

# Online Advertising and the Operational Cost Reduction of Microenterprises in Modern Business

CARLOS, CARLA JADE<sup>1</sup>, CELAMOR, MA. ELENA H.<sup>2</sup>, POLITICO, CHARLES C.<sup>3</sup>, CLARRISA M.<sup>4</sup>,  
MAGTIBAY, ALELI I.<sup>5</sup>

<sup>1,2,3,4,5</sup> School of Business Administration, Paete Science and Business College, Inc.,  
Paete, Laguna, Philippines

**Abstract**—This study aimed to examine the role of online advertising in reducing operational costs among microenterprises. The researchers used both quantitative and qualitative methods, including surveys and interviews, to collect data from various microenterprise owners and employees in Paete, Laguna, and nearby towns such as Pila, Sta. Cruz, Pagsanjan, and Lumban. The questionnaire consisted of three main sections: the demographic profile of respondents, the extent of online advertising, and the level of online advertising on operational cost reduction. The researchers of this study utilized the weighted mean and Spearman Correlation methods to analyze the relationship between online advertising and reduced operational costs. The findings revealed that age and sex bore a non-significant relationship to the effectiveness of online advertising, while educational attainment, monthly income, and years of business operation showed otherwise. This result suggested that respondents with higher educational levels, stable income, and longer business experience were more capable of using online platforms efficiently to reduce costs. Moreover, experienced and higher-income entrepreneurs tended to invest more in targeted advertising, while those with lower income maximized free or low-cost digital tools to maintain affordability. This result revealed that socio-economic and experiential factors played a role in how microenterprises adopted online advertising strategies. Overall, online advertising and its role in reducing operational costs were shown to be highly significant.

**Indexed Terms** – Cost reduction, Microenterprises, Online Advertising, Social interaction

## I. INTRODUCTION

In today's competitive and modern business landscape, microenterprises face the challenge of balancing operational costs while reaching their target market. Unlike large companies that can afford traditional advertising such as TV, radio, or billboard placements, small business owners often lack the resources for such costly promotions. Because of this, many turn to online advertising as a more affordable and accessible alternative.

Online advertising has now become an essential part of doing business. Through platforms like Facebook, Instagram, and Google Ads, business owners can promote their products, interact with customers, and build brand visibility — all without the high costs of traditional marketing. For example, with just a small budget, one can boost posts, run ads, and even join online selling events. This helps attract customers and increase sales while spending less on physical operations like renting a space or printing materials.

This shift has significantly helped microenterprises reduce their operational costs. Instead of maintaining a physical store or hiring several staff, online sellers can operate from home, handle orders through chat, and deliver through courier services. As more businesses recognize these benefits, online advertising continues to influence the way microenterprises operate in the modern market.

However, despite its growing use, there are still microenterprise owners who are unsure of how online advertising truly impacts their business expenses. Some adopt it without understanding its full potential, while others are hesitant due to a lack of knowledge or fear of change. This situation raises the need to examine how online advertising helps reduce operational costs and what strategies are most effective.

This study aims to explore the connection between online advertising and operational cost reduction among

microenterprises. It will highlight how digital platforms support cost-saving strategies and offer practical insights that can help small business owners improve their operations in today's tech-driven economy.

## II. METHODS

In order to gain a comprehensive understanding of the relationship between online advertising and operational cost reduction of microenterprises, this study employed a mixed-methods approach. This approach integrated both qualitative and quantitative research to gather numerical data and personal experiences, allowing for a richer and more robust analysis of the topic.

By using a mixed-method approach, the researchers were able to capture various perspectives of microenterprise owners and employees regarding their use of online advertising. The combination of qualitative and quantitative data provided a more thorough examination of how online advertising impacts cost reduction, which in turn strengthened the reliability and validity of the study (Shorten & Smith, 2017).

The study focused on microenterprises located in Paete, Lumban, Pagsanjan, Sta. Cruz, and Pila, Laguna. A total of 120 respondents participated in the research, consisting of business owners, managers, and employees. These participants were carefully selected to ensure that the data collected would reflect a diverse range of experiences and insights regarding online advertising's effectiveness.

Data collection began with a survey covering demographics and respondents' perceptions of online advertising, specifically its credibility, informativeness, social interaction, and effect on cost reduction, measured using a four-point Likert scale.

This was followed by in-depth interviews with selected participants to gather more personal insights on the benefits and challenges of online advertising for cost savings.

For data analysis, the researchers used weighted mean for survey responses, Spearman's correlation to assess relationships, and descriptive statistics (frequency, percentage, ranking) for demographic data.

