

The Benefit of SME Online Promotion Strategy for Renew Product in New Era

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Abstract

In this new era, digital platform rise up as one of the solution to conquer the uncertainty condition. The used of digital platform through online media helps the promotion of a product safer and cheaper. This benefit be as one of the solution to rise up the economics after COVID-19 came and drop out the dynamicity of economy, especially for SMEs. So that, the online promotion as strategy can helps the product know worldwide and the information accepted by the consumers.

This research aims to know the used of online promotion on perceived value. This study conduct in SMEs as part of the most affected sector during COVID-19 pandemic. Sample is 50 SMEs that used online promotion. Method used in the research is partial least square. This result contribute to the effect of online promotion in order to get the solution for SMEs to push the sell and get the better perform in the new era.

Keywords: online promotion, promotion strategy, renew product, perceived value, SME.

I. Introduction

Nowadays online promotion is very well-known. This is one of the impacts of technology which is increasingly becoming a culture. This situation is very helpful for business units in introducing products. Online promotion in the new era is quite dominant because almost all activities are centered on the online system. So that the existence of online promotion can be very effective. Scholars have investigated the effect of promotions on various aspects of firm performance and a relatively small subset have focused on understanding how promotions drive initial perceptions of quality and sales for newly introduced products, then less is known about how simultaneous promotions may impact consumer demand and firm performance, which is becoming an increasingly important issue for industries like automotive (Chaudhuri, Calantone, Voorhees, & Cockrell, 2018).

At first, when the Covid-19 pandemic came, economic activity stopped quite a lot. However, with technology, entrepreneurs who fail to survive have hope. This situation can occur because the strategy in conducting promotions is carried out online. Some manufacturers may have to replace their products, because old products are not compatible with Covid-19 conditions. By fabricating a renewable product, promotion is needed. With an online promotion strategy, a product that is packaged in a new form will potentially be recognized more quickly. In addition, in a situation where financial conditions are bad due to the economic impact, this is very beneficial because it can reduce promotional costs. Apart from that, the advantage is a fairly wide reach. This is potentially profitable. Promotional strategies at the tactical level by operationalizing financing incentives and cash rebates in the U.S. automotive industry. As such, we focus on a single industry to tease out the effects of the two categories of promotional strategies that are particularly relevant in a consumer durable industry (Chaudhuri et al., 2018).

SMEs are the sectors affected by the Covid-19 pandemic. Therefore, SME is stimulated to be able to touch technology in order to sustain business. With an online promotion strategy, SMEs can compete with other businesses that may even be bigger than them or more famous for their brands. SMEs have the same opportunity in online promotion strategies because consumers in a new era will tend to look for things that are relatively affordable. The price for SMEs may be cheaper than branded goods with the same function. Therefore, online promotion strategies are very useful for SMEs in the new era.

The economic constraint is an important factor which determines the preference for the utilitarian benefit. Social groups, where quality consideration and value are perceived for price sacrificed are important, can also give preference to such promoted products which offer more utilitarian benefits. Based on the above discussion it is known that sales promotion makes an impact on consumer perceived value because of its specific kind of attribute which is related to rational and economic aspects like price saving, quality up gradation, convenience, and beneficial deal (Sinha & Verma, 2020).

II. Literature Review

Scholars have investigated the effect of promotions on various aspects of firm performance, which has provided great insights into how and why promotions drive consumer demand. Within these broader investigations, a relatively small subset have focused on understanding how promotions drive initial perceptions of quality and sales for newly introduced products. Additionally, less is known about how simultaneous promotions may impact consumer demand and firm performance, which is becoming an increasingly important issue for industries and focus on a single industry to tease out the effects of the two categories of promotional strategies that are particularly relevant in a consumer durable industry (Chaudhuri et al., 2018).

Defining promotions are a critical component of a firm's marketing mix. These promotional tactics operationalize short-term techniques to generate almost immediate impact on sales volume and influence consumers' purchase patterns (Neslin, Gupta, Kamakura, Lu, & Mason, 2006).

Promotions and perceived quality which is a consumer's assessment of a product's excellence thus perceived quality differs from objective quality because it is a subjective assessment that varies by consumer with this term a higher level abstraction rather than a specific attribute (Parasuraman, Zeithaml, & Berry, 1988). Promotion is influenced by factors external to the product, promotions influence perceived quality by lowering a product's price. Previous research has found a price-quality relationship, in which consumers assume that higher-priced products are higher-quality products.

Some promotions provide non-monetary benefits on purchasing a product. Many researchers recommend this type of promotion because it does not have any harmful effect on the brand value of a product; in fact, it is helpful in enhancing the brand value of the product (Mela et al., 1997). In the long-run perspective, non-monetary promotions are considered more favorable compared to monetary promotions (Yi & Yoo, 2011). Previous researchers have found non-monetary promotion more valuable in terms of long-term effect and enhancing the brand equity of the product. Non-monetary promotions are effective by utilizing the function of value addition and stockpiling.

Consumer perceived value Consumer perceives value based on the evaluation of the utility of a product or service for price sacrificed (Parasuraman et al., 1988). A consumer perceives value if perceived benefits are higher than the price sacrificed. Kuo, Wu and Deng (2009) have described consumer perceived value as consumer surplus which is resulted by subtracting highest price that consumers intended to pay by the actually paid amount for a product. Promotion offers are also perceived as an important cue which motivates consumers towards purchasing a product. Benefits provided by sales promotion offer support to make a positive perception of the product which generates positive purchase intention. Benefits provided by promotions work like a protection system also to ensure positive value perception and availability promotion offer also influences the perceived price, perceived quality and perceived value of the product (Parasuraman et al., 1988).

