

## MARKET PENETRATION OF COMMISSARY PRODUCTS OF TORRES TRADING COMPANY

Cecil A. Gutierrez and Candido M. Perez

### ABSTRACT

*Commissary is a part of Torres Trading Company where it provides food in the cafeteria of Yazaki-Torres. It also produces meat products like tocino, tapa, and longganisa to meet their target sales. This study is aimed to determine the Market Penetration of Commissary Products of Torres Trading Company. The researchers aimed to: identify the demographic profile of the selected respondents in terms of age and gender; determine customers' preferences; determine the customers' awareness and willingness; and determine retailers' preferences. Quantitative method was used to carry out the study and the data were obtained from 90 potential customer and 10 possible distribution channels at Calamba, Sto. Tomas, and Tanauan City. To determine the result, the data were tallied, tabulated, illustrated by charts (column), and evaluated using the frequency distribution and percentage. The results showed that the potential customers are willing to buy the meat products of Torres Trading Company if it will be launched in a market. On the other hand, for possible distribution channels, only two retailers answered that they are willing to supply the product of TTC, six retailers answered that they need a sample of meat products first and the other one is that part of San Miguel Corporation. The results also showed that in the customers' preferences, they buy weekly the product of tocino and tapa in the public market with the amount of P100 to P299 as their budget. Quality and unbranded is what they preferred in meat products. Similarly, for the retailers' preferences, they ordered weekly and resell the product of tocino, tapa, and longganisa from their suppliers. They looked for the quality and proper sanitation of meat products. The researcher recommended that the management of Torres Trading Company may conduct aggressive marketing in promoting their products, there is also a need for brand-identity of the product to attract customers. The company may also do market diversification of products where they can use the taste of tocino, tapa, and lonnganisa in making siopao, siomai, dumplings, etc. Moreover, the management may also make their own website to introduce the profile of the company, products and service offered and using the social media accounts like Facebook and Instagram to promote the products.*

**Keywords:** **Market Penetration, Customers' Preferences, Retailers' Preferences, Aggressive Marketing**

## **INTRODUCTION**

Torres Trading Company-Commissary has been operating since late February, for almost a year now. A commissary is a shop which supplies foods and goods to people (Cambridge Dictionary, 2008).

As a benefit to the employees of Yazaki Torres Manufacturing, Inc. (YTMI), Yazaki-Torres Parts (YTP), and YTP-LIMA which is composed of more than 10,000 people, the commissary provides them free lunch every day. It provides and supplies the needed goods, food, ingredients, and supplies in their canteens. Moreover, the commissary produces meat products like tocino, tapa, and longganisa that was being sold to their employees only.

Though the management stopped the production of the old variant of meat products in order to improve its formula/recipe. They are continually producing foods for the factory's internal consumption. The employees were able to taste the old variants that were being produced in the old facility. From this time, meat products of the commissary are under development and have not undergone sensory evaluation with the employees. The commissary intend to resume production next year (2015).

The machineries of the commissary has the capacity to produce five metric tons of meat products a day; unfortunately, they can only use 1.5 - 2 metric tons of meat every day to achieve serve the demands of their target market. So, there are still 3 - 3.5 metric tons of unused meat. The main equipment that the commissary uses is the steam jacketed kettle which is used to cool large batches of viands. The production is searching for ways on how to further maximize the capacity of food distribution in order to maximize the capacity of their machines.

This study is attempting to determine new strategies on promoting the processed goods into the market and maximizing their food production to achieve and measure the extent of an existing product.

## **Related Literature**

### *Market penetration*

David (2009) further wrote that market penetration strategy seeks to increase the market share for present products or services in present market through greater marketing efforts.

Blatchford (2011), illustrated Reckitt Benckiser (RB) company as a great example of a market penetration strategy when marketing efforts are focused on increasing the sales of existing products with their current customers. Blatchford further elaborated that the Reckitt Benckiser Company uses promotional campaign to boost the awareness and the sales of their spot removal and skin care brand. The company is giving away Apple vouchers every four hours and customers can win vouchers where a profitable relationship was established.

Ritchie (2009) further defined market penetration as the attempt to grow the business by obtaining a larger market share in an existing market. The gathering and analysis of data relating to marketplaces or customers, including market size and growth, segmentation, customer decision criteria and competition; any research that lead to more market knowledge and better-informed decision making.

According to Perrault Jr., Cannon, and McCarthy (2009), market penetration is trying to increase the sales by selling the present products in new markets. This may involve searching for new uses of the product. In addition, advertising in different media may also try to reach new target customers. Further, more channels of distribution or stores may be added in new areas, including overseas.

## **Objectives of the Study**

The purpose of this study is to present the market penetration of the commissary to maximize their food production capacity and to propose new strategies on how their products will be recognized and accepted in the market.