## III. RESULTS AND DISCUSSIONS

### 3.1 Profile of the Respondents

The findings revealed that the majority of respondents were aged 31-35 years old, a group combining education and work experience that prepared them for leadership roles in microenterprises. Most of them were women, reflecting the active participation of females in small businesses. A significant number of respondents were college graduates, which gave them a strong foundation in understanding business concepts. Their family income typically ranged from Php9,101.00 to Php18,200.00, indicating a need for cost-effective strategies to manage business expenses. Additionally, many respondents had over five years of business experience, showcasing their stability and openness to adopting modern strategies such as online advertising to optimize operations and drive business growth.

This demographic, particularly those in their early 30s, was well-positioned for business leadership, making them more likely to adopt innovative strategies like online advertising. The combination of education and practical experience made these entrepreneurs more inclined to leverage online tools for business growth while managing operational costs effectively. The age of entrepreneurs within this group strongly influenced their approach to business, especially in terms of adopting digital tools like online advertising as a way to stay competitive and reduce costs.

Table 1. Extent of Online Advertising

Aspect	Mean	SD
Credibility	3.73	0.50
Social Interaction	3.74	0.49
Informativeness	3.64	0.49

Based on the results, Social Interaction received the highest mean score of 3.74, with a standard deviation of 0.49, showing that most respondents strongly agree that online advertisements are effective in promoting interaction (such as likes, shares, and comments). Credibility followed closely with a mean of 3.73 and a standard deviation of 0.50, indicating that respondents also.

Consider online ads to be trustworthy. Lastly, Informativeness obtained a mean of 3.64 and a standard deviation of 0.49, suggesting that online ads are informative, though slightly less.

emphasized by respondents. Overall, the results show that the extent of online advertising in terms of social interaction, credibility, and informativeness is rated to a great extent.

*The results of the Extent of using Online Advertising in terms of Credibility can be seen in Table 2.*

Statement	Weighted Mean	Interpretation
<i>We...</i>		
1. Establish a professional image by showcasing products or services on reputable platforms.	3.78	Strongly Agree
2. Transparently present information about the business inclusions.	3.73	Strongly Agree
3. Maintain consistent branding that helps reinforce the business' identity and values.	3.73	Strongly Agree
4. Allow displaying customer's opinions and reviews, boosting credibility.	3.84	Strongly Agree
5. Gain trust by associating with well-known brands or influencers.	3.54	Strongly Agree
Total:	3.73	To a Great Extent

Table 2 shows the extent of online advertising in terms of credibility. The highest mean (3.84) reflects that displaying customer reviews boosts\ credibility. The second-highest mean (3.78) highlights the importance of showcasing products on reputable platforms. Other factors, like consistent branding (3.73) and

Transparent business information (3.73) also strongly contributes to credibility. The lowest mean (3.54) shows that gaining trust through influencers is important, but not as influential as other credibility factors. Overall, the mean of 3.73 suggests that credibility is highly valued in online advertising.

*The results of the Extent of using Online Advertising in terms of Social Interaction can be seen in Table 3.*

Statement	Weighted Mean	Interpretation
<i>We...</i>		
1. Allow our business to engage directly with customers through comments, messages, and interactive content.	3.83	Strongly Agree
2. Facilitate building a community around the brand, encouraging customer discussions and interactions.	3.70	Strongly Agree
3. Provide opportunities for businesses to run interactive campaigns such as polls, quizzes, or challenges to engage the audience.	3.65	Strongly Agree
4. Consider enabling businesses to respond promptly to customer inquiries and feedback, enhancing customer satisfaction and loyalty.	3.78	Strongly Agree
5. Consider using user-generated content, fostering customers' sense of belonging and involvement.	3.73	Strongly Agree
Total:	3.74	To a Great Extent

Table 3 shows the extent of online advertising in terms of social interaction. The highest mean (3.83) indicates that engaging directly with customers through comments and messages is essential. Prompt responses to customer feedback (3.78) also rank

highly, showing the importance of interaction. Using user-generated content (3.73) and running interactive campaigns (3.65) are also effective ways to engage customers. The average mean of 3.74 suggests that social interaction plays a significant role in online

advertising success.

