especially in digital advertising, partnership development, and value-added promotions.Enhancing the skills in competitor analysis and also increasing involvement in organized marketing events may improve visibility and competitiveness in the wider market (Guillen & Lim, 2023; Cordova et al., 2025).

Table No.8 Distribution Channels

Indicators	Mean	Std. Deviation	Interpretation
I sell my products through local stores and pasalubong centers.	3.41	0.884	Agree
I deliver products to other municipalities or nearby provinces.	3.57	0.860	Agree
I use online or delivery services to sell Carmelado products.	3.30	0.756	Neutral
I partner with logistics or retail outlets for distribution efficiency.	3.20	0.687	Neutral
I adjust distribution strategies based on customer demand and feedback.	3.43	0.655	Agree
Distribution Channels	**3.38**	**0.497**	**Neutral**

Distribution Channels

The data on distribution channels reveal a varying degree of acceptance among Carmelado microentrepreneurs. The overall mean is 3.38, and the standard deviation is 0.497, both of which are interpreted as Neutral. That is, there are numerous ways in which goods can be distributed, although certain methods are at a low level or are being implemented in short bursts, hence only a moderate level of distribution innovativeness can be traced back. The partial modernization of distribution similar to that which has been identified in SMEs in the Philippines that struggle with infrastructure and logistics has also been recognized (Francisco, 2024; OECD, 2018).

Most of microentrepreneurs have been heavily dependent on traditional and very welcoming places within their communities as shown by the goods which were sold through local businesses and pasalubong centers that got a score of 3.41. Local stores, souvenir shops, and pasalubong centers have always been the common ground where both the residents and tourists can meet, thus providing stable visibility and access to customers just like other regional specialty products (Schaper et al., 2018; Richards, 2018). A relatively high standard deviation (0.884) reveals that these shops are utilized differently. To illustrate, some manufacturers might have a good relationship with local retailers while others may be selling only directly to customers.

Delivering goods to other municipalities or neighboring provinces received an average score of 3.57, which can also be translated as "Agree". It shows that several microentrepreneurs could expand their businesses by going outside the scope of their local business area. This means that they understand the market potential outside of Masbate which is in line with the evidences that show inter-municipal trade and regional spillovers as the main ways for MSMEs to grow (Francisco, 2024; Prayag et al., 2020). Nevertheless, such an increase in distribution may only be accessible to those who have sufficient access to transportation or production facilities. It suggests that even though there is a geographic expansion, it may not fully reveal the group's potential yet.

Those who use online or delivery services to sell Carmelado have become more cautious, with a mean of 3.30 and a Neutral interpretation. It points out that few microentrepreneurs have already been at the forefront in selling their products through online platforms, nevertheless, this channel for product distribution is still not very commonly used or fully accepted. Small businesses in the Philippines have also encountered various challenges like low internet literacy, lack of knowledge in e-commerce operations, and difficulties in logistics that have prevented their complete shift to digital distribution (Cordova et al., 2025; Tutica, 2024). The neutral rating at this point uncovers a vital zone for possible growth which could make the product more marketable and accessible if the matter is resolved through training or support. It is quite significant when digital markets could have a great impact on widening the customer base.

In a similar vein, the idea of partnering with logistics or retail stores to enhance distribution efficiency was also scored as Neutral with an average of 3.20. This indicates that there is not much strategic interaction with formal distribution partners such as delivery services, grocery stores, or regional shops for the majority of micro-entrepreneurs who may still be using manual or traditional methods of marketing their products. Therefore, they might not have the necessary connections or resources to be involved in more complex distribution systems, which has been acknowledged as a challenge in studies on SME distribution (OECD, 2017; Francisco, 2024). As a result, the statement above implies that operational efficiency and the ability to reach more customers are still at a standstill due to the lack of contractual agreements for logistics that have been organized.

Adjusting distribution strategies based on customer demand and feedback scored a mean of 3.43, which is interpreted as Agree. This suggests that microentrepreneurs pay attention to the preferences of buyers when they decide on the distribution of products - how and where. Such flexibility is a reflection of micro-level dynamic capabilities - recognizing customer needs and changing even simple distribution agreements accordingly (Teece, 2007; Ambrosini et al., 2009). Although there are only a few formal systems in place, microentrepreneurs rely heavily on direct customer insights to identify selling points, determine the quantities, or look for new outlets. This capability keeps them in customer satisfaction and equips them to handle even competitive markets.