The specific objective of is to determine the following:

1. The profile of buying customers in terms of: age, gender and, location.
2. The customers' preferences of processed meat product such as: product types, product features, labeled products, frequency of purchase, amount spent, and, place of distribution.
3. Customers' awareness and willingness to buy Torres Trading Company products.
4. The retailers' buying preferences of process meat products for resale such as: product types, supplier loyalty, frequency of purchase order, turnover of inventorable meat products, retailers' sales target accomplishment, preferences of the quality of processed meat product, and preferences of the quality of supplier.
5. Retailers' willingness to replace their current supplier and add the TTC as their supplier.
6. Market penetration strategies for Torres Trading Company's Commissary meat products: packaging design and competitive analysis.

## **METHODOLOGY**

### **Research Design**

The quantitative method was used. Malhotra, et al. (2008) posited that it is simple to administer and can provide reliable data where responses are limited to the stated alternatives.

## **Research Locale**

The locale of the study is conducted at:

**Calamba City.** Calamba City is a first class city in the province of Laguna, Philippines. It is a popular tourist destination and home to both natural and man-made attractions because of its hot spring resorts, most of the resorts are located in Barangay Pansol and in Canlubang Golf and Country Club.

**Sto. Tomas City.** It is one of the oldest town of Batangas. It is located at the foot of the legendary and picturesque Mt. Makiling.

**Tanauan City.** It has a scenic nature's beauty, attractive investment opportunities, rich culture and historical heritage, superb adventure and vigorous industrialization.

## **Participants of the Study/Sampling Design**

The respondents in this study are potential customers and possible business channels. There are 30 respondents from each city of Calamba, Sto. Tomas and Tanauan while 20 respondents from retailer centers with a total of 100 respondents. This study used quota sampling technique. Quota sampling's purpose is to obtain a representative sample from selected persons, not necessarily random but making a distribution in relation to some specific variables identical to the distribution of the studied universe.

## **Research Instrument**

The researchers used two sets of questionnaires as data gathering instruments. These sets of questionnaires are self-made to obtain the data

needed in the study. Though the format of the survey questionnaires were obtained from this particular site, <http://www.surveymonkey.com>.

First is a questionnaire for potential customers where the personal information of the respondents are present. This includes the gender and age of the respondents, the buying preference of consumers in terms of product types, product features, label of products, frequency of purchase, amount spent, and place of distribution. Customers' awareness and willingness was added.

Second is a questionnaire for possible distribution channels where the retailers' preferences are present in terms of product types, supplier loyalty, frequency of purchase order, turnover of inventorable meat products, retailers' sales target accomplishment, preferences on the quality of processed meat product, and the preferences on the quality of supplier.

### **Data Gathering Procedure**

The researchers distributed the survey questionnaires to potential customers by conducting a house-to-house survey within the vicinity of Sto. Tomas with a total of 30 survey questionnaires for three days and seven questionnaires in Tanauan City. While 16 questionnaires to be answered by potential customers were conducted within the public market of Tanauan City, and seven questionnaires were done by distributing to relatives in the area. The 15 survey questionnaires were done by distributing to the respondents in Turbina, Calamba City while the other 15 was conducted in the Food Court in SM Calamba City.

To fill the data needed for possible distribution channels, the researchers visited 10 different meat shop stores in Calamba, Sto. Tomas, and Tanauan City. There is one answered in Calamba City, three in Tanauan City, and six retailers in Sto. Tomas City.

## Data Analysis

To determine the result, the collected data were tallied, tabulated, illustrated by charts (column), and evaluated using the frequency distribution and percentage method, a display of data that identifies the percentage of observations that exists for data points. It displayed data as tables or as bar graphs or pie charts (Shapiro, 2008).

## RESULTS AND DISCUSSION

### Profile of the Customer Respondents

The profile of the customer respondents was limited only in terms of their age and gender. These categories were used because the researchers believed that it would play an important role in determining the influence of the selected respondents on buying decision. This would give the researchers an idea on how gender would affect their buying needs as well as their ages.

The age group was selected since these are the age groups that go to the market and buy meat products.

**Table 1 Distribution of respondents in terms of age**

Age	Calamba, Laguna		Sto. Tomas, Batangas		Tanuan, Batangas		Total	
	freq.	%age	freq.	%age	freq.	%age	freq.	%age
19-24	7	23.33%	14	46.67%	8	26.67%	29	32.22%
25-29	3	10.00%	3	10.00%	7	23.33%	13	14.44%
30-34	3	10.00%	6	20.00%	3	10.00%	12	13.33%
35-39	6	20.00%	1	3.33%	3	10.00%	10	11.11%
40-44	7	23.33%	1	3.33%	2	6.67%	10	11.11%
45-49	3	10.00%	3	10.00%	3	10.00%	9	10.00%
50-54	1	3.33%	1	3.33%	2	6.67%	4	4.44%
55-67	0	0.00%	1	3.33%	2	6.67%	3	3.33%
<b>TOTAL</b>	<b>30</b>	<b>100%</b>	<b>30</b>	<b>100%</b>	<b>30</b>	<b>100%</b>	<b>90</b>	<b>100%</b>

The results shown in Table 1 above is that target ages should be from ages 19 to 44. Since these age groups often shop meat products in the market. Hence, the taste of the product should be in preference of these people because according to the survey, at these ages, most of them buy and eat frozen meat products.