*The results of the Extent of using Online Advertising in terms of Informativeness can be seen in Table 4.*

Table 4. Informativeness		
Statement	Weighted Mean	Interpretation
<i>We...</i>		
1. Provide detailed and easily accessible descriptions of the product or services.	3.67	Strongly Agree
2. Offer comprehensive information about product features, specifications, and usage instructions.	3.65	Strongly Agree
3. Educate potential customers about the product or service's benefits, helping them make informed purchasing decisions.	3.61	Strongly Agree
4. Consider highlighting special promotions, discounts, or offers, encouraging immediate action from customers.	3.64	Strongly Agree
5. Consider highlighting special promotions, discounts, or offers, encouraging immediate action from customers.	3.63	Strongly Agree
Total:	3.64	To a Great Extent

Table 4 shows the extent of online advertising in terms of informativeness. Providing detailed descriptions (3.67) is the most important factor in helping customers make informed decisions. Offering comprehensive product information (3.65) and highlighting promotions (3.64) are also highly valued. The overall mean of 3.64 shows that clear, informative content is key to effective online advertising.

Concerning the extent of using online advertising, the following statements were gathered regarding generating employment, financial sustainability, and alleviating poverty based on the responses of the Microenterprises (ME):

*ME1: Online advertising is important for sharing clear information about the business, which helps build trust with potential customers.*

*ME2: Showing customer reviews on platforms makes the business more credible, as new customers tend to trust what previous buyers say.*

*ME3: Encouraging customers to share their content creates a sense of community and makes the business more trustworthy. Used content builds community and trust.*

*ME4: Responding quickly to customer questions helps provide useful information and shows care for their needs.*

*ME5: Sharing detailed posts and videos helps potential customers understand products better, leading to better buying decisions.*

The microenterprises showed their views on important factors of using online advertising. Microenterprises 1 and 2 focused on credibility, saying that online advertising helped share clear business information and that showing customer reviews builds trust with potential customers. Microenterprise 3 talked about social interaction, explaining that encouraging customers to share their content created a sense of community and trust around the business. Lastly, Microenterprises 4 and 5 highlighted informativeness, noting that quickly responding to customer questions provided useful information and showed care for their needs. They also mentioned that sharing detailed posts and videos helped customers understand products better, leading to smarter buying choices.

Social media has become a key marketing tool where the credibility of content and platform greatly affects consumer behavior. Trustworthy digital influencers can trigger impulsive buying, especially on social. Networking sites. For small businesses, honest and transparent advertising builds credibility and customer loyalty. Providing clear and reliable information helps consumers make informed decisions and encourages repeat purchases, highlighting the importance of

credibility, social interaction, and informativeness

in online advertising (Komal & Tahir, 2022).

*The results of the Level of Operational Cost Reduction of Microenterprises in modern business can be seen in Table 5.*

*Table 5. Level of Operational cost reduction of microenterprises in modern business*

Statement	Weighted Mean	Interpretation
1. Consider helping establish a professional image by showcasing products or services on reputable platforms thus reducing costs associated with traditional marketing methods	3.83	Strongly Agree
2. Allow transparently presenting information about the business inclusions, lowering customer acquisition costs.	3.76	Strongly Agree
3. Display customer opinions and reviews boosts credibility, which can lead to lower spending on customer outreach.	3.80	Strongly Agree
4. Directly engage with customers through comments an interactive content reducing comments and interactive content, reducing the need for costly customer service initiatives.	3.78	Strongly Agree
5. Can use interactive campaigns like polls or quizzes to engage the audience, reducing the need for expensive advertising strategies.	3.69	Strongly Agree
6. Encourage user-generated content to foster a sense of belonging, which can lower marketing and promotional expenses.	3.83	Strongly Agree
7. Provide detailed and easily accessible descriptions of the product or services, minimizing the cost of customer support and inquiries.	3.83	Strongly Agree
8. Consider comprehensive information about product features and specifications to reduce return costs and customer dissatisfaction.	3.79	Strongly Agree
9. Educate potential customers about the product or service's benefits helps them make informed decisions, reducing marketing and sales expenses.	3.83	Strongly Agree
10. Provide links to additional resources like blogs, articles, or videos for further information to help reduce customer support costs.	3.83	Strongly Agree

The level of operational cost reduction of microenterprises in modern business revealed a strongly agreeable result. Primarily, respondents showed a strong agreement that they considered helping establish a professional image by showcasing products or services on reputable platforms. Microenterprises reduced traditional marketing costs by encouraging user-generated content and offering detailed product information to lessen customer inquiries. They educated customers through accessible descriptions, added resources like blogs or videos, and promoted transparency, all of which helped lower support and acquisition costs. Interactive campaigns such as polls and quizzes also engaged customers effectively without relying on expensive ads. Microenterprises highlighted the importance of

credibility, social interaction, and informativeness in reducing operational costs. Most respondents agreed that using reputable platforms and detailed product descriptions helped lower marketing expenses and improved customer satisfaction. They also valued user-generated content and interactive campaigns, which built trust and engagement while keeping costs down. These strategies supported the sustainable growth and efficiency of their businesses.