The general trend shows that Carmelado microentrepreneurs are basically employing traditional and geographically expanding distribution channels, however, they are still hesitant about digital platforms and formal logistics partnerships. Upgrading skills in online selling, delivery coordination, and distribution planning can greatly affect market reach and operating efficiency (Cordova et al., 2025; OECD, 2018). Through overcoming these challenges, local microentrepreneurs could be freed from the confines of the small-market areas, their customer base can be broadened, and thus the continuation of the Carmelado industry in Masbate can be guaranteed.

LEVEL OF MARKET POTENTIAL OF CARMELADO

This section examines the level of market potential of Carmelado, including sales growth, profit margin, ROI, and market expansion which indicates product performance and growth possibilities. Evaluating the market potential of local products is a prerequisite for understanding their growth capabilities, competitiveness, and long-term sustainability, particularly in the case of microenterprises in developing economies (Kotler & Keller, 2016).

Market potential is most oftenMarket potential is usually assessed through indicators such as sales growth, profit margin, return on investment, and market share expansion, as these metrics provide a comprehensive view of overall business performance and consumer’s response (Armstrong & Cunningham, 2018).

By analyzing these aspects for local products like Carmelado helps determine how microentrepreneurs are leveraging market demand, adopting innovations, and widening their customer reach (Schaper et al., 2018). This analysis is vital

for identifying strengths, challenges, and strategic opportunities that can facilitate the continued growth and competitiveness of Carmelado businesses in Masbate and beyond.

Table No. 9 Sales Growth			
Indicators	**Mean**	**Std. Deviation**	**Interpretation**
My total sales volume has increased within the past year.	3.50	0.782	Agree
I record consistent monthly growth in Carmelado sales.	3.59	0.686	Agree
I experience increased demand during tourism and holiday seasons.	3.70	0.756	Agree
My sales growth is influenced by product and marketing innovations.	3.37	0.610	Neutral
My market expansion leads to higher revenue stability.	3.26	0.648	Neutral
Sales Growth	**3.48**	**0.526**	**Agree**

SALES GROWTH

The sales growth results point to a largely positive trend for microentrepreneurs of Carmelado with the overall mean of 3.48 and standard deviation of 0.526, which is interpreted as Agree. This implies that the respondents view the sales of their business as improving, though the extent of growth varies to different parts of their operations and is affected by both internal and external factors, which is in line with the mixed but generally upward trajectories of innovative MSMEs (Gunday et al., 2011; Roper et al., 2017).

The volume of total sales has increased over the past year, and the corresponding mean of 3.50 was interpreted as Agree, indicating that quite a number of microentrepreneurs have seen their overall sales rise significantly. One reason for this could be the elevated consumer familiarization with the market, product upgrades, or increased customer attraction to Masbate specialties such as Carmelado, thus making it a culturally-driven food product trend integrated into an indigenized tourism circuit (Richards, 2018; UNWTO, 2019). A moderate standard deviation signifies that growth is happening, but not all the entrepreneurs experience growth at the same rate or in the same volume, perhaps due to differences in distribution reach or production capacity (Francisco, 2024; Prayag et al., 2020).

The mean response for the continuous increase in Carmelado sales each month was also 3.59, indicating "Agree". Therefore, most of the survey respondents would be aware that their monthly cash flow keeps getting higher. The reason for this could be improved business operations, more customer loyalty, or marketing that is working well. As a result, this would make market-oriented and innovative MSMEs have more stable and predictable revenue patterns (Gunday et al., 2011; Guillen & Lim, 2023

The most significant fact relates to the increased demand during the tourism and holiday seasons, for which a mean of 3.70 was achieved, and was interpreted as Agree. This feature of the Carmelado business model underlines its high seasonality, especially in the light of Masbate tourism activities, festivals, and family traditions. Seasonal peaks are the characteristics of local specialties that are connected to tourism and gift-giving, and producers who align production with these cycles mostly get the greatest benefits (UNWTO, 2019; Richards, 2018). It points out that strategic alignment with the tourism cycles—through stock preparation, seasonal promotions, and event participation—can be the most decisive factors in sales boost.

