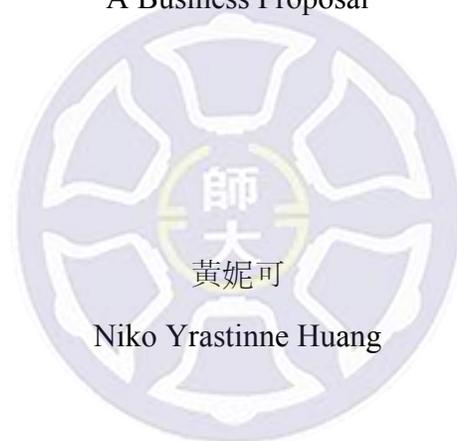


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GQSHOP.COM:
A Business Proposal



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ABSTRACT

Due to leaps made in technology, buyers have access to information at their fingertips. Smarter buyers are making use of search engines to research information about their potential suppliers. This paper describes the value added of T&H Corporation to their existing market and enumerates the potential benefit of establishing a website to increase their presence to potential buyers. The purpose of this paper is to provide additional information to the executive officers of T&H Corporation to help them make an investment decision.

Keywords: website, inbound marketing, manufacturing, production



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EXECUTIVE SUMMARY

The internet is revolutionizing the way business is conducted. According to Holdsworth (2017), business to business (B2B) buyers are generally better informed and well-researched before clicking to a particular decision. In fact, 90% of B2B buyers averages to 12 searches on search engines like google before even going any further. Buyers are attracted by quality content like informational short videos and infographics to gain knowledge of their purchases before committing to a purchase.

The creation of a company website, GQShop.com, presents unique opportunities for T&H Corporation to capture these new set of “smart” buyers. The online platform will help T&H penetrate new markets by using the website to point out new geographical locations that visit the website frequently, content production will help attract the new age of buyers thereby increasing the net sales of the company, increasing the visibility and relevance of the company will also help in increasing the market reach, and lastly, the functions of the website will help the sales team interact with the clients more quickly and efficiently. It also alleviates the legwork needed with the current sales method because the clients will be able to come to them with their inquiries, complaints, and proposals.

GENERAL COMPANY DESCRIPTION

ABOUT T&H CORPORATION

T&H Corporation is a manufacturing company that supplies other firms with their customized product needs. The company was founded in Taiwan back in 1973 by Huang Wen Qing (黃文清) under the name Golden Queen Corporation (GQ Corporation). Eventually his son, Huang Hsi Chung (黃習忠 / Stinnes Huang), took over the business and brought it to the Philippines in 1995. Until this day, the company still uses the original Golden Queen (GQ) logo to promote their products and essentially live by the knowledge and foundation that Huang Wen Qing has imparted.

The Philippines was an attractive country 23 years ago due to the abundance of bilingual human capital (Appendix 1). Furthermore, the close physical distance from Taiwan lowered the transportation costs of machines like Computer Numerical Control (CNC) machine and engineers. Born and raised in Taiwan, Huang Hsi Chung's hope was to marry the technical knowledge of his home country and the general low cost environment in the Philippines to gain profit.

BUSINESS STRATEGY

T&H Corporation remains competitive in the industry mainly due to the highly customizable nature of their business. The company is easily distinguished from their competitors who focus mainly on standardized products. Clients seek T&H because the company is capable of bringing the client's needs from a design to a quality end product.

Because of this, the company has also managed to create efficiencies in terms of economies of scope which lessens the lead times needed for production while providing clients with multitude of product selection. The company can provide customized products quicker than competitors. This is particularly important for customers that are facing an opening deadline or warehousing issues.

Furthermore, the company is invested in maintaining a good relationship with their clients, for example: providing hands-on services like delivery and assembly, good credit policies, and being available to the client in any time of the day.

BUSINESS ORGANIZATION

T&H Corporation is maintained as a privately held corporation. It is structured with T&H Corporation acting as the mother company that handles international projects, imports, and exports. Huang Hsi Chung (Stinnes Huang) is the acting head of T&H while his wife, Myra Huang, is the acting Chief Operating Officer. Since the company has both international and domestic clients, as well as for accounting purposes (i.e. lower taxable income), they have decided to create a separate subsidiary, Designtrend Corporation, to handle domestic customers. The head of Designtrend is the brother of the Chief Operating Officer, Arnel Lumibao. Designtrend still share the same resources and production lines as T&H Corporation, and the head of Designtrend (Arnel Lumibao) still reports under Huang Hsi Chung (Appendix 2).

The company is divided into multiple departments: Sales, Design, Accounting, Human Resources, Procurement, Production, and Assembly (Appendix 2), with each department head reporting directly to Mr. Huang. The sales team is comprised of the biggest number of members in the company aside from production.

Furthermore, T&H maintains a regular set of workers to handle the day to day operations except for production. In order to control costs and be able to control the level of labor, production is handled by subcontractors that match the number of workers with the amount of work or projects that the company is handling. These subcontractors are not exclusive to the company. If the subcontractors wish to work with a different company, they may do so, however, the assets (i.e. equipment, property, and supply) are owned by the company and thus, more often than not, the subcontractors only work with T&H on a long term basis.

CORPORATE CULTURE

The company characterized itself as a Taiwanese-owned company, however, the employees are dominantly Filipino. As such, it exhibits qualities of the Filipino culture. For example, the CEO's strategy of passing on tacit knowledge was well-received by the employees since it plays on the Filipino's collectivist nature (Appendix 3). The strategy requires senior employees to teach new employees the standard operating procedures of their job, effectively creating a "familial bond" within the organization. This implied mentorship program enables tacit knowledge to be passed on quickly and effectively.

The strategy is not only used with the employees, most executive officer spends time inside the factory, even the CEO. In fact, the CEO does not have his own office. This gives employees the freedom to approach or voice their opinions, effectively creating a trust within the organization that ultimately benefits the company and the clients.

This collaborative environment extends to the design team as well. The CEO encourages groupwork and brainstorming when it comes to the design team. Often, the CEO will join the group discussion. This enables the company to create the best possible design to present to the client.



PRODUCTS AND SERVICES

T&H Corporation provides a wide range of manufactured products and services. The company engages in different kind of metal and wood works. At times, it acts as an original design manufacturer (ODM) and original equipment manufacturer (OEM) for other similar manufacturing companies to provide support when they lack the capability to supply their clients.

The company is capable in producing different varieties of products, as well as customize it for each client. Products include but are not limited to display racks, warehousing racks, wine racks, magazine racks, cd/dvd racks, hangrail, floor stand, countertop, slatwall accessories, gridwall accessories, shoe racks, tile racks, wire display stands, dump bin, sales stand, fitting room, vegetable rack, push carts/baskets, cash counter, slatwall stand, appliance rack, aircon rack, signage, showcase, tables, furniture, gondola, acrylic, mobile house/carts, CNC molds, laminate machine, and farm equipment (Appendix 4).

Aside from products, the company also provide a wide range of services. There is a design team that is constantly in contact with the sales department. A production department that is capable of bringing designs to life. And a delivery team that is also able to provide assembly services.

Although clients come to T&H with different types of products, the most common product line that clients request are display racks, shopping carts, counters, and gondola (Appendix 4). The revenues from this six items alone amounts to approximately 8 million PHP (160,000 USD). Most local clients request display racks, gondolas, and counters while international clients request shopping carts and display racks.

Prices depend on the quantity and materials that the customers wants, as well as any other additional service that they would require (i.e. shipping and assembly). One of the advantages of T&H is that they have a number of domestic and international suppliers that provide quality raw materials. This makes it able for the customers to get the best price they can get in the market.

MARKET ANALYSIS

Economic Environment

T&H Corporation is a business to business (B2B) company. The company started operating in the Philippines, catering different scales of businesses, from Small and Medium Enterprises (SME) to large corporations, in different industries ranging from retail to manufacturing.

According to the Department of Trade and Industry in 2016, the Philippine Statistics Authority (PSA) estimates a total of 915,727 business enterprises operating in the Philippines wherein 89.63% are micro enterprises, 9.5% small enterprises, 0.44% medium enterprises, and 0.43% large enterprises (Appendix 12). The biggest industry is wholesale and retail trade accounting for 46.13% of the market, accommodation and food services (13.13%), manufacturing (12.69%), other services (6.19%) including personal services for wellness, financial and insurance (4.38%), and other industries (17.48%) including information and communication, human health and social work, education, real estate, arts and recreation, agriculture and forestry, water supply and waste management, etc. (Department of Trade and Industry, 2016). In terms of classification, micro enterprises have an asset size of up to 3 million PHP (56,500 USD) with 1-9 employees, small enterprises have an asset size of up to 3 million PHP to 15 million PHP (56,000 USD - 283,000 USD) with 10-99 employees, medium enterprises have an asset size of 15 million PHP to 100 million PHP (283,000 USD - 1,890,000 USD) with 100-199 employees, and large enterprises have an asset size upwards of 100 million PHP (1,890,000 USD) with upwards of 200 employees¹.