Concerning the level of business performance, the following statements were acquired during the face-to-face interview:

*ME1: Online advertising creates a professional image on trusted platforms, boosting credibility and attracting more customers while reducing*

traditional marketing costs.

*ME2: Engaging with customer reviews and feedback in advertisements builds trust and loyalty, which lowers marketing expenses.*

*ME3: Using interactive polls and quizzes on social media keeps the audience engaged and informed about products, reducing the need for expensive ads.*

*ME4: Encouraging customers to share their experiences strengthens relationships and provides authentic information, lowering marketing costs.*

*ME5: Offering clear product descriptions reduces customer inquiries, lowering support costs, and helps customers make informed choices.*

The microenterprises emphasized the role of online advertising in building credibility through transparency and creating a sense of belongingness. Microenterprise 1 highlighted the importance of featuring customer reviews and feedback in advertisements to build loyalty and reduce marketing expenses. They also valued user-generated content, such as customer photos, to strengthen brand connection and encourage repeat purchases. Microenterprises 3, 4, and 5 emphasized the informativeness of using interactive polls and quizzes on social media to engage customers and reduce advertising costs. They added that clear product descriptions helped minimize customer inquiries and support costs.

*The Relationship between the Profile of the Respondents and the Extent of Using Online Advertising can be seen in Table 6.*

Table 6. The Relationship between the Profile of the Respondents and the Extent of Using Online Advertising

Variable	p-value	Relationship
Sex	0.072	Not Significant
Age	0.817	Not Significant
Educational Attainment	0.391	Not Significant
Monthly Income	0.249	Not Significant
Years of Business Operation	0.666	Not Significant

The profile of the respondents revealed a non-significant association with the level of operational

cost reduction in microenterprises. This indicated that the demographic characteristics of the respondents—including sex, age, educational attainment, monthly income, and years of business operation—did not play a significant role in influencing the operational costs of their businesses. Despite the diversity in backgrounds, it appeared that the strategies for cost reduction were relatively uniform across the sample. The results indicated that microenterprises likely relied on similar cost-saving strategies, regardless of demographic differences. Effective cost management seemed to be influenced more by business practices and external market factors than by the owners' backgrounds. The success of cost reduction appeared to depend more on how well online advertising strategies were used.

*The results in the relationship between the Extent of Using Online Advertising and the Level of Operational Cost Reduction of Microenterprises in Modern Business can be seen in Table 7.*

Table 7. The Relationship between the Extent of Using Online Advertising and the Level of Operational Cost Reduction of Microenterprises in Modern Business

Variable	p-value	Relationship
Credibility	0.0008	Significant
Social Interaction	0.014	Significant
Informativeness	<.001	Highly Significant

There was a significant relationship between online advertising and operational cost reduction among microenterprises, especially in terms of credibility, social interaction, and informativeness. Credibility and social interaction helped build trust and engagement, while informativeness had the strongest impact by aiding customer decision-making and reducing support needs. Online advertising also allowed businesses to reach a wider audience at lower costs through targeted ads and interactive content. This led to reduced promotional expenses and better resource allocation. As noted by Engidaw (2022), strategic cost management supported by informative advertising contributes to financial stability and operational efficiency.

## CONCLUSION

Based on a thorough assessment and interpretation of the results, the study arrived at the following conclusions:

1. The study found a significant relationship between educational attainment and the effective use of online advertising. Microenterprise owners with higher education levels were more capable of using digital tools, engaging customers, and delivering informative advertising. Other demographic factors, such as age, sex, income, and years of operation, showed no significant effect, indicating that success in online advertising depends more on strategy than background.
2. Educational attainment also had a significant impact on reducing operational costs through online advertising. Owners with higher education levels were better at using digital platforms to cut expenses, especially in marketing and customer support. In contrast, age, sex, income, and years of business operation had no significant influence on cost reduction, suggesting that while education enhances efficiency, online advertising remains beneficial for all owners.
3. There was a strong and highly significant relationship between the extent of online advertising and operational cost reduction. Key factors like credibility, social interaction, and informativeness helped lower traditional marketing costs and customer support needs. These findings emphasized that online advertising is an effective tool for microenterprises to improve operations and reduce overhead expenses.

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