**Table 2 Distribution of respondents in terms of gender**

Gender	Calamba, Laguna		Sto. Tomas, Batangas		Tanauan, Batangas		Total
	Freq	%age	Freq	%age	Freq	%age	
Female	11	36.67%	16	53.33%	19	63.33%	51.11%
Male	19	63.33%	14	46.67%	11	36.67%	48.89%
<b>Total</b>	<b>30</b>	<b>100.00%</b>	<b>30</b>	<b>100.00%</b>	<b>30</b>	<b>100.00%</b>	<b>100.00%</b>

Table 2 above is collaborated by some gender studies. Baltas and Argouslidis (2007) confirms that gender can influence buying preferences. However, in Calamba, the researchers found that men’s purchasing needs are higher while in Sto. Tomas and Tanauan, female’s purchasing needs are higher.

*Buying customers’ preferences in terms of processed meat product types*

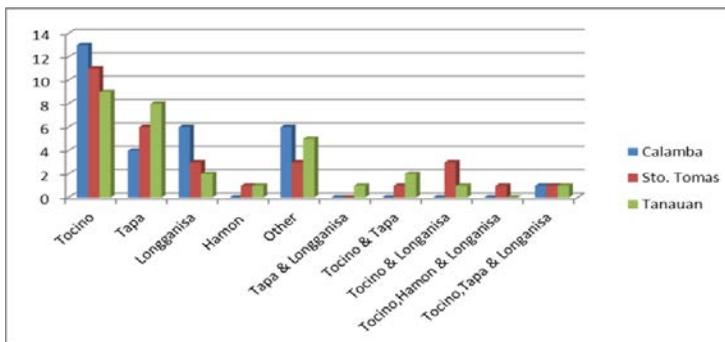


Figure 1. Product type

In Figure 1 above, survey results showed that production must focus on developing tocino meat products because according to the overall result of the survey, the respondents' choice is to buy tocino meat products most because people want tocino meat products more than any products of meat because based on *CDO - What makes tocino fantastic?*, it stated that it is a favorite breakfast of the Filipino people since the Spanish era because it satisfies the preferences (unique, sweet, and delectable taste) of the Filipino.

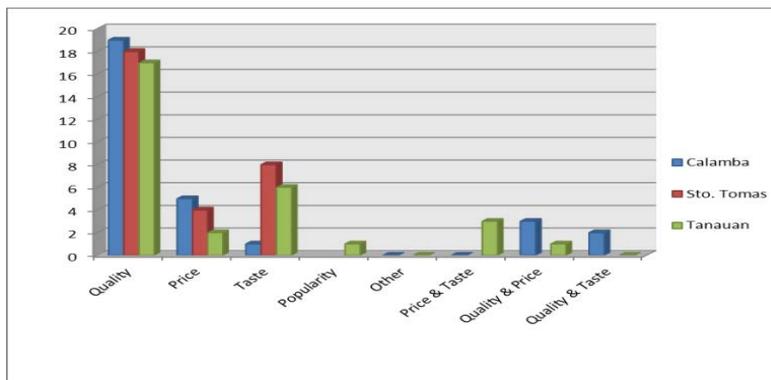


Figure 2. Product features

Figure 2 above shows that when it comes to meat products, production must have a high quality of meat with a great taste and favorable price that will provide satisfaction to the people. Some respondents commented that it is alright if the price is a little high as long as the product has good quality and taste. These three must be present in producing frozen meat products.

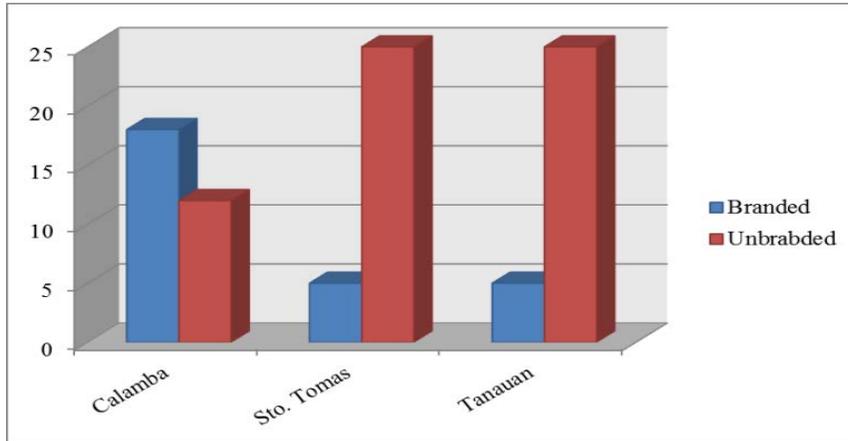


Figure 3. Processed meats along labeled products

Figure 3 above describes that respondents prefer the unbranded type of meat products because it is fresher and they can stock it in refrigerators for their consumption compared to branded products which have been frozen for long periods of time.