Furthermore, due to the advent of globalization, T&H has access to foreign medium to large enterprises as well as other similar manufacturing companies that need support in production. According to the world bank, newly registered businesses are increasing all over the world specifically the main target market of T&H: United Kingdom, Japan, and Australia (Appendix 15).

Target Customer

Currently, T&H Corporation's target markets range from medium to large enterprises in consumer industries like wholesale and retail, food and accommodation. As the section above

¹Philippine Republic Act 6977, as amended by Republic Act 8289, and further amended by Republic Act 9501: Magna Carta for Micro, Small, and Medium Enterprises

discussed, T&H's target market covers the biggest portions of the industry in terms of market size and asset size. The company mostly supplies to consumer distribution channels like supermarkets, hypermarkets, grocery marts and department stores.

Most of the company's domestic revenues are from long-term clients like SM Investments (SM Group), the largest property developers in the Philippines. Designtrend Corporation supplies 30% of the display and warehousing needs of SM for all their new supermarket and department stores (Appendix 16). Other domestic clients include Robinsons Malls and Puregold Hypermarket. International clients include Rhino-Rack (Australia), Cocos (America), Cart King (America). Therefore, T&H's hope is to attract more international companies in these types of industry.

The clients value the quality of the product and the reliability of the company, especially for international clients, they expect the product to be delivered on time and without defects. For international clients, T&H makes sure to send a manual to aid the clients in assembling the products while for domestic clients, Designtrend sends an assembly team if the client requires one. The clients also appreciate the speed of which T&H manufactures their customized designs. Since competitors does not have the capacity to customize products, they are not able to supply clients with customized products immediately.

Competition

One of the reasons that Philippines was an attractive environment to T&H Corporation was because of the lack of competition and also a lack of individuals willing to compete (Appendix 1). According to Huang Hsi Chung (2018), Philippine manufacturing companies simply does not have the capacity to match the amount of products that T&H can manufacture. Small Philippine competitors like King Richard, KLM, and other small manufacturers provides only 2-3% of the Philippine market.

However, international competition is another matter entirely. T&H's biggest competitors are from China. Their ability to achieve economies of scale due to the capital-intensive nature of their manufacturing company is one of T&H's greatest threats since the company still remains labor-intensive. Furthermore, T&H still has much to learn in terms of cost efficiencies when it comes to manufacturing. Although the company has somewhat achieved economies of scope, there is still inefficiencies present that decreases the profit margins of the company. The Chinese firm, DevEx, for example, supplies also 30% of SM Investments.

The table below analyses the competitive strengths and weaknesses of the company against the competition:

Table 1:
Competitive Analysis

Factor	T&H Corporation		Competitor A		Importance to customers
	Strength	Weakness	Strength	Weakness	
Products	/		/		5
Price		/	/		4
Quality	/			/	5
Selection	/			/	4
Service		/	/		4
Reliability	/		/		5
Sales Method		/		/	3
Credit Policies	/			/	3
Advertising		/	/		4

T&H has an edge in terms of selection of products and quality as the competitor only provide the standard set and are unable to customize for their clients. Another advantage is the reliability of the service, T&H responds quicker than their competitors. T&H is also able to produce rush projects for clients that are racing towards a deadline. Furthermore, the company has better credit policies than their competitors since payment plans are negotiable.

Although, T&H remains competitive, there are areas that the company is thinking of improving. Particularly, the customer service section. The website will increase customer satisfaction and loyalty. Furthermore, the competition still has an advantage in terms of economies of scale and visibility.

SWOT Analysis

Table 2:
SWOT Analysis

Strengths	Weaknesses
<ul style="list-style-type: none"> ● Creation and customization ● Build-to-order ● Economies of scope ● Fit price to customer budget ● Short production lead time ● Mentorship ● OEM and ODM capability 	<ul style="list-style-type: none"> ● Economies of scale ● Does not hold inventory ● High cost of production
Opportunities	Threats
<ul style="list-style-type: none"> ● No competition in the Philippines ● Social Media and the Internet 	<ul style="list-style-type: none"> ● Competition <ul style="list-style-type: none"> ○ China (example DevEx) ○ Small Philippine firms (KLM, King Richard) ● Globalization

Strengths

- One of the biggest strengths of the company is that T&H is able to create and customize products. T&H's competitors only offers a limited set of items and only fewer can customize it. T&H has built up knowledge and efficiencies over the years to compete and sustain a competitive advantage over other competitors.
- T&H does not have any surplus inventory because the company match inventory with each project that the company get. This save T&H inventory costs.
- T&H can produce different kinds of products from display racks to musical instruments, effectively nearing economies of scope.

- The company works hard to satisfy their customers, starting from making sure that the client's order matches their budget.
- The company has achieved a short production lead time. One of the aspects of the company that their clients appreciate since customized products takes longer to produce than the standard ones. T&H is also able to do rush orders for their clients that are meeting a deadline.
- Tacit knowledge is easily passed due to the mentorship culture inside the company.
- When similar manufacturing companies approach T&H to provide manufacturing support, T&H gains knowledge about their capabilities and is able to adapt some knowledge from their practices.

Weaknesses

- Despite the strengths of the company, T&H has yet to achieve economies of scale. Due to the business strategy of the company, it is difficult for T&H to do a large scale production thereby lowering the fixed cost.
- T&H not holding any inventory is as much as a weakness as it is a strength. Despite managing to create efficiencies in manufacturing quickly, it is still difficult for the company to supply basic products because they do not stock inventory.
- Not achieving economies of scale give the company high variable costs.

Opportunities

- The fast growth of the internet and social media presents a big opportunity for T&H to expand to different markets and connect to potential customers
- The high barrier to entry for the industry in the Philippines presents an opportunity for T&H to sustain their market share and position because there is a high cost of capital to start a manufacturing company.

Threats

- One of the major threats to T&H is the manufacturing capabilities of Chinese firms. T&H has a bigger pool of resources than the Philippines, especially capital markets, and Chinese firms have more experience in low cost production.
- Globalization presents a threat to the market share of T&H in the Philippines as it is becoming easier and easier for other firms to enter the domestic market.

Five Forces

Table 3:
Five Forces

Threat of New Entry	Threat of Substitute
<ul style="list-style-type: none">● High barriers to entry	<ul style="list-style-type: none">● Economies of Scale
Supplier Power	Buyer Power
<ul style="list-style-type: none">● Low to medium level of supplier power	<ul style="list-style-type: none">● Medium level of buyer power

Threat of New Entry

- High barriers to entry because new entrants would need high initial capital investments for machines and property.

Threat of Substitutes

- Depending on the needs of the client, competition has achieved economies of scale that provides significant advantages in terms of price.
- The product needs only low-technology manufacturing to produce therefore it is more difficult to protect market share.

Supplier Power

- Low to medium level of supplier power because there are a lot of supplier of raw materials like steel, wood, etc.

Buyer Power

- Medium level of buyer power because there are a lot of substitutes for the buyer to choose from. Furthermore, the internet provides information that makes buyers more critical about the product that they want to purchase.

OPERATIONAL PLAN

This section will discuss how this business proposal aims to capture and expand on the opportunities discussed in the SWOT analysis in the section above. The objectives of the website is to give better access to T&H's customers, act as an online showroom and allow the company to pass on relevant information to the market, expand the market reach of the company, increase visibility and relevance, help penetrate new markets, and increase sales from potential new clients. In 2019, GQShop.com is expected to generate 50 visits per month from new customers and 5 of them will result in quotations.

Website Function

The proposed website is an additional service for the company to provide to the customers and to enable the company to build more brand equity and recognition using the internet as a marketing platform to show potential clients what T&H can do, both inside and outside the Philippines.

The website will feature the homepage, brief history, company description, careers, products and services, contact information, and location of the company, as well as the function to upload sketches and get a quick response from the sales team. A portal to communicate with our sales and design representative will be made available in the website, similar to a chat box, for any request or question that the potential clients have.

The home page will include links to other pages, brief introduction about the company, and a preview of the company's products and services (Appendix 5). Brief history section would include the company timeline and an introduction to the founders of the company. This section will also feature significant years for the company like the move to the Philippines in 1995 (Appendix 6). The company description page, About Us, will feature where the company is at the present. It will also introduce the company's core competence, organizational chart, and core cultures. This page will also include a small video of the factory and the people working in it so that anyone trying to know more about T&H would be able to fully visualize the company (Appendix 7).