Meanwhile, the idea that sales growth depends on product and marketing innovations is a proposition that attracted a mean score of 3.37 and was interpreted as Neutral. It represents the fact that some microentrepreneurs feel the innovation impact on their sales performance, while others do not link changes in product features or promotional strategies to the increase in revenue directly. There have been similar discrepancies between innovation activities and perceived financial outcomes in MSMEs, where innovation is not systematically tracked, as reported by Roper et al. (2017) and Fernández (2023). This neutral point of view calls for a larger degree of insight and more capability to make a connection between innovation and financial performance.

In the same way, the indicator on market expansion leading to revenue stability generated a mean of 3.26, which was also a Neutral response. It conveys that the respondents are not all experiencing stable revenues from market expansion. As a result, some microentrepreneurs may witness stable revenues due to distribution expansion, whereas others may face issues such as fluctuating demand, increasing operational costs, or shortages of supply (Francisco,

2024; Prayag et al., 2020). It highlights the gap between the expansion they have planned and the stable revenue results they have gotten, thus indicating the need for more organized distribution planning and market access facilitation.

The findings demonstrate that the microentrepreneurs of Carmelado are seeing a commendable sales growth, especially through increasing demand during the seasons and monthly sales. However, the latter needs to be strengthened further by improving the connection between innovation and revenues, implementing market-expansion strategies effectively, and managing seasonal fluctuations efficiently through the use of human capital, thereby ensuring long-term sales stability and the sustainable growth of Carmelado enterprises in Masbate (Gunday et al., 2011; OECD, 2018).

Table No.10 Profit Margin

Indicators	Mean	Std. Deviation	Interpretation
I can maintain profitability despite market competition.	3.67	0.560	Agree
My pricing strategy balances customer affordability and profit.	3.67	0.560	Agree
My cost-saving innovations improve my profit margin.	3.30	0.695	Neutral
My profit reinvestment helps expand production.	3.48	0.752	Agree
I monitor expenses to ensure sustainable returns.	3.26	0.743	Neutral
Profit Margin	**3.48**	**0.449**	**Agree**

PROFIT MARGIN

The data on profit margin shows that microentrepreneurs in Carmelado have on average a moderate level of profitability. This is supported by the overall average of 3.48 and standard deviation of 0.449, which corresponds to the verbal interpretation Agree.This means that the respondents are generally able to maintain their profits, but the financial management aspect is still a bit weak in some areas of the group, thus, reflecting the characteristics of microenterprises that operate on tight margins while input costs fluctuate (Armstrong & Cunningham, 2018; Francisco, 2024).

Maintaining Profitability in spite of market competition was rated with a mean of 3.67, thus, the level of agreement was noteworthy, which is the indication of the effective competition capacity by the majority of entrepreneurs at the local market. Consequently, the products seem to be accepted, prices are attractive, and businesses have been changed in the way to withstand market pressures in concordance with the proof that innovation and localized branding can counterbalance scale disadvantages (Ngo & O'Cass, 2013; Habibi et al., 2021).

The indicator for price strategy to balance customer affordability and profit also achieved a mean of 3.67, thus, the respondents are aware of the importance of setting the prices that attract the customers while still ensuring financial sustainability. Such a balance is very important for small-scale producers who operate in markets where consumers are very sensitive to changes in prices and are dependent on repeat purchases in order to be able to maintain their income at a stable level (Kotler & Keller, 2016; Schaper et al., 2018).

The indicator about the employment of cost-saving innovations for profit enhancement showed an average value of 3.30, which can be considered as Neutral. Thus, a few micro-entrepreneurs might be utilizing such tactics as waste minimization, buying less expensive raw materials, or production process optimization, whereas some may be inconsistent in the implementation of these practices. Both international and Philippine studies have indicated that process innovations and the use of cost-management tools are less common among microenterprises compared to marketing-oriented changes (Roper et al., 2017; Francisco, 2024). The variation of this indicator signals the necessity of operational efficiency through training or support in order to achieve better profit results.

The mean for profit reinvestment to expand production was 3.48, interpreted as Agree, thus, a large number of the respondents use the profits to develop production capacity or improve product quality. Such work demonstrates planned financial management and the comprehension of the significance of leveraging profits to grow the business, reverberating the resource-based and dynamic capability theories that emphasize reinvestment as the key to a sustained competitive advantage (Barney, 1991; Teece, 2007).