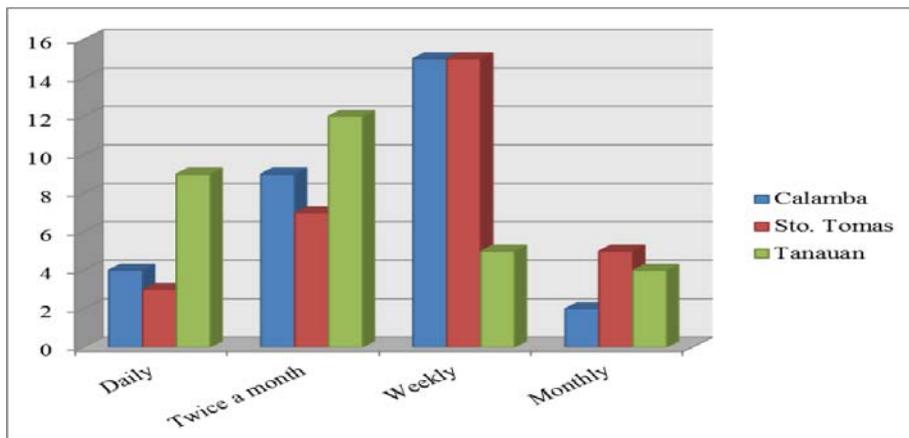


Figure 4. Frequency of purchase

Figure 4 describes the result of the survey on the frequency of purchase, the participants bought meat products weekly because it is not a hassle to them, especially to people who are far from meat shops. They buy meat weekly and stock it in the refrigerator for days of consumption.

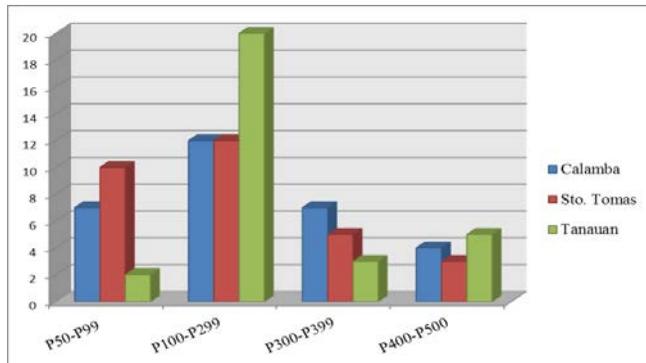


Figure 5. Amount spent on meat products

Figure 5 describes the result of the survey on the amount spent on meat products. Based on the survey result, in collaboration with the result in Figure 4, the researchers found out that the respondents of this study spend ₱100 to ₱299 in buying meat products since they only buy meat once a week to stock it for days.

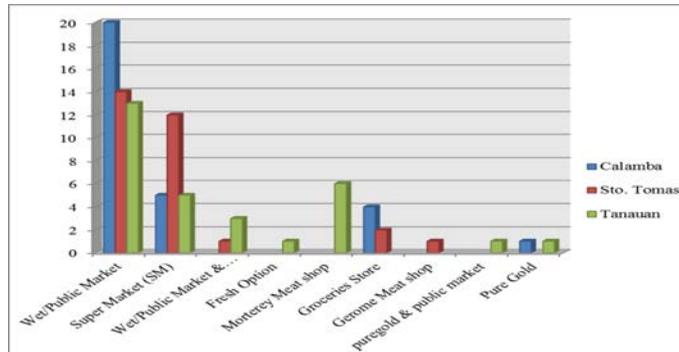


Figure 6. Place of distribution of processed meat products

The implication generated by the researchers based on the result in Figure 6 is that the participants buy meat products in the public market because buyers are accustomed to this. Also, consumers usually go the public market because they can ask for a discount.

### Customers' Buying Awareness and Willingness

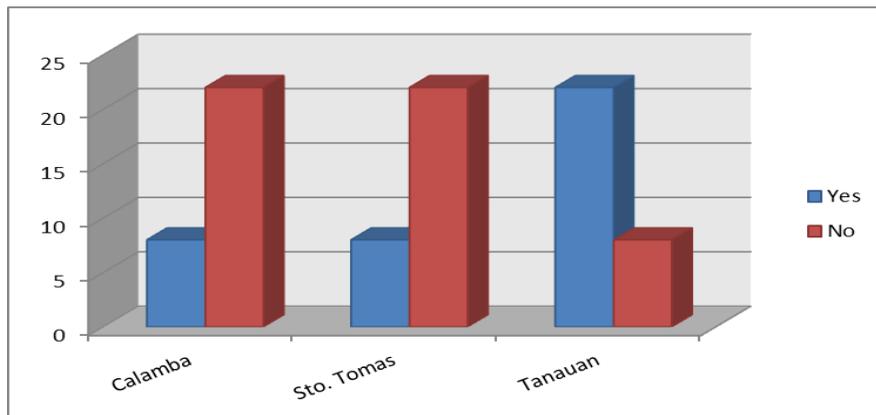


Figure 7. Customers' awareness on TTC meat products

Based on the results showed in Figure 7, the respondents are not familiar with the meat products of TTC. Though, in Tanauan City, respondents are aware of the meat products of TTC. Respondents in Tanauan is collaborated by the fact that majority of them have relatives working in Yazaki Torres. This proves further that the brand already has a possible market.