III. Research Methods

The research was conducted on 50 SMEs that carried out online promotions. The promotion give an impact into the perceived value. The variables that are used in this research are online promotion, hedonic benefit promotion, and perceived value. Partial Least Square is used in this research to analyze the data. Here the model of research.

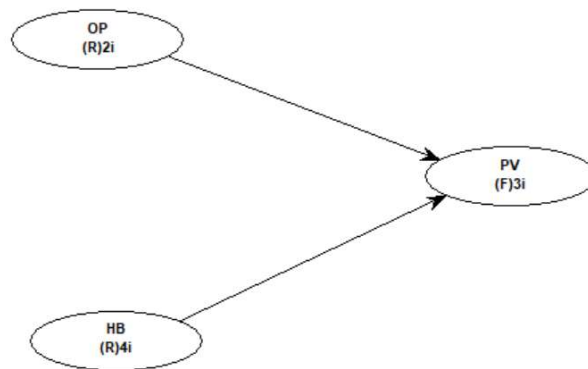


Figure 1. Research Model

IV. Result and Discussion

The research used SMEs because today era is in new normal. That the renew product do some promotion through the online strategy in order to get the cheap and easy way, because hard condition is likely getting worst but somehow the production and creative innovation going to strength new era. SMEs try to get better by offering new things that before pandemic is not their product but after pandemic and now in new era the product adaptive and being renew. So that, here the result of the research.

Table 1. Adjusted R Square

Adjusted R-squared coefficients

NSP	HB	PV
		0.487

Composite reliability coefficients

NSP	HB	PV
0.920	0.925	0.945

The table 1 shows the Adjusted R Square for 48,7%. It means for this research the factors of independent variables are influencing the dependent variable for 48,7%. Then, table 2 shows that the result of this research is also give R Square of 50,8%.

Table 2. The Partial Least Square

	NSP	HB	PV
R-squared			0.508
Adj. R-squared			0.487
Composite reliab.	0.920	0.925	0.945
Cronbach's alpha	0.826	0.891	0.912
Avg. var. extrac.	0.851	0.755	0.852
Full collin. VIF	1.627	6.124	5.379
Q-squared			0.891
Min	-2.077	-2.224	-2.463
Max	1.084	1.542	1.028
Median	0.225	-0.304	0.435

Table 3 and table 4 below are represent the correlations and P value. This research means that the promotion through online strategy for the product during new era are acceptable by consumers and how market reacts is the indicators that the online in this days are possible.

Table 3. Correlations

* Correlations among indicators *

Indicator correlations

	NSP_1	NSP_2	HB_1	HB_2	HB_3	HB_4	PV_1	PV_2	PV_3
NSP_1	1.000	0.703	0.630	0.328	0.630	0.270	0.452	0.579	0.257
NSP_2	0.703	1.000	0.717	0.155	0.717	0.445	0.418	0.548	0.532
HB_1	0.630	0.717	1.000	0.572	1.000	0.581	0.663	0.640	0.849
HB_2	0.328	0.155	0.572	1.000	0.572	0.717	0.854	0.824	0.672
HB_3	0.630	0.717	1.000	0.572	1.000	0.581	0.663	0.640	0.849
HB_4	0.270	0.445	0.581	0.717	0.581	1.000	0.746	0.679	0.650
PV_1	0.452	0.418	0.663	0.854	0.663	0.746	1.000	0.910	0.729
PV_2	0.579	0.548	0.640	0.824	0.640	0.679	0.910	1.000	0.688
PV_3	0.257	0.532	0.849	0.672	0.849	0.650	0.729	0.688	1.000

Table 4. P Value

P values for correlations

[illegible]

This research is support the previous research (Chaudhuri et al., 2018; Chen, Zhao, Yan, & Li, 2020; Neslin et al., 2006; Sinha & Verma, 2020; Yi & Yoo, 2011), but this research has different point than before.

The benefit from this strategy is real concept, that the promotion of renew product could be easier and cheaper using the support of technology by online promotion. The market is wider and the condition of new era where many people stay at home and internet and the phone and other device on their hands is useful for this promotion to get catch by the consumers. Renew product that really used this day is different than before, so with this promotion is support for business units.

V. Conclusion

Online promotion is useful today. This is one of the impacts of technology which is increasingly becoming a culture. This situation is very helpful for business units in introducing products. Online promotion in the new era is quite dominant because almost all activities are centered on the online system. So that the existence of online promotion can be very effective. Scholars have investigated the effect of promotions on various aspects of firm performance and a relatively small subset have focused on understanding how promotions drive initial perceptions of quality and sales for newly introduced products. The benefit from this strategy is real concept, that the promotion of renew product could be easier and cheaper using the support of technology by online promotion. The market is wider and the condition of new era where many people stay at home and internet and the phone and other device on their hands is useful for this promotion to get catch by the consumers. Renew product that really used this day is different than before, so with this promotion is support for business units. Benefits provided by promotions work like a protection system also to ensure positive value perception and availability promotion offer also influences the perceived price, perceived quality and perceived value of the product.

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