Careers page will list out possible career opportunities for fresh graduates and unemployed individuals. It will include benefits and a way to connect to the company's human resource

department (Appendix 8). Contact information page will include the summary of the contact details of the human resources and sales staff. It will also include a way to contact the company if there is a problem with an order or a complaint with the services (Appendix 10). The location of the company will also be featured in the website just in case a potential client or anyone interested in visiting the factory (Appendix 11).

Lastly, The products and services section will feature the product and services mentioned in the section above. This page is the most vital part of the website as this page will enable the potential client to see previous project designs. It will also enable potential clients to gain insight on what the capabilities of the company are in terms of custom product manufacturing as this section of the website will have a function that will allow potential clients to upload sketches of their desired product and have a conversation with the sales team immediately (Appendix 9), thereby giving the clients better access to the company.

Personnel

The website will initially have seven staff members: one web manager, two content producers, social media coordinator, designer, and two developers. The staff will be as follows, note that the social media coordinator position is not yet filled and thus, the responsibilities of that position will temporarily fall on the web manager:

Table 4:
Website Staff

Title	Staff
Web Manager	Niko Huang
Content Producer	Evelyn Saldivar
Content Producer	Missie Huang
Social Media Coordinator	Niko Huang
Designer	Lourd Rancy
Front-end Developer	Paul Santos
Back-end Developer	Jae-Mar Medina Arenque

See Appendix 16

The web manager will be in charge of the daily operational goals and maintenance of the website. The content producers will be in charge of publishing the content of the website (i.e. videos, editorials, pictures) and making sure that the website has sufficient online media presence. The social media coordinator will make sure that the content is posted to other social media sites (i.e facebook, twitter, instagram). The designer will handle the layout of the website, making sure that the content and visuals are in theme. The developer is the staff that handles the computer code. The developer is divided into the back-end and the front-end. The back-end developer will make sure that the website would work seamlessly while the front-end developer will write code for the layout of the website, making sure that the layout is prepared for the designer.

As shown in Appendix 17, the website staff will fall directly under the sales department since members of the sale staff will handle the primary function of the website, that is talking with the clients that access the company through GQShop.com with the use of the chat function. As such, it is beneficial to include sales from the website in their monthly sales quota to motivate the sales team in performing well.

Content Production

The website staff will start publishing bi-monthly content including videos and pictures, starting with an introduction video that features the factory and testimonials from the staff and employees.

This part is vital to the creation of the website since this section is what will attract clients and enable the company to pass relevant information to the market quicker. According to Holdsworth (2017), business to business (B2B) buyers are becoming well-informed and well-researched in their purchases with the use of videos and infographics in the internet. More often than not, they base their purchases with the information given therefore, it is important that T&H is present in that area to capture these new set “smart buyers”.

Analytics

The website staff will have a monthly assessment of the profitability and the general health of the website using analytical software like Google Analytics and Adobe Marketing. They will rely on the data given by these software to analyze the effectiveness of the content, troubleshoot problematic features, and assess the efficiency of the interface.

With the data provided, it would be easy to make changes to ensure that the visitors of the website would have a positive experience. This positive experience is expected to translate to a product sale or a word-of-mouth advertisement.

Furthermore, analytical software provides a geographic data to the users that shows the location where the website is visited the most. This will allow the company to create content or tailor the advertising and marketing to that specific geographic area to become more effective and expand the company’s reach to new markets.

Location

Since the website exists in the virtual space, the staff members do not need to meet constantly. However, the web manager, content producers, and social media coordinator needs to set up a bi-weekly meeting in the T&H headquarters to create and update new content.

It is important for the content producers to be physically close to the factory space so that they can have easy access to take pictures, videos, and write about new products or announcements

in the website. They will also be a part of the sales and design staff meetings so that they are up-to-date with new products and features.



MARKETING PLAN

This section will address the steps that the website will take in terms of increasing the relevance and visibility of the company because only establishing a website is not enough. The fundamental issue now is how to utilize that initial investment to work for the company.

One of the first major change is to edit the company business cards and catalogues to include the website, as well as the company email addresses. Next is to include the website in the current social media pages of the company like facebook.

Currently, the company has no plans in investing on outbound marketing² like search ads and display ads because this constitutes paying for search engines to automatically show the company name whenever a potential customer searches for a specific keyword (Gupta & Davin, 2015). Instead, T&H will be investing in inbound marketing³. Inbound marketing is focused on making sure that the website will organically appear on top of the list on search engines by increasing the website's relevance to the target market (Gupta & Davin, 2015).

According to Gupta and Davin, inbound marketing requires the company to anticipate the keywords that the target market will associate with the product or service and make an appropriate page title, page content, and meta tag⁴ for it. Furthermore, the company must also increase the website's visibility by creating quality content that other websites would link to (Gupta & Davin, 2015). This will be possible by the work of the content producers and back-end developers.

² Outbound Marketing is a kind of digital marketing where the firms are the ones actively seeking out their target customers (Gupta & Davin, 2015).

³ Inbound Marketing is where the target customers would be the ones actively seeking the firm (Gupta & Davin, 2015).

⁴ Meta tags are lines of code that give Google more information about the website (Gupta & Davin, 2015).

FINANCIAL PLAN

Currently, the average number of sales revenue each year from all the product lines is approximately 100 million PHP (1.8 million USD) and the average number of projects each year is approximately 20-30 including the new requests from long-term clients. With the creation of this online platform, the company will have access to the whole global market. Using conservative estimates, the average number of new clients from international markets attracted from the current sales method is expected to increase with the expected growth of the website, for now that is 10%.

REVENUE FORECAST

The table below shows the 2017 gross profit of the four product line with the highest frequency of orders, namely display racks, shopping carts, gondola, and counters. It should be noted that T&H is a privately held company therefore the financial accounts is not open to the public, as such, the table below only shows a fraction of sales that the company earned for the year 2017:

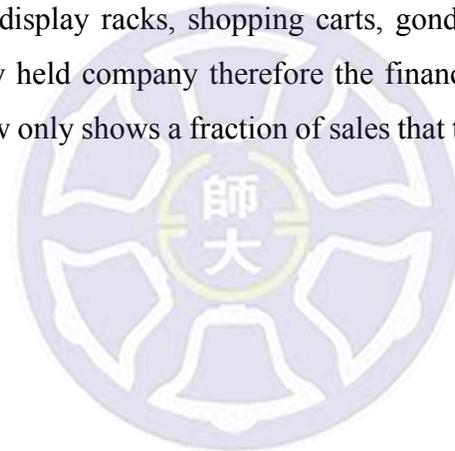


Table 5:
Gross Profit, 2017

2017	Item Description	Revenue	Cost of Goods Sold	Gross Profit (Revenue - Cost of goods sold)
Export (USD)	ROOF RACK	145000	109022.56	35977.44
	Shopping cart	106530	66581.25	39948.75
Total Exports		251530	175603.81	75926.19
Local (PHP)	Wine Rack	1400000	875000	525000
	MBU-Gondola	1800000	1440000	360000
	Cash Counter	5700000	3000000	2700000
	Banana Rack	150000	120000	30000
	Milk Rack	1360000	850000	510000
Total Local (PHP)		10410000	6285000	4125000
Total Local (USD)*		208200	125700	82500
Total Local + Total Exports (USD)		459730	301303.81	158426.19

*1 USD = 50 PHP

To estimate the potential revenue growth that the website will bring to the four product lines, a growth rate of 10% was used. 10% is the average conservative growth for startup websites according to most public forums and discussion boards like Quora and Geckoboard. The growth of the website is attributed from the marketing efforts of the website and sales staff. The forecast assumes that the website attracts “smart” buyers outside of the country because of the increased visibility and relevance that is brought about by GQShop.com.

Furthermore, the net sales and cost of goods sold from 2017, both domestic and international, was used as a basis to estimate the growth of the website. 25% of that net sales from

2017 was assumed to be the sales of 2019 from GQShop.com alone, however, only 20% was considered because 5% is assumed to be the cannibalized sales from T&H.