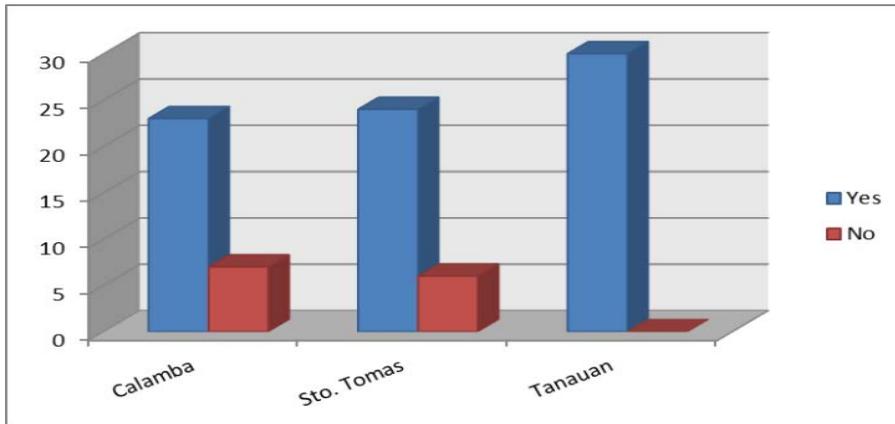


Figure 8. Customers' willingness to purchase meat product

Based on Figure 8, respondents are willing to buy meat products of TTC because they are curious about it since they found out that it is located inside the YTMI. Also, in collaboration with figure 7, some respondents are familiar with the product because they have relatives and friends in the company.

## Retailers' Preferences

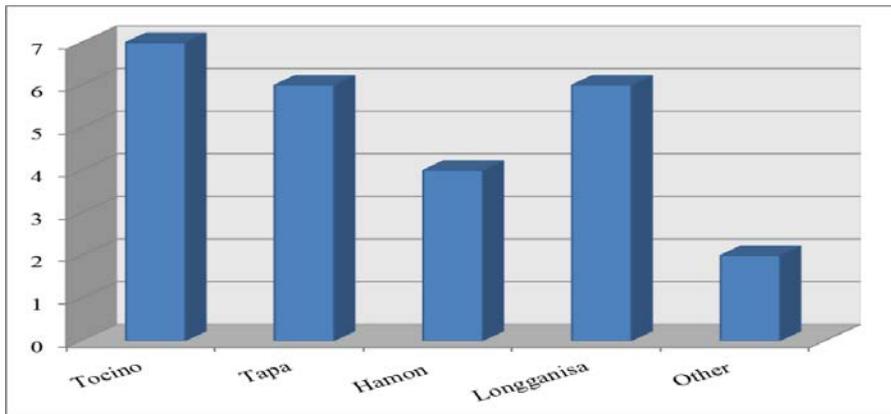


Figure 9. Retailers' preferences on product types

Based on Figure 9, retailers resell the meat products of tocino, tapa, and longganisa. Among those resellers whom the researchers interviewed, most of their customers love to buy the same product especially the tocino and longganisa in the market. Also, the researchers believe the tocino product has a big effect among retailers because consumers, in collaboration with Figure 1, want to buy tocino products followed by tapa and longganisa products.

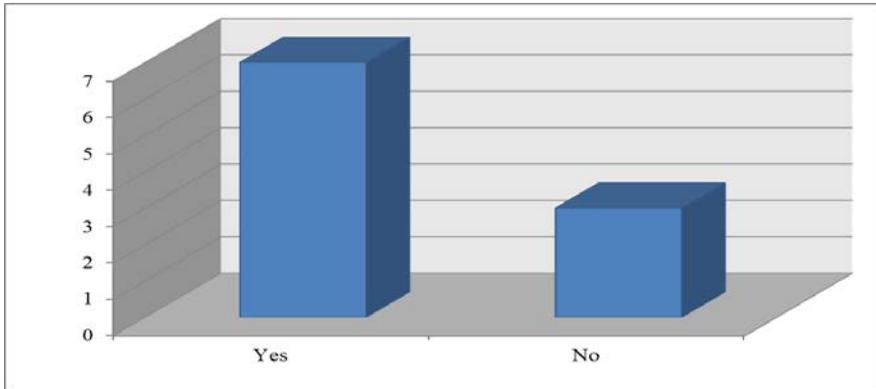


Figure 10. Supplier loyalty

Based on Figure 10, retailers establish loyalty with their suppliers of meat products because it satisfies the preferences of the retailers' consumers and the reason why, as shown in Figure 15 of this study, the retailers do not want to replace their suppliers.

