

The Influence of Product, Price, Promotion and Distribution on the Marketing Strategy of Small and Medium Enterprises in Lhokseumawe City

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Abstract

The study aims to determine the effect of product, price, promotion and distribution on the marketing strategy of small and medium enterprises located in Lhokseumawe City. For the purposes of data analysis, qualitative and quantitative methods are used. The data used is primary data. The results of the study prove that partially, the variables of Product, Price, Promotion, Distribution affect the sales volume of Small and Medium Enterprises Products in Lhokseumawe City. Furthermore, the results of simultaneous testing prove that Ftabel of 3.00 is much smaller than F count of 11.044. The Correlation Coefficient (R) of 0.790 or 79.0%, this means that the Product, Price, Promotion and Distribution factors have a strong relationship with the marketing strategy of small and medium enterprises The Determination Coefficient (R²) of 0.624 or 62.4%, this means that small and medium business products are influenced by marketing strategies, the remaining 37.6% is influenced by other variables outside this study, while the Adjusted R Square is 0.324 or 32.4%, this means that the Dependent Variable marketing strategy can be explained by variations in Product, Price, Promotion, Distribution which is an Independent Variable.

Keywords: marketing strategy; product; price; promotion; distribution; micro; small and medium enterprises;

Introduction

The development in the business world is increasingly rapid resulting in increasingly fierce competition in every type of business both engaged in industry, trading companies and services. In a company that is established is to achieve certain goals, and not all companies have the same goals. This depends on the orientation of the company being established. There are two orientations, why the company was founded, including profit oriented and non-profit oriented. Economic globalisation will have an impact on the economic development of every country, both positive and negative. Indonesia is one of the countries that has not escaped the influence of globalisation and is faced with various tough challenges to improve its economic development. Unstable conditions are indeed felt less from year to year. The economy is still faced with growth stagnation, an increase in the inflation rate, and an increase in the number of poor and unemployed people.

The empowerment of Micro, Small and Medium Enterprises is the right choice and a must in an effort to bring the nation closer to the goal of building the economic strength of the people. The issue now is how to ground small and medium enterprises as the basis of the people's economic strength. There are several ways that can be done, including bringing small and medium enterprises closer to large entrepreneurs with economic cooperative principles such as sub-contractors and trade cooperation or providing assistance to small and medium enterprises not just out of compassion and social solidarity. Cooperation must also be able to prioritise economic principles based on real business competence. The small and medium industries that are now discussed with small and medium enterprises are managed simply and more on household economic empowerment. Small and medium enterprises are also able to provide alternative employment opportunities in the midst of incessant layoffs or with the subtle language of labour efficiency in large industrial companies.

Small and Medium Enterprises really need to get special attention from the government, because the government is expected to be able to provide solutions to all problems that interfere with the growth and development of small and medium enterprises and apply government policies in coaching and distributing the allocation of funds that have been budgeted in the APBN. The government is also expected to be able to bridge a partnership between small and medium enterprises and more advanced industries. To fulfil these expectations, a consistent and clear commitment from the government is expected in terms of capital, bureaucracy or other facilities that support the development and progress of small and medium enterprises in the future. And no less important is the government's policy on the development and assistance of small and medium enterprises until they are able to manage their businesses independently.

Based on the "Big Data Review" report, sales have increased significantly, the increase in sales transactions of national Micro, Small and Medium Enterprises has increased by 10-15%. But this is inversely proportional to several Micro, Small and Medium Enterprises in Lhokseumawe City. In 2020 the growth rate of Micro, Small and Medium Enterprises in Lhokseumawe City has decreased from 3.98% to -1.45%, this is due to several factors that cause this. (Bigdata, 2021).



Source : bigdata.co.id

This is because the target market for Micro, Small and Medium Enterprises is not clear for the millennial generation and young people or the products want to target the elderly but the ingredients of the product content are not described, even though the target market is very decisive for MSMEs to be able to market their products. In addition, Micro, Small and Medium Enterprises also need to make preparations in terms of obtaining permits from related agencies, having employees, and having their own business premises (antaranews.com, 2020). With this, the gross regional domestic product figure in 2020 decreased by -1.45% in the city of Lhokseumawe, this is very much in contrast to the data in 2019 and 2018 which experienced an increase of 3.78 and 3.98. To increase the income of Micro, Small and Medium Enterprises in Lhokseumawe city, the government held a Culinary Festival.

The Lhokseumawe city Culinary Festival is one of the government's ways to increase the income of Lhokseumawe city MSMEs, but it still uses a less effective marketing strategy, by bringing all roadside traders so that it is not organised and does not match the expectations of the people of Lhokseumawe city.. This is also inseparable from the attitude of a number of financing institutions that only channel financing to MSMEs, without providing continuous assistance. As a result, Micro, Small and Medium Enterprises often fail to utilise the financing provided optimally or effectively to develop their business (Ekonomi.bisnis.com, 2020).

Literatur Review

Micro, Small and Medium Enterprises (MSMEs)

The large role of small businesses in the growth of the world economy has led to greater attention from every country to small businesses in recent years. Various efforts are made by the government to encourage the growth of small businesses by providing guidance so that these small entrepreneurs can be independent and compete in the global market. Small businesses have a significant contribution to the sustainability of the national economy. This contribution was felt when the Indonesian nation was faced with an economic crisis several years ago, even small businesses became the buffer and saviour of this country from the impact of the crisis. (Andriyani & Suniasih, 2021).