Table 6:
Revenue Forecast (USD)

	2017	2019	2020	2021	2022	2023	2024
Net Sales	459730	91946	101140.6	111254.66	122380.126	134618.139	148079.952
Cost of Goods Sold	301303.81	60260.762	66286.8382	72915.522	80207.0742	88227.7816	97050.5598
Gross Profit	158426.19	31685.238	34853.7618	38339.138	42173.0518	46390.357	51029.3927
Website Operating Expense							
Setup		300	0	0	0	0	0
Hosting		120	120	120	120	120	120
Labor		14400	14400	14400	14400	14400	14400
Total		14820	14520	14520	14520	14520	14520
Net Income from Website		16865.238	20333.7618	23819.138	27653.0518	31870.357	36509.3927

Table 6 shows the estimated revenue, cost of goods sold, and gross profit for the top 4 most frequent product line of both international and domestic for the next 5 years. The equation used to estimate the figures is stated below:

$$X_t = X_{2019} * (1 + \text{growth rate})^t$$

Table 6 also shows the operating expense attributed to the website alone. The setup expense that constitutes a one-time payment to setup the code of the website, the hosting expense which constitutes the payment to rent the server for the website, and lastly, labor cost for the website staff. It is clearly shown in table 6 that even with the operating cost, the net income from the website is positive. It should be noted that the gross profit, net sales, and cost of goods sold from 2019 to 2024 is the additional sales from the new markets and new customers that the website, GQShop.com, will bring beyond the typical sales of the current method.

Aside from the ex-ante analysis, the website staff will also monitor the website after it is established. The website staff will make use of analytical tools to constantly monitor the health of

the website. Indicators of health would be web traffic and conversion rates. Web traffic is the number of times that a specific website has been visited. However, this does not necessarily mean that revenues and web traffic are proportional or even correlated to each other. Thus, conversion rate will be used to assess whether web traffic is being converted to revenue.

According to Gupta and Davin, conversion rates are the percentage of number of clicks of visitors to the website (website traffic) that result to a sale (revenue). The staff will make use of Google Analytics to provide the data for the calculations.



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APPENDIX

Appendix 1: Interview Questions⁵

Chief Operating Officer

1. Who are you? What is your position?
2. What do you do?
3. When did the company start?
4. What motivated you to start the company?
5. Where did it start?
 - a. Why move to the Philippines?
 - b. What is the biggest difference between Taiwan Culture and Philippine culture?
What did you do to adapt to it?
 - c. What are the benefits and the disadvantages of the Philippine culture in the work environment?
 - d. What are the benefits and the disadvantages of the Taiwanese culture in the work environment?
6. As a leader, what do you value the most in your employees?
7. Why do you think you were able to keep the business running for 20 years? (Core competence) What is the advantage of your company over the other companies that also manufacture display racks?
8. Where do you see the company in another 20 more years?
9. What do you think about the e-commerce websites?
 - a. How is it helpful?
 - b. Why did you decide to put your products in e-commerce websites?
 - c. What do you think about the company having its own website?

⁵ For confidentiality purposes, the answers of the interviewees will not be disclosed.

Sales/Marketing

1. Introduction

- a. Who are you?
- b. What is your position?
- c. How many years have you worked for the company?

2. Target market?

- a. What industry or type of business do most of your clients come from?
- b. How do you find these clients?
 - i. Email strategy or e-commerce websites?
- c. Who are your biggest clients right now? Competitors
 - i. When did you acquire the client?
 - ii. How did you manage to keep them all this time?
 1. Does the company have an client retention program? Ex. follow up from customer relationship management to see if they are satisfied?
- d. What percentage of our clients are from e-commerce websites?
 - i. What difficulties have you encountered with the e-commerce websites?
- e. Do you think a website is a good idea? why?
 - i. What are the difficulties that you have encountered with the email system and how do you think the website will alleviate that difficulty?
- f. Can you describe the profile of our loyal customers?
- g. Why do our loyal customers repeatedly place orders from us?
- h. Compared with non-loyal customers, can you describe our loyal customers' unique demands or unique characteristics?
- i. What unique value of our products or services do our loyal customers appreciate most?
- j. If we raise our price by 10%, will our loyal customers still be willing to place orders from us? Why and why not?
- k. After sorting profit margins of all products sold in the last year, please identify the top ten products and corresponding customers that bring about the highest profit

margins. 1) Can you describe why we are able to realize such high profit margins, in terms of our core strengths, customers' unserved needs, and competitors' strengths? 2) Can you describe the profile of customers who are willing to place orders and contribute to high profit margins? Are there other potential customers who may share the similar profile and needs? Can we expand our businesses by approaching these potential customers?

- l. Please list all the competitive strengths of our business in relation to our competitors domestically and internally.
- m. Compared with the competitors' offerings, what unique value of our offerings is especially appreciated by our target customers?
- n. Why are we able to create the unique value our target customers especially appreciate? What are the sources (i.e., core competencies) for us to create the unique value?
- o. How sustainable are the sources (core competencies) identified in the above question? Is it easy for competitors to imitate or copy our sources (core competencies) of unique value creation?
- p. Is there any strategic plan to sustain our leadership in terms of unique value creation and delivery?
- q. Are there any customer complaints that they cannot find us on the internet?
- r. Does our competition have websites?
- s. Do our competitors use third party e-commerce websites like Alibaba to advertise their products?
- t. How are we advertising ourselves in Alibaba? What products do we feature?
- u. How many clients do we have that is from third party e-commerce?

Finance:

1. Introduction

- a. Who are you?
- b. What is your position?
- c. How many years have you worked for the company?

2. Product Line

- a. Which product line gives the most revenue?
- b. Which product line is the most frequent request from our clients?
- c. How are the product lines distributed between domestic and international markets?
- d. What are the costs of goods sold on each product line?

3. Financial Statement

- a. Can you give me the company's return on assets, profit margins, and profit for the last five years?
- b. How do you think the company is doing financially?

Design:

1. Introduction

- a. Who are you?
- b. What is your position?
- c. How many years have you worked for the company?

2. Designing

- a. What kind of design software do you use?
- b. How did you learn it? How long did it take to master it?
- c. Who taught you? What is the training like?
- d. When someone from sales gets a client, who decides who designs the project? How collaborative is the environment? Do people from sales talk to people in design?

Production:

1. Introduction

- a. Who are you?
- b. What is your position?
- c. How many years have you worked for the company?

2. What is the general flow of the whole production line?

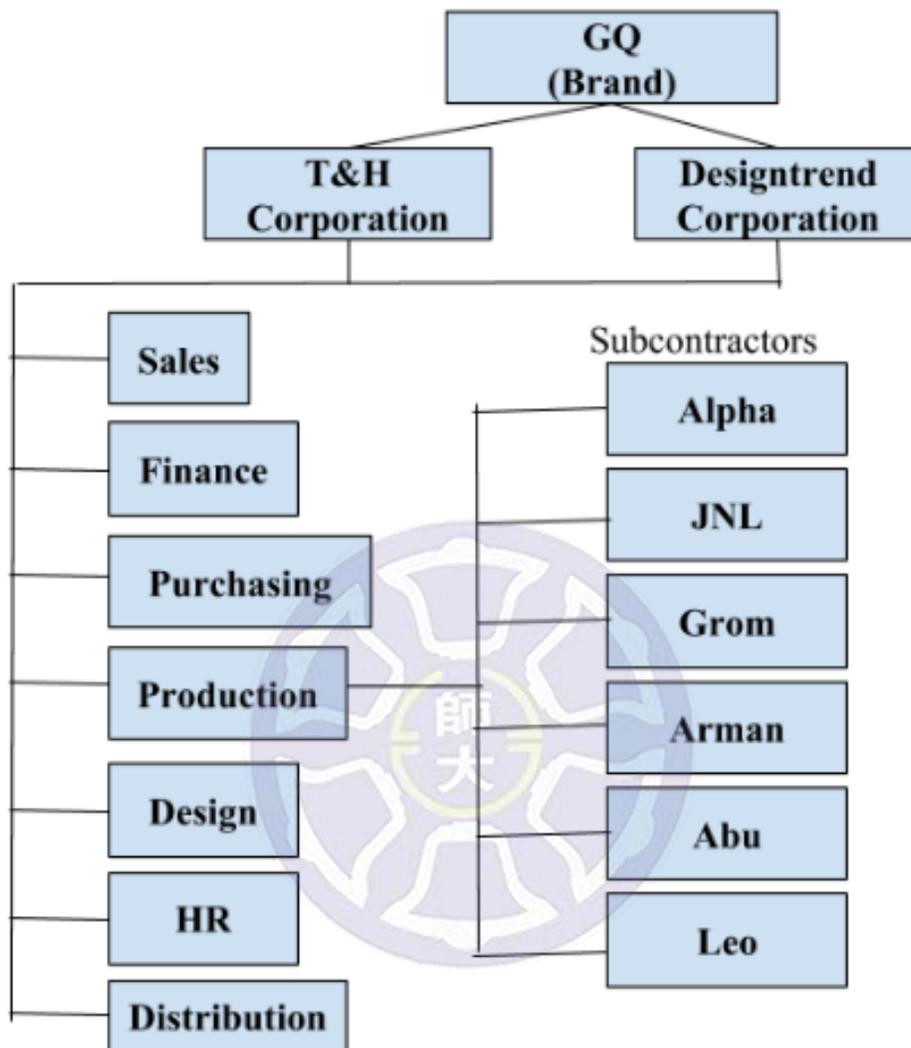
- a. Please describe the whole production process from getting a client to the finished shipped product.
- b. Who decides who goes first in the production line?
- c. What happens when there is a rush order?