Journal DOI: 10.36713/epra1013 | SJIF Impact Factor (2026): 8.748 ISSN: 2347-4378
EPRA International Journal of Economics, Business and Management Studies (EBMS)
Volume: 13 | Issue: 3 | March 2026 -Peer-Reviewed Journal

On the contrary, monitoring expenses for the sake of sustainable returns was met with a mean of 3.26, thus, a Neutral response, which suggests that some entrepreneurs may not be systematically tracking costs, hence, relinquishing opportunities to optimize profit margins and manage cash flow effectively (Ambrosini et al., 2009; Francisco, 2024). These results show that microentrepreneurs in Carmelado are of general profitability, strategically undertake price setting and reinvestment activities, however, they still face difficulties in cost control and operational innovations which could lead to further increases in profit margins. If such matters were solved, the microenterprises would not only become financially more sustainable, but also their business growth would be facilitated, and as a result, they would be more resilient to the competition and changes in the market (Armstrong & Cunningham, 2018; OECD, 2018).

Table No. 11 Return of Investment

Indicators	Mean	Std. Deviation	Interpretation
My innovations lead to faster recovery of production costs.	3.02	0.614	Neutral
I evaluate investments in equipment and packaging by their profitability.	3.24	0.673	Neutral
I reinvest earnings to improve quality and efficiency.	3.24	0.639	Neutral
I apply innovation in financial monitoring tools to track ROI.	2.13	0.806	Disagree
My ROI improves with enhanced customer loyalty.	3.43	0.720	Agree
Return of Investment	**3.01**	**0.431**	**Neutral**

RETURN OF INVESTMENT

The data on return on investment (ROI) represent, in general, a moderate and cautious stance of Carmelado microentrepreneurs. This is evidenced by the overall mean of 3.01 and a standard deviation of 0.431, both of which are interpreted as Neutral. Hence, the respondents consider the importance of investment and financial management, but the effectiveness of their practices in achieving measurable returns still appears to be a bit of a hit and miss. Similar trends have been found in MSMEs, where basic bookkeeping is carried out, but more sophisticated investment appraisal is seldom done (Roper et al., 2017; Francisco, 2024).

The innovations indicator that pointed to faster recovery of production costs showed a mean of 3.02, which was interpreted as Neutral and suggests that some microentrepreneurs can significantly benefit from innovations, but the results are not very consistent. The changes in product development, packaging, or process could be made to increase efficiency, but not all producers are seeing immediate or substantial reductions in production recovery time. This emphasizes the importance of having more precisely crafted plans that would directly connect the innovative practices with cost recovery and financial efficiency (Armstrong & Cunningham, 2018; Fernández, 2023).

The statement about evaluating investments in equipment and packaging based on profitability gained a mean score of 3.24, which is also interpreted as Neutral. Hence, some respondents might be assessing the financial benefits of a newly bought machine or an upgraded packaging, but a large number of them may simply be making investment decisions without going through a thorough evaluation of potential returns. A complete realization of ROI can be hampered by factors such as limited knowledge of cost–benefit analysis, lack of capital, or informal financial practices, which is in line with the situation of microenterprises in emerging-economies (Iddrisu & Nyuur, 2023; OECD, 2017). Theoretically, the microentrepreneurs, on the other hand, would be quite comfortable with the idea of gaining skills through a targeted instruction program focusing on investment appraisal and resource allocation considered as one of the best means for ensuring that expenditure contributes meaningfully to profitability.

The concept of reinvesting the earnings to improve quality and efficiency also reached a mean of 3.24, neutral, suggesting that the practice of reinvesting earnings has been achieved to a moderate extent. Some producers may allocate their earnings to the improvement of product quality, production efficiency, or operational capacity, while others may prioritize the immediate consumption of earnings or lack a structured plan for reinvestment, which has also been identified in rural MSME cases (Prayag et al., 2020; Francisco, 2024). The partial application of reinvestment practices signifies that while the idea of improving operations through reinvestment already exists, it is not yet systematic, thus it may limit long-term ROI and the possibility of sustainable growth.

Financial innovations for monitoring tools to track ROI scored the lowest, with a mean of 2.13, and was interpreted as Disagree. This implies that the majority of microentrepreneurs are not using formal instruments or methods to monitor investment returns but instead they depend on intuition or simple bookkeeping.