The resilience of small businesses is certainly due to their existence and independence in running their business operations. By involving many individuals and a variety of products traded. In addition, small businesses are also able to absorb a relatively large labour force. The resilience of small businesses is certainly due to their existence and independence in running their business operations. By involving so many individuals and a variety of products being traded. Besides, small businesses are also able to absorb a relatively large workforce (Anoraga & Sudantoko, 2002).

Meanwhile (Apriliyani, 2018) says that the factor that influences the development of small businesses is the business capital factor, how small and medium enterprises can be developed if the business capital for this group is still very limited. The banks are also still hesitant to provide loans to small businesses, on the other hand the interest rate is relatively high. The development of this small business can be seen from the amount of profit (business profit) obtained at the end of each year.

According to Yanto (1995), a small business is a business with a turnover of under Rp. 50 million per year, which usually has company characteristics including having few employees, low asset turnover rates and relatively low total assets. Another characteristic is the existence of a limited duty company and is dominated by senior management or owners.

Meanwhile, according to Law of the Republic of Indonesia Number 20 of 2008, what is meant by small businesses is a group of businesses that have a wealth / business capital of less than Rp. 50 million and are able to carry out work of Rp. 50 million to Rp. 200 million. Meanwhile, according to Law No. 9 of 1995 concerning Small Businesses, small-scale economic activities meet the criteria of net worth or annual sales and ownership as regulated in this law.

Factors Affecting Small Business Development According to Glueck (1994), there are several factors that can affect small business development, namely:

1. Capital factor
2. Education Level
3. Experience
4. Way of Doing Business
5. Level of Technology Use

Product

Kotler, (2004) a product is anything that a company can offer to be noticed, requested, sought after, purchased, used or consumed by the market as a fulfilment of the needs or desires of the market concerned. Products can be physical, people, organisations, services, places, ideas. Products that are in physical form are products that can be held or have a certain shape or appearance and are commonly known as Tangible. While products that are fictitious or cannot be held are products that can only be felt but cannot be held and do not have a certain shape and cannot be stored are often called Intangible. The stages in the new product development process are idea development, idea screening, concept development and testing, business analysis and evaluation, product development, market testing, launch and recommendations.

Kotler's research shows that products are an important part of every Micro, Small and Medium Enterprises, especially the city of Lhokseumawe where products must have a target market that is in accordance with these products.

Price

Price is an important role in marketing for both sellers and buyers. According to Alma (2004: 79), "Price is the value of an item expressed in money". Based on Swasta (2000: 89) the definition of price is "the amount of money (plus some possible goods) needed to obtain a combination of items and services". "Price is the amount of money charged for a product or service. Generally, price is the overall value that can be redeemed for consumers to benefit from ownership of goods or services.

According to Kotler in research conducted by Khairunisa et al., (2015) stated that price is one of the factors that have a significant effect on marketing strategy.

Promotion

Sales promotion is defined as a special offer or part of marketing communication activities (Peattie, 1998; Alvarez and Casielles, 2005). Other studies define sales promotions as offers or incentives that encourage manufacturers, and retailers, to generate desired sales (Gilbert and Jackaria, 2002). Sales promotion can also be referred to as any incentive used by a manufacturer or retailer to provoke trade with other retailers or with other channel members, or with consumers to buy a brand in addition to encouraging salespeople to aggressively sell the item (Shimp, 2003). According to Kotler (2006) sales promotions are short-term incentives to encourage the purchase or sale of a product. The objectives vary so that sellers can use consumer promotions to increase short-term sales. Sales promotions increase sales during the promotion. It is often used to provide a short sharp shock to sales. Media and non-media marketing communications are used for a pre-determined and limited time to increase consumer demand, stimulate market demand or increase product availability. Examples: Coupons, sweepstakes, contests, product samples, rebates, tie-ins, self-liquidating premiums, trade shows, trade-ins and exhibitions.

The purpose of sales promotion is to attract new customers, introduce new products. The advantages of sales promotion include: the ability to provide quick feedback, add excitement to the service or product, additional ways to communicate with customers, flexible timing and efficiency. Disadvantages include: High cost per contact, inability to reach multiple customers effectively.

Distribution

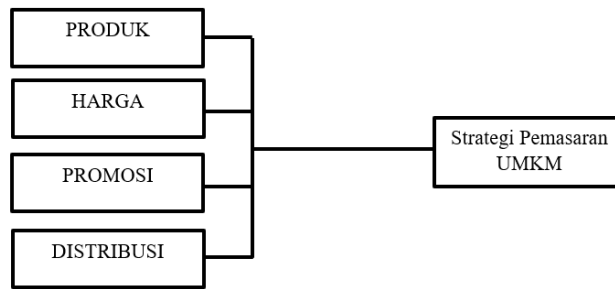
Basu Swastha (Swastha, 1990) states that the distribution channel is a group of traders or distributors of a company that combines the physical transfer and name of a product to create utility for a particular market. In determining the number of distributors, producers are faced with three alternatives as stated by Basu Swastha (Swastha, 1990) as follows:

- A. Intensive Distribution This Distribution Can Be Carried Out By Producers Who Sell Conventional Goods. Manufacturers Try To Use Distributors, Especially Retailers As Much As Possible To Approach And Reach Consumers.
- B. Selective Distribution Manufacturers Try To Select A Limited Number Of Wholesalers Or Retailers In A Geographic Area