Procurement/Purchasing:

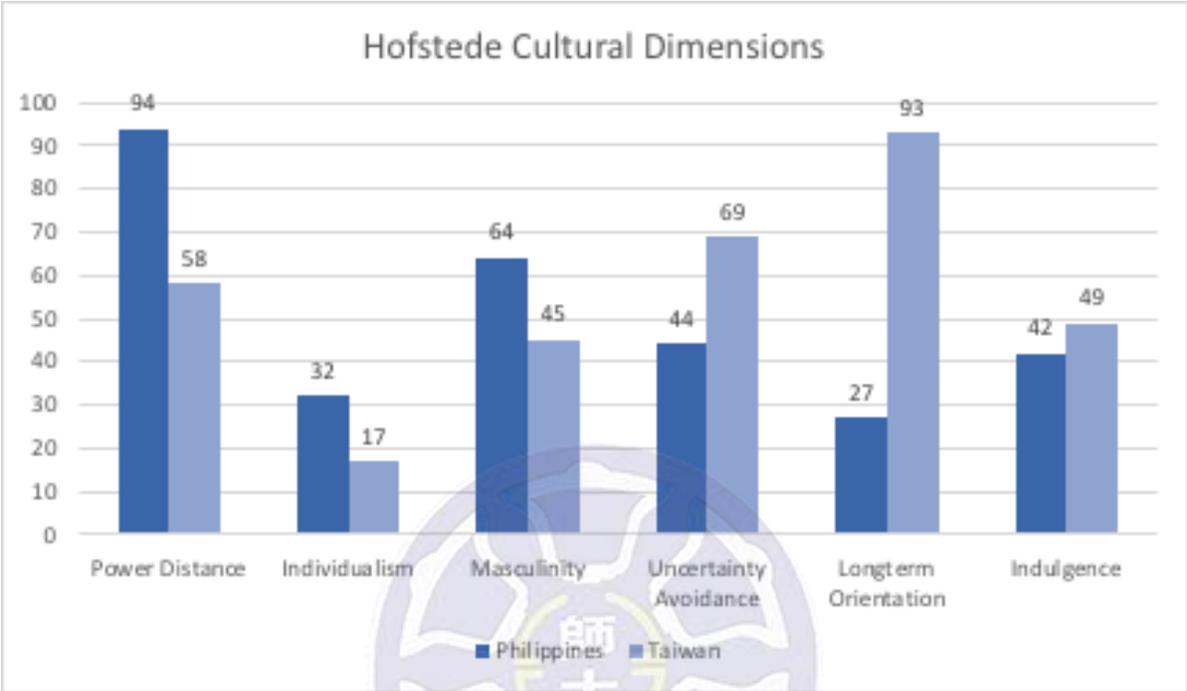
1. Introduction
 - a. Who are you?
 - b. What is your position?
 - c. How many years have you worked for the company?
2. Where do we get our raw materials? Do we outsource?