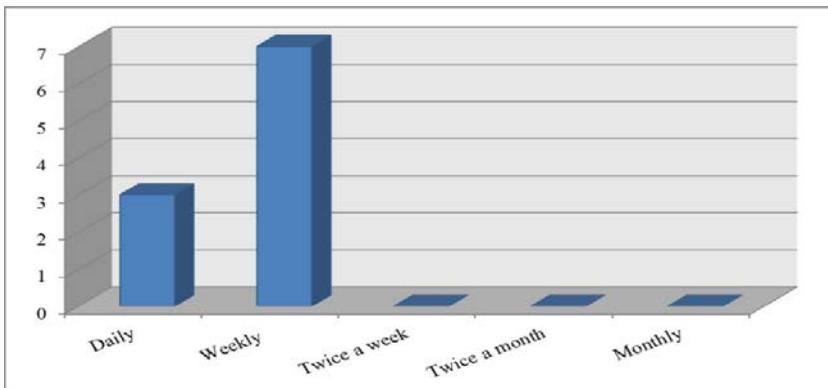


Figure 11. Frequency of purchase orders

The researchers concluded that in Figure 11, in collaboration with Figure 4, retailers ordered meat products weekly from their suppliers.

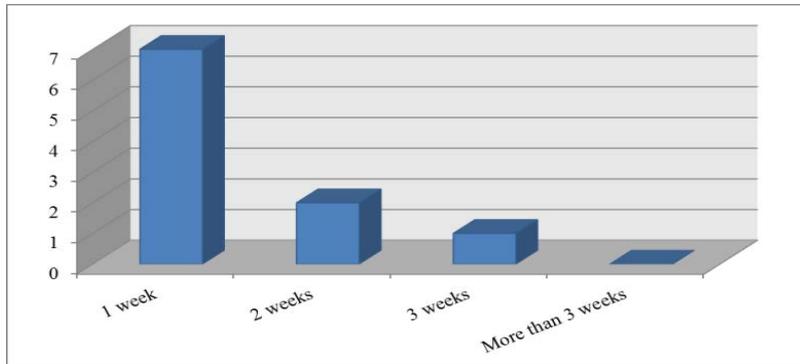


Figure 12. Turnover of inventoriable meat products

Figure 12 shows retailers' ordered meat products from their suppliers can last a week. This is collaborated with Figures 4 and 11 where consumers and retailers purchase meat products every week. Moreover, since the product is perishable goods, customers want new and fresh products every week.

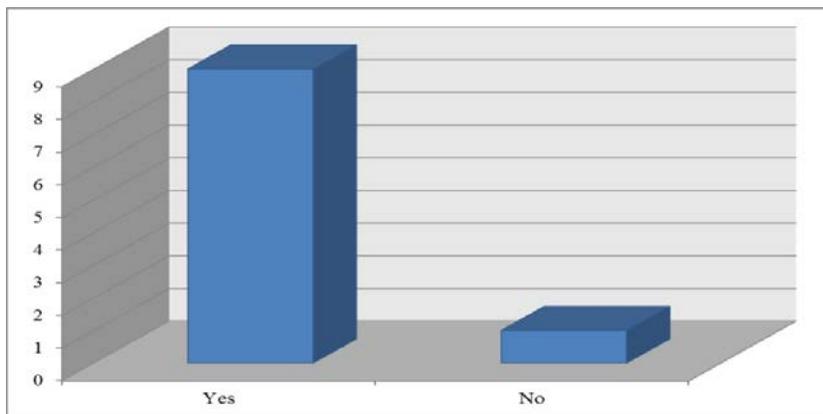


Figure 13. Retailers' sales target accomplishment

Figure 13 shows that 70 percent of the retailers meet their target market. Thus, this result explains Figure 10 where retailers established loyalty with their

suppliers because consumers recognize their products that is why they meet their sales targets.

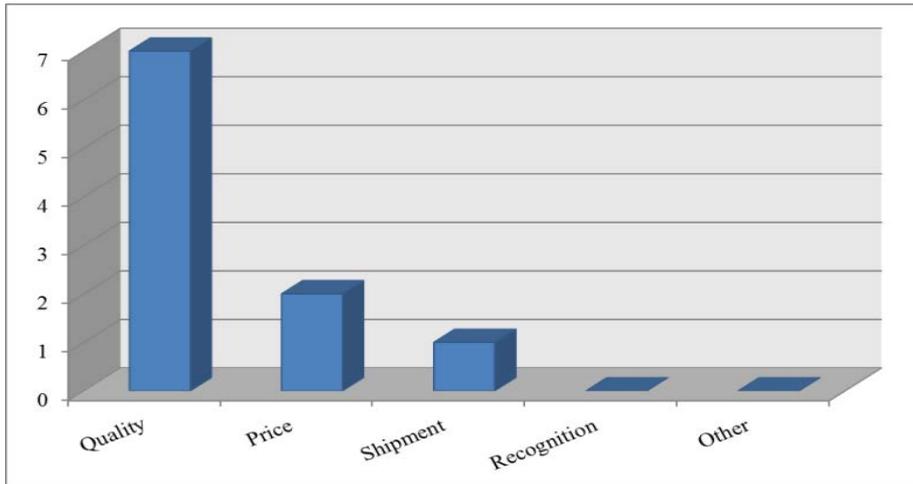


Figure 14. Preferences on the quality of suppliers

Figure 14 shows the data gathered about the retailers' demand in looking for suppliers. Effective sanitation has a tremendous impact on the profit picture of meat processors and retailers by reducing spoilage and providing a longer shelf life. Proper sanitation also helps maintain meat color, which leads to more sales and reduced labor costs. Good sanitation will provide a healthy, clean environment, which upgrades the image and reputation of the store.