Among the various aspects, the use of innovation in financial monitoring instruments to track ROI was rated the lowest, obtaining an average score of 2.13, which is interpreted as Disagree. It implies that the majority of microentrepreneurs refrain from using formal tools or methods for monitoring their return on investment and instead rely on their intuition or simple bookkeeping. Without properly structured financial tracking, it can hide the insight of which innovations or expenditures are really resulting in profit, therefore, it becomes difficult to use resources efficiently or to make plans for growth at a strategic level (Ambrosini et al., 2009; Roper et al., 2017). It exposes a significant gap in financial management that could be instrumental in not only improving the predictability but also the efficiency of returns if it were to be solved.

Lastly, the point of return on investment (ROI) getting better with increased customer loyalty was rated by respondents with a mean value of 3.43, which is interpreted as Agree, indicating that respondents acknowledge the link between loyal customers and financial returns. Thus, repeat purchases, word-of-mouth promotion, and stable demand are the factors that lead to higher ROI even if there are no sophisticated financial tracking systems, which is in line with the marketing and entrepreneurship theory (Ngo & O'Cass, 2013; Schaper et al., 2018). This is evidence that microentrepreneurs may utilize customer satisfaction and loyalty as a main source of investment recovery, thus customer loyalty through quality products, proper marketing, and good customer relationships being more vital than ever.

The return on investment figure is one that conveys that microentrepreneurs from Carmelado comprehend well the significance of investment and returns while the practices that are related to financial evaluation, monitoring and reinvestment are inconsistently put into action. Improvements in financial literacy, the provision of user-friendly monitoring tools and the direct linking of innovation to measurable outcomes could strengthen ROI, facilitate more strategic decision-making, and thus increase the long-term viability and growth potential of Carmelado enterprises in Masbate (DTI, 2024; Iddrisu & Nyuur, 2023).

Table No.12 Market Share Expansion

Indicators	Mean	Std. Deviation	Interpretation
I continuously attract new customers through online and direct sales.	3.74	0.801	Agree
My Carmelado brand is gaining popularity beyond my local area.	3.67	0.732	Agree
My loyal customers frequently reorder my products.	3.89	0.823	Agree
My brand recognition increases in trade fairs and tourism sites.	3.59	0.777	Agree
My innovative practices contribute to expanding my customer base.	3.57	0.750	Agree
Market Share Expansion	**3.69**	**0.660**	**Agree**

Market Share Expansion

The data for market share expansion reveal a vibrant and aggressive drive on the part of Carmelado microentrepreneurs to widen their consumer base, which is evident in the aggregate mean of 3.69 and a standard deviation of 0.660, both being measures of Agree. The implication is that responders are energetically putting into practice the tactics aimed at winning new customers, keeping the current ones, and making their products more visible not only to local but also to other markets, thus facilitating the general growth of their firms. Such a picture is consistent with research results whereby innovation-oriented and market-driven MSMEs are reported to extend their reach even when they have limited resources (Gunday et al., 2011; Roper et al., 2017).

The statement about continuously attracting new customers through online and direct sales got a mean of 3.74, which is interpreted as Agree, thus indicating that microentrepreneurs are actively using various sales channels to get to a wider audience. Online platforms, social media, and personal selling are ways that producers can involve both local and remote consumers, thereby broadening the market for Carmelado beyond the traditional limits, in the same way as digitally enabled MSMEs in the Philippines (Guillen & Lim, 2023; Cordova et al., 2025).

Journal DOI: 10.36713/epra1013 | SJIF Impact Factor (2026): 8.748 ISSN: 2347-4378
EPRA International Journal of Economics, Business and Management Studies (EBMS)
Volume: 13 | Issue: 3 | March 2026 -Peer-Reviewed Journal

The perception that the Carmelado brand is gaining popularity beyond the local area resulted in the mean of 3.67 which is interpreted as Agree, suggesting that respondents feel their products are getting more and more recognized outside their immediate community. Increasing popularity can be facilitated by participation in trade fairs, tourism events, social media promotion, and word-of-mouth marketing, which are all common mechanisms for the extension of traditional food brands (Richards, 2018; UNWTO, 2019).

Loyal customers frequently reordering products got the highest mean of 3.89 which is interpreted as Agree, thus showing that retention of customers is on a firm ground and market expansion is mostly being driven by repeated purchases. It is a reflection of the success of product quality, customer satisfaction, and brand loyalty in stabilizing sales as well as the possibility that these loyal customers may serve as brand ambassadors thereby further extending the market through their personal recommendations (Schaper et al., 2018; Ngo & O'Cass, 2013).

Brand recognition at trade fairs and tourism sites resulted in the mean of 3.59, which is interpreted as Agree, thus indicating that exposure to public events is a major contributor to market expansion. Opportunity for microentrepreneurs to present Carmelado to untapped customer segments, build brand recognition, and establish contacts with potential business partners through involvement in these venues, is in agreement with research in tourism and gastronomy (Prayag et al., 2020; UNWTO, 2019).

The mean of 3.57, which is interpreted as Agree, was recorded for the statement about the role of innovative practices in broadening the customer base, thus being an indication that product and marketing innovations are leading to the attraction of new customers. Innovations in packaging, flavor can be through experimentation, promotional campaigns, and social media engagement, all leading to the differentiation of the product in competitive markets and meeting the different customer preferences (Gunday et al., 2011; Habibi et al., 2021).

Together these points illustrate that Carmelado microentrepreneurs are successfully implementing market share growth strategies that combine customer acquisition, loyalty, brand promotion, and innovation. By deepening their digital presence, broadening their participation in public events, and continuing to innovate both at product and marketing levels, they can extend their market reach to secure continued growth and competitiveness not only in Masbate but also in other places (OECD, 2018; Guillen & Lim, 2023).

RELATIONSHIP BETWEEN INNOVATION AND MARKET POTENTIAL OF CARMELADO

This part explores the relationship between innovation and the market potential of Carmelado, showing how different dimensions of innovation impact the main business performance indicators. According to Tidd & Bessant (2021), innovation is the key to increasing the competitiveness and sustainability of microenterprises, as it gives companies the opportunity to adjust to the consumers' changing preferences, make their products unique and deepen their market position. Research findings indicate that new product development, attractive and informative packaging, promotional activities, and distribution channel improvements are major contributors to sales, profitability, and long-term growth of small food-based enterprises (Distanont & Khongmalai, 2018). Understanding these connections, microentrepreneurs from Carmelado will have a clear view of how to use innovation as a tool for market expansion, financial performance improvement and business resilience assurance.

Table No. 13 Relationship Between Innovation and Market Potential

	Product Development		Packaging and Labelling		Marketing and Promotion		Distribution Channels	
	r-value	p-value	r-value	p-value	r-value	p-value	r-value	p-value
Sales Growth	.631**	0.000	.576**	0.000	.655**	0.000	.526**	0.000
Profit Margin	0.29	0.050	.365*	0.013	.302*	0.041	.409**	0.005
Return of Investment	.446**	0.002	.363*	0.013	.427**	0.003	.491**	0.001
Market Share Expansion	.477**	0.001	.450**	0.002	.597**	0.000	.569**	0.000
** Correlation is significant at the 0.01 level (2-tailed).								
* Correlation is significant at the 0.05 level (2-tailed).								

Journal DOI: 10.36713/epra1013 | SJIF Impact Factor (2026): 8.748 ISSN: 2347-4378
EPRA International Journal of Economics, Business and Management Studies (EBMS)
Volume: 13 | Issue: 3 | March 2026 -Peer-Reviewed Journal

Relationship Between Innovation and Market Potential

This section discusses the link between innovation and market potential of Carmelado by illustrating how the different facets of innovation influence the key figures of business performance. According to Tidd and Bessant (2021), innovation remains the essential factor that can raise the competitiveness and sustainability of microenterprises as it enables companies to adapt to consumers' changing preferences, make their products unique, and strengthen their market position. New product development, attractive and informative packaging, promotional activities, and distribution channel improvements have been identified by research as major contributors to sales, profitability, and long-term growth of small food-based enterprises (Distanont & Khongmalai, 2018; Gunday et al., 2011). Similar trends have been observed in Philippine MSME studies, where innovation adoption and digital marketing have been found to have a strong positive correlation with firm performance (Guillen & Lim, 2023; Tutica, 2024).

The correlation analysis reveals that the aspects of innovation are positively related with many markets' potential indicators for Carmelado micro-entrepreneurs. The innovative practices in product development, packaging and labeling, marketing and promotion, or distribution channels have, according to this, made a considerable impact on sales performance, profitability, investment returns, and market share expansion, thus being in line with the international studies cited as a source of evidence for the performance effects of innovation in SMEs (Roper et al., 2017; Iddrisu & Nyuur, 2023).