Appendix 2: Organizational Chart



Appendix 3: Hofstede Cultural Dimensions: Philippines and Taiwan



Source: Hofstede Insight, retrieved 2018



**GQ10-003
SHOWCASE
GONDOLA**



**GQ10-109
SLATWALL
GONDOLA**



**GQ08-405
HALF ROUND
CASH COUNTER**



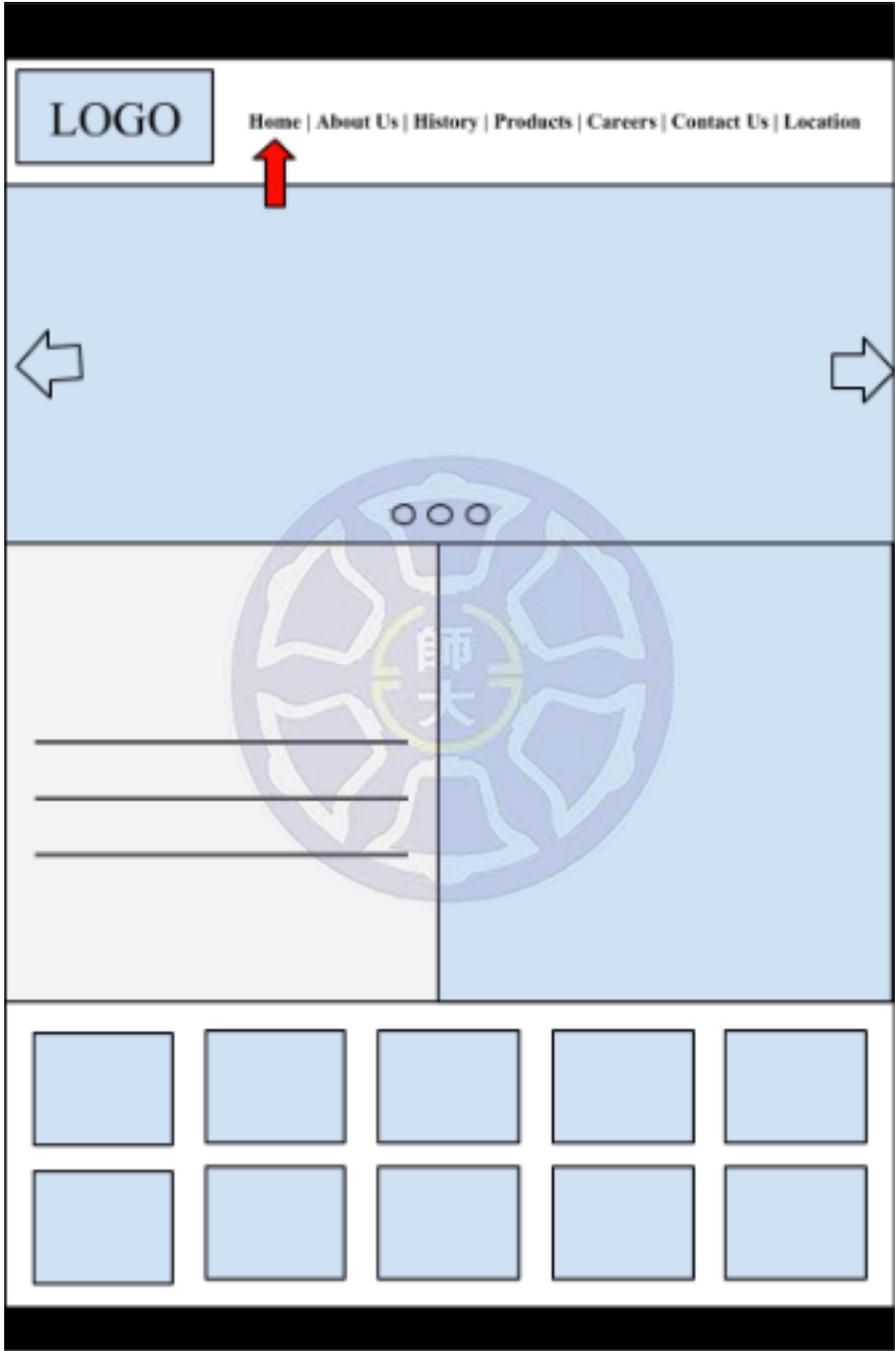
**GQ08-403
L-TYPE CASH
COUNTER**



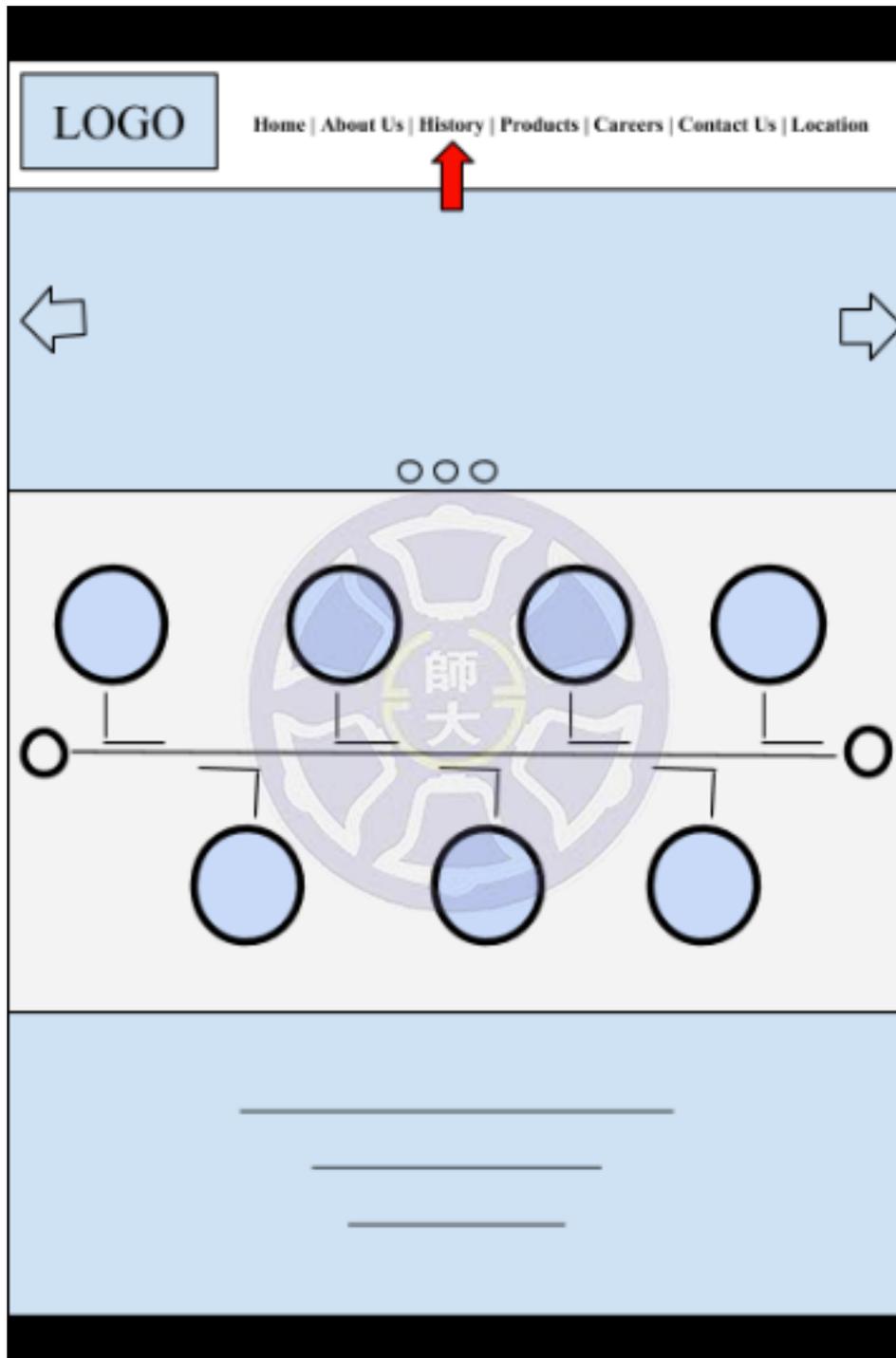
**GQ10-503
CASH COUNTER**

Source: GQ Shop Catalogue

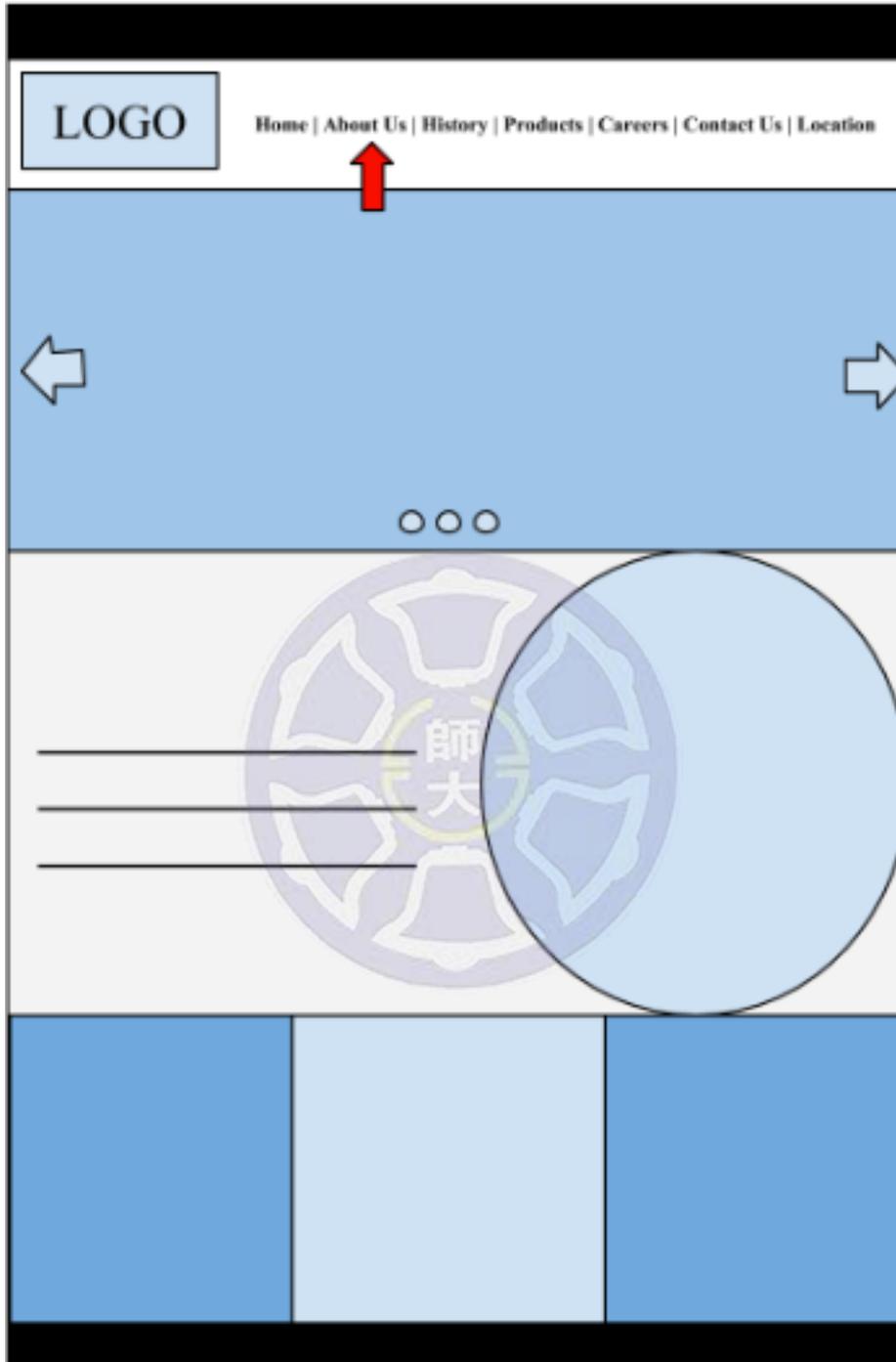
Appendix 5: Homepage, Website



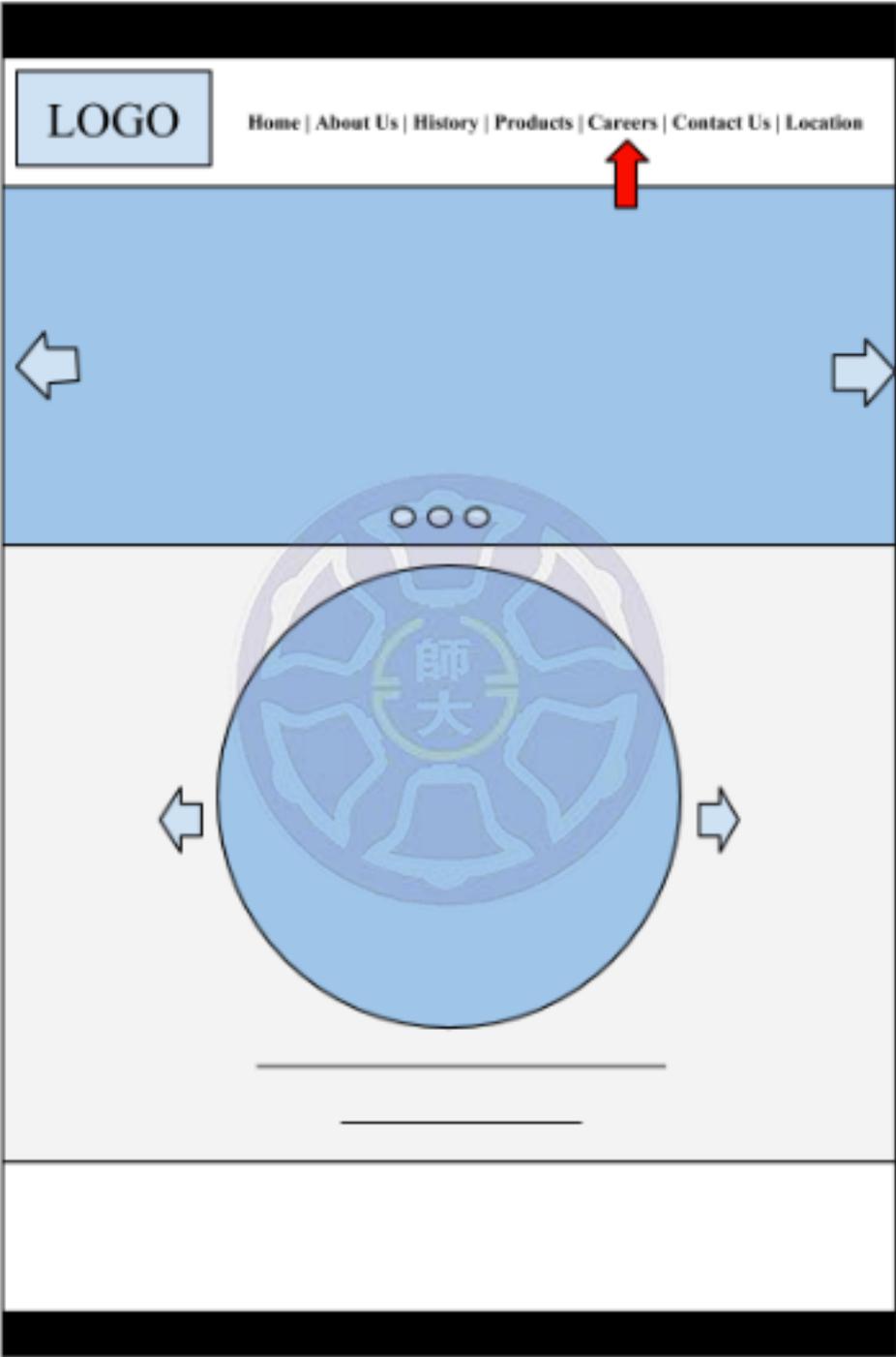
Appendix 6: Brief History, Website



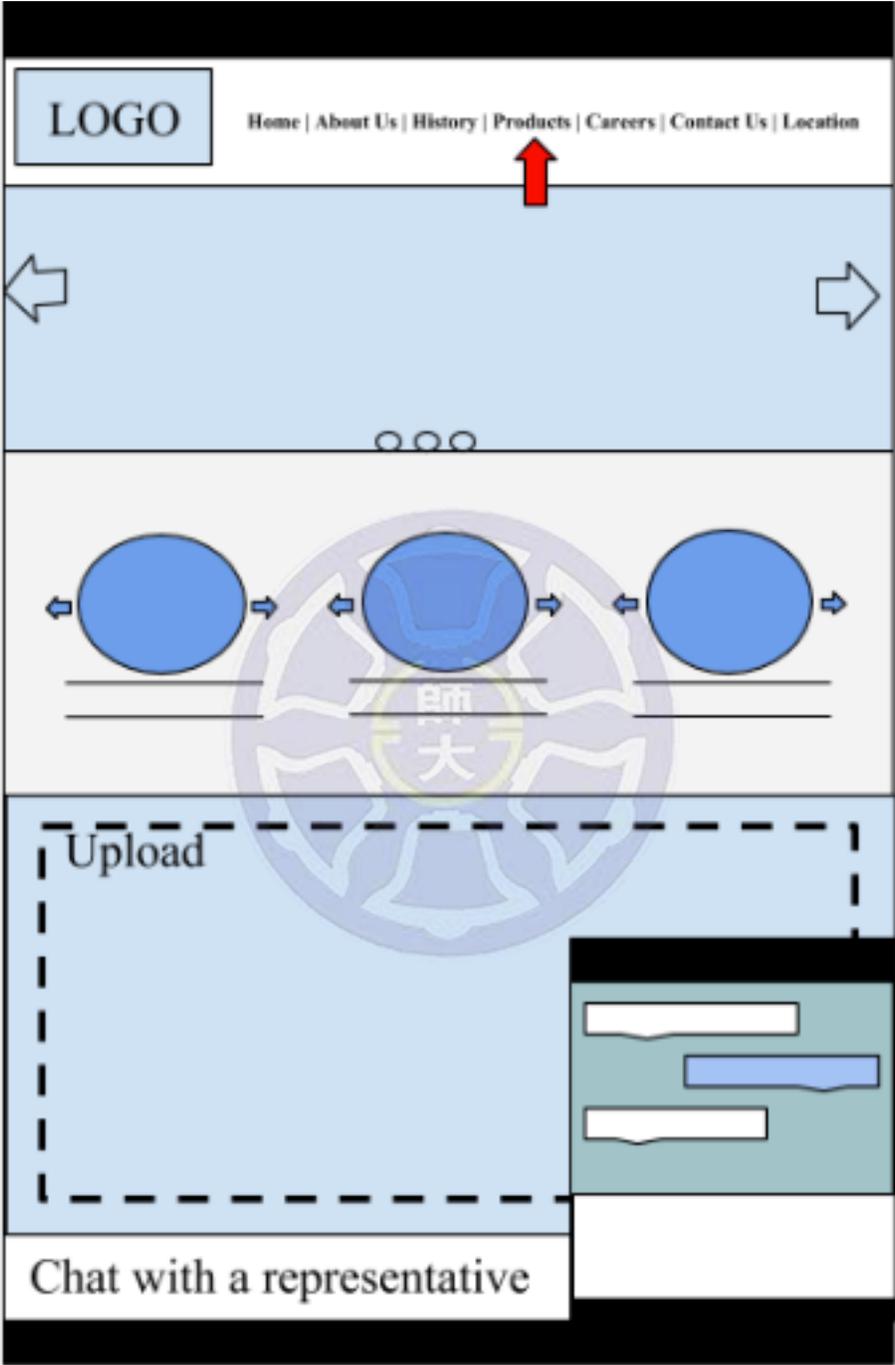
Appendix 7: About Us, Website



Appendix 8: Career, Website



Appendix 9: Products, Website

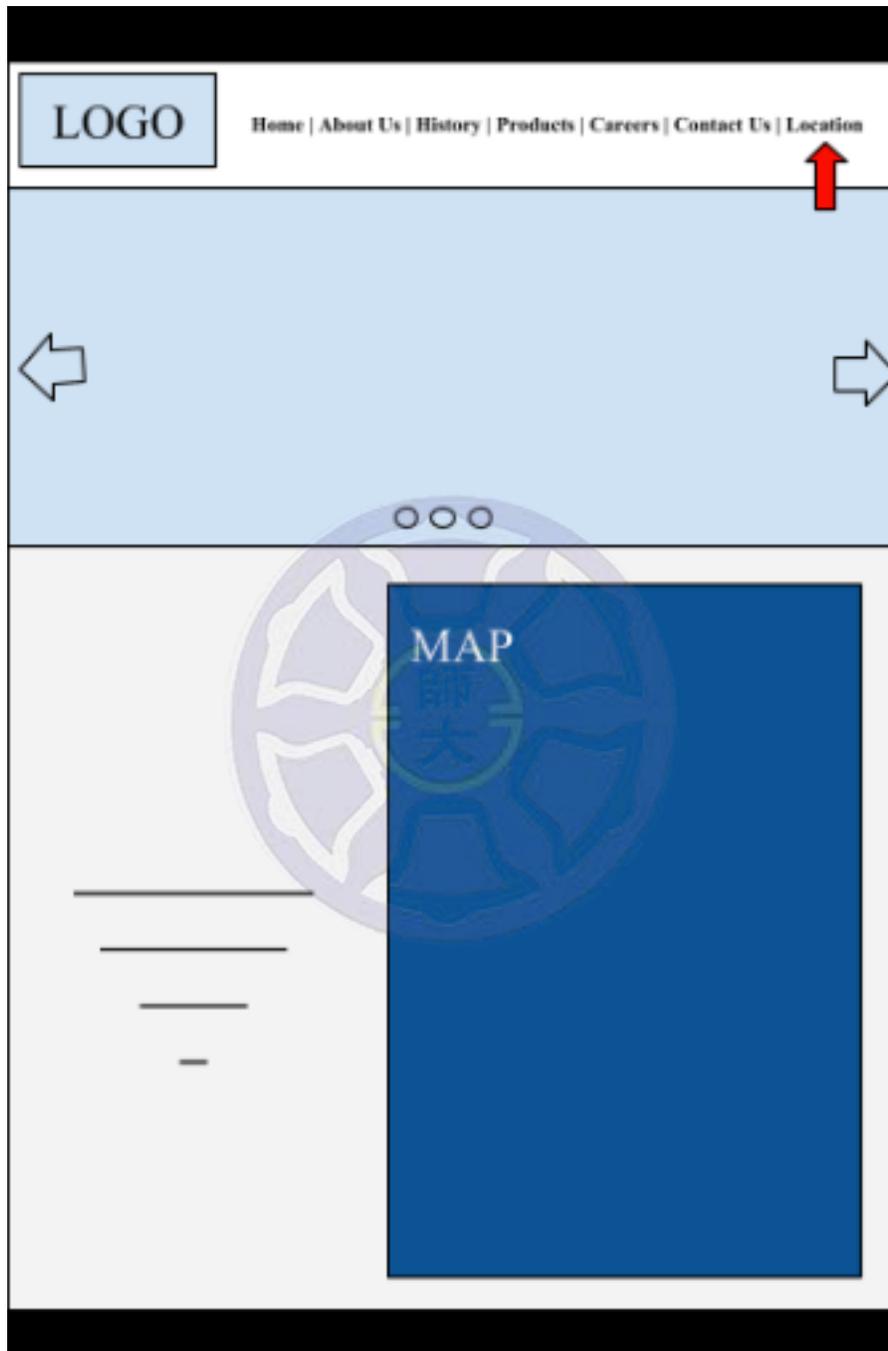


Appendix 10: Contact Information, Website

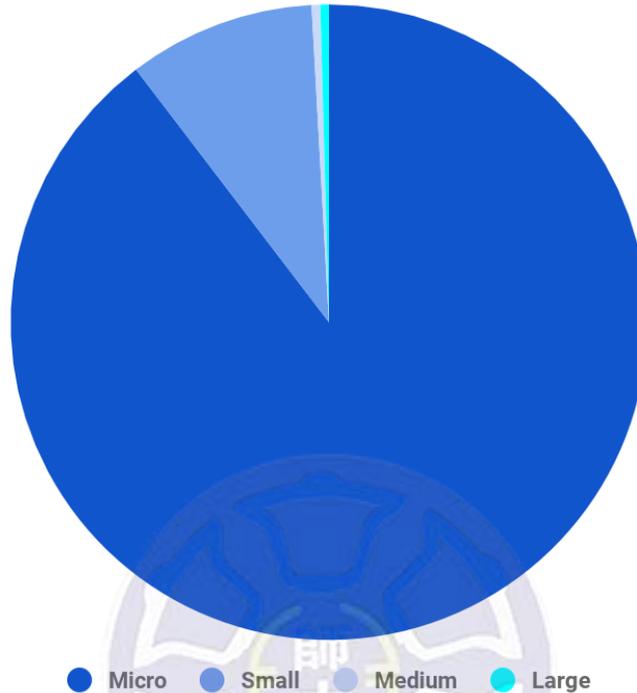
The wireframe illustrates a website layout with the following sections:

- Header:** Contains a "LOGO" box on the left and a navigation menu with links: "Home | About Us | History | Products | Careers | Contact Us | Location". A red arrow points to the "Contact Us" link.
- Hero Section:** A light blue area with left and right arrows and a central "OOO" indicator.
- Management:** A section with a light gray background, a central circular graphic, and eight blue circular placeholders arranged in two rows of four. It includes left and right arrows and "OOO" indicators above and below the grid.
- Contact Us:** A form area with the following fields:
 - Name:
 - Email:
 - Subject:
 - Message:

Appendix 11: Location

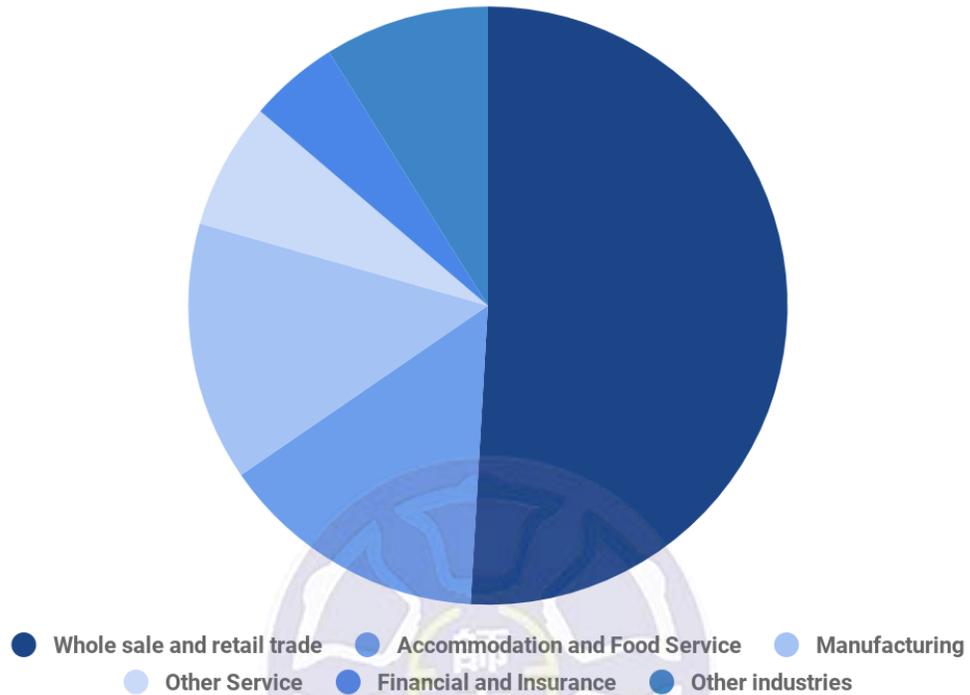


Appendix 12: Distribution of Establishment by Enterprise Size, Philippines



Source: Department of Trade and Industry, 2016

Appendix 13: Distribution of Enterprises by Industry Sector, Philippines



Source: Department of Trade and Industry, 2016

Appendix 14: MSME Classification

Enterprise	Category	
	Asset Size	Number of Employees
Micro	< 3,000,000 php	1-9
Small	3,000,001 to 15,000,000 php	10-99
Medium	15,000,001 to 100,000,000 php	100-199
Large	100,000,001 php >	200 >

Source: Philippine Republic Act 6977, as amended by Republic Act 8289, and further amended by Republic Act 9501

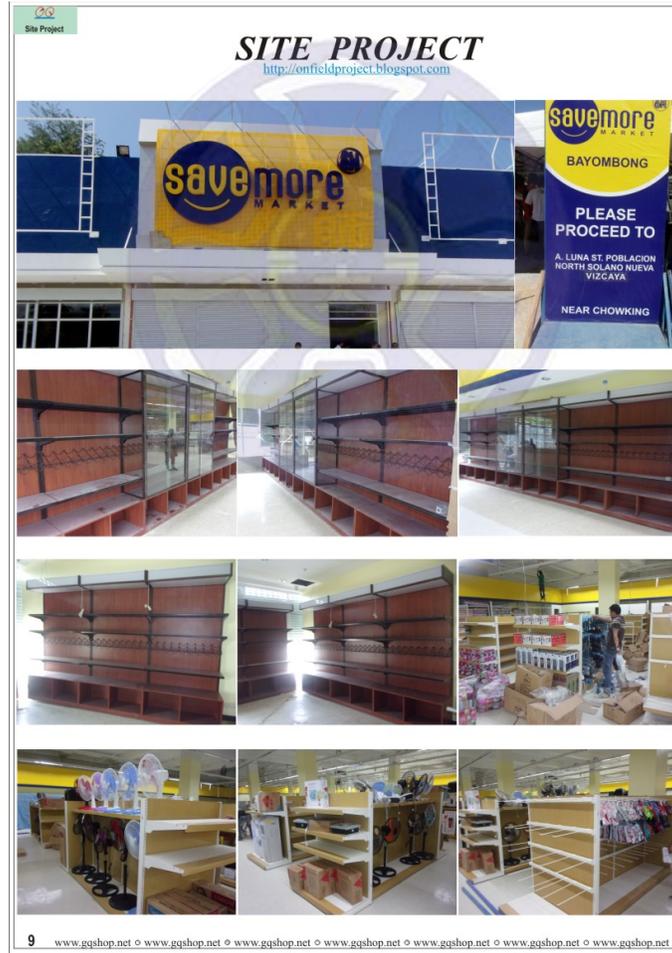


Appendix 15: Number of New Businesses Registered

Country Name	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Australia	135092	159108	143153	127258	160615	168170	185009	226209	231920	243347	246623
United Kingdom	403860	452135	362322	364131	400867	453898	492754	522439	585872	611478	663616
Japan	3392	6076	5413	5771	7153	8913	9857		11886		

Source: World Bank

Appendix 16: SM Investment



Source: GQ Shop catalogue

Appendix 17: Website Organizational Chart