## Retailers' Awareness and Willingness

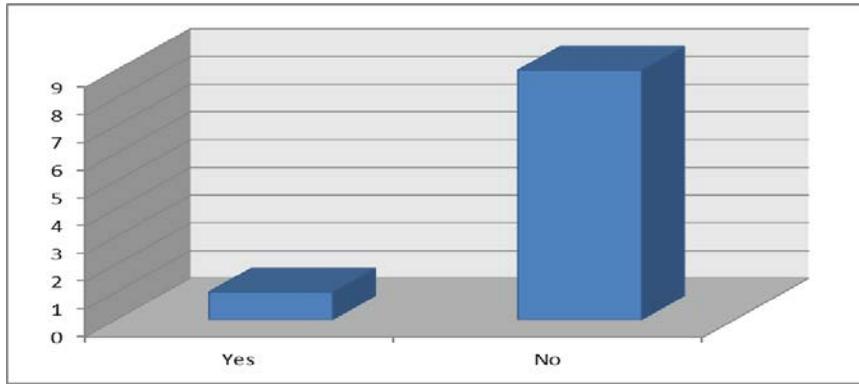


Figure 15. Retailers' willingness to replace current supplier

In Figure 15, it is shown that retailers do not want to replace their suppliers because in collaboration in Figure 10, retailers have established loyalty with their suppliers. Also, retailers meet their sales targets because the meat products that retailers are reselling from their suppliers are recognized by consumers.

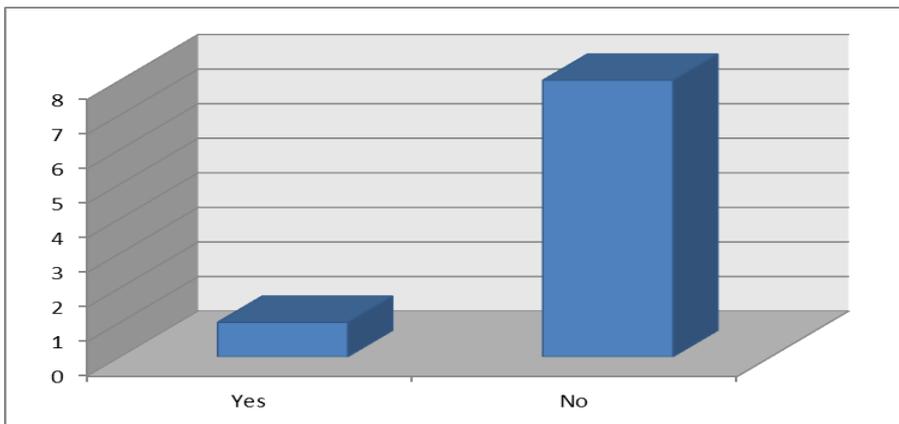


Figure 16. Willingness of retailers to add TTC as their supplier

Based on the results shown in Figure 16, retailers are not willing to add TTC-Commissary as their supplier of meat products. However, they are requesting that the company should give a sample of their product first.

## **CONCLUSIONS**

The researchers included demographic profile to determine the participants' feedback in terms of their style in buying meat products. Below are the conclusions drawn from the study:

### **1. Demographic Profile**

As to age, the main target in terms of age should be from the ages of 19 to 44. Therefore, the taste of the product should be in preference of these people because according to the survey, at these ages, most of them buy frozen meat products.

As to gender, based on the result of the survey, females often buy meat products in the market. However, in Calamba, men's purchasing needs are higher. The respondents often buy tocino meat products because it is cheaper and it is their favorite breakfast.

### **2. The customers' preferences of processed meat product along:**

As to product types, the most effective products that consumers want to buy are tocino and tapa meat products in the public market.

As to product features, consumers look for high quality and taste of the meat product with reference to price that will give them a satisfaction.

As to labeled products, unbranded type of meat products or *pagawa* is their choice because it is fresher.

As to frequency of purchase, based on the results, consumers usually bought meat products weekly due to freshness.

As to amount spent, the customers spend only ₱100 to ₱299 in buying meat products.

As to the place of distribution, the customers mostly prefer to buy meat products in the public market because they can ask for a discounts.

### **3. In customers' awareness and willingness**

For the awareness of the respondents to the company of Torres Trading Commissary, respondents from Calamba and Sto. Tomas are not familiar with the company of Torres Trading Commissary and their meat products. While in Tanauan City, the respondents are aware of the existence of the company and its product because they have relatives and friends working in the company.