Sales growth is more strongly correlated with all dimensions of innovation wherein r-values range from 0.526 to 0.655, all being significant at the 0.01 level. This finding indicates that innovations in product features, attractive packaging, marketing activities, and distribution strategies are closely related to sales increase.

Out of the innovation dimensions, marketing and promotion have the strongest correlation ($r = 0.655$), therefore, showing that the enthusiastic participation in advertising, promotions, and partnerships is especially efficient in leading to revenue increase. The findings here imply that microentrepreneurs who concentrate on exposure, customer interaction, and creative promotion methods get real increases in their sales, which agrees with the earlier empirical studies on marketing-driven growth in microenterprises (Ngo & O'Cass, 2013; Guillen & Lim, 2023).

Profit margin is associated with innovation at moderate levels, with the range of correlations varying from $r = 0.29$ to 0.409, and the significance being at the 0.05 and 0.01 levels. Two factors, namely packaging and labelling and distribution channels, which lead to profitability show stronger relationships that are ($r = 0.365$ and $r = 0.409$, respectively), thus, illustrating that carefully presenting the product and effectively distributing it are the two things that lead to better financial performance, and this is in line with results showing that channel efficiency and perceived quality are major factors that determine food business margins (OECD, 2018; Francisco, 2024). There is a weaker association between product development and profitability ($r = 0.29$, $p = 0.05$), which can be explained by the fact that improvements in taste, texture, or ingredient sourcing may enhance profitability, but without the support of marketing and operational strategies, the profits may not increase significantly (Gunday et al., 2011; Fernández, 2023). Return on investment (ROI) is positively and significantly correlated with all innovation factors, with the correlation coefficients being between 0.363 and 0.491, and the significance levels being either 0.01 or 0.05. Distribution channels show the strongest correlation with ROI ($r = 0.491$), which means that going to customers in an energy-efficient way and making delivery/ease-of-use attractive for them can impressively contribute to the fast recovery of investment, which is very much aligned with the research findings that highlight logistics and channel design as the main areas that influence MSME financial performance (Francisco, 2024; OECD, 2017). Marketing and promotion ($r = 0.427$) and product development ($r = 0.446$) also point to substantial contributions, thereby indicating that innovation in product features coupled with promotional strategies leads to the facilitation of financial efficiency and higher return potential (Roper et al., 2017; Iddrisu & Nyuur, 2023).

The indication of market share expansion to correlation with all innovation dimensions is statistically significant as the r-values range from 0.450 to 0.597, with all being significant at the 0.01 level. Once again, marketing and promotion reveal the highest correlation ($r = 0.597$), thus, pointing to the fact that activities directed at reaching out to new customers, building up brand recognition, and carrying out promotion are instrumental in widening the access to a market, which strengthens the earlier-found relationships about the pivotal role of marketing capabilities in shaping the growth of SMEs (Gunday et al., 2011; Guillen & Lim, 2023). Along with marketing and promotion, distribution channels ($r = 0.569$) and product development ($r = 0.477$) are also very powerful in helping a business to

extend its market, and this could be the result of the interplay between product quality, accessibility, and tactical outreach in terms of both attracting and retaining customers (Ngo & O'Cass, 2013; Richards, 2018).

These findings support the idea that innovation is the main driving force behind market potential for microentrepreneurs in Carmelado. Even though product development and packaging have remained the major source of promotion along with distribution, marketing and promotion have consistently brought the strongest effect in sales, market share, and ROI. Those microentrepreneurs who decide to implement a comprehensive innovation strategy that involves product innovations, creative packaging, strategic marketing, and efficient distribution will, most likely, see their sales, profitability, return on investment, and market growth sustained over time because their actions are consistent with theoretical viewpoints on dynamic capabilities and resource-based advantage (Teece, 2007; Barney, 1991).

CONCLUSION

Based on the overall results, it is concluded that innovation significantly enhances the market potential of Carmelado microentrepreneurs in Masbate, although innovation practices remain uneven across dimensions. The microentrepreneurs show that they are highly involved in packaging and marketing innovations, however, there are still inconsistencies in product development, digital distribution, and financial monitoring, which in turn restrain them from fully realizing their market potential.

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