For the willingness of the respondents to purchase the product of commissary, the respondents from these locations—Calamba City, Sto. Tomas City, and Tanauan City—answered that they are willing to purchase the product if it will be released in the market.

### **4. Retailers buying preferences of buying meat products**

As to product types, retailers mostly resell tocino, tapa, and longganisa because consumers like them.

As to the supplier loyalty, retailers establish loyalty with their suppliers (CDO, Purefoods, and Pampangga's). Retailers also do not want to replace their suppliers with TTC nor add it as their supplier for the mean time because they are still not aware of the brand. Though, some retailers in Sto. Tomas answered that they are willing to try the product but they want to sample and try their products first.

As to the frequency of purchase order, the retailers ordered or bought meat products weekly from their suppliers.

As to the turnover of inventorable meat products, the ordered processed meat products from their suppliers last for a week.

As to the retailers' sales target accomplishment, the retailers meet their sales target.

As to the preferences on quality of processed meat products, the retailers mostly looked for the quality of meat products.

As to the preferences on the quality of supplier, the retailers preferred to have proper sanitation to avoid spoilage.

## **RECOMMENDATIONS**

Based on the data, below are the researchers' recommendations for the improvement of the study:

1. It is recommended that the company focus on the creation of more market segments.
2. As to product types, tocino and tapa meat should be the product to develop. The quality and taste should be present in the creation of the products. Label the product in a concept of homemade products that are made to order. The freshness comes with an expiry date of within a week.
3. There is a need for re-branding of the product to attract actual potential customers.
4. Market diversification of products to meet the ever changing demands of customers.
5. Creation of advertisement using the social media accounts like Facebook, Instagram, etc.
6. Future researchers may use both qualitative and quantitative method in collecting data for further information that may be needed to complete the study.
7. Future researchers can use this as the basis for the same study on market penetration.

## REFERENCES

- Barroso A. (2007). *Advertising and Consumer Awareness of a New Product*. Retrieved on October 16, 2014 from <http://ftp.zew.de/pub/zew-docs/veranstaltungen/rnic/papers/AliciaBarroso.pdf>
- Bearden, Ingram, & LaForge (2007). *Marketing Principles and Perspectives* (5<sup>th</sup> Edition). Avenues of the Americas, New York, NY: McGraw-Hill Companies, Inc.
- Bornmark H., Goransson A. & Svensson C. *Study to indicate the importance of brand awareness in brand choice - A cultural perspective*. Retrieved on October 20, 2014 from <http://www.slideshare.net/hemanthcrpatna/a-study-of-brand-awareness-and-brand-choice>
- Cohen, W. A. (2001). *The Marketing Plan* (3<sup>rd</sup> Edition). United States of America: John Wiley & Sons, Inc.
- Commissary definition. Retrieved from <http://dictionary.cambridge.org/us/dictionary/british/commissary>
- Consumer preferences. Retrieved from <http://www.usi.edu/business/cashel/331/consumer.pdf>
- David, F. R. (2009). *Strategic Management: Concepts and Cases* (12<sup>th</sup> Edition). Philippines: Pearson Education South Asia PTE. LTD
- Etzel, M. J., Walker, B. J. & Stanton, W. J. (2004). *Marketing* (13<sup>th</sup> Edition). New York: McGraw-Hill Companies, Inc.
- EU Custom Research and Coordination Centre (2013). *Functioning of the meat market for consumers in the European Union*. Retrieved on October 16, 2014 from [http://ec.europa.eu/consumers/archive/consumer\\_research/market\\_studies/docs/mms\\_commission\\_report\\_en.pdf](http://ec.europa.eu/consumers/archive/consumer_research/market_studies/docs/mms_commission_report_en.pdf)
- Kannianen, J., Varila, M., and Paranko, J. (n.d.) *The unused capacity trap*. Retrieved from <http://webhotel2.tut.fi/cm/c/pdf/unused-capacity-trap.pdf>

Kotler, P., Keller, K. L., Ang, S.H., Leong, S. M., & Tan, C. T. (2006). *Marketing Management: An Asian Perspective* (4<sup>th</sup> Edition). Singapore: Pearson Education South Asia Pte Ltd.

*Municipality of Sto. Tomas.* Retrieved from <http://stotomasbatangasph.wordpress.com/about-sto-tomas-2/history/>

Reibstein, D., Bendle, N., Farris, P., and Pfeifer, P. (2006). *Marketing metrics: Understanding market share and related metrics.* Retrieved from <http://www.ftpress.com/articles/article.aspx?p=463943&seqNum=5>

*Review of literature.* Retrieved from <http://www.ukessays.com/essays/business/review-of-literature.php>

Tan, K. (n.d.). *Calamba City.* Retrieved from <http://lagunaphilippines.weebly.com/history-of-calamba.html>

*Tanauan City, Batangas history.* (2013). Retrieved from <http://wowbatangas.com/towns-and-cities/tanauan-city/tanauan-city-batangas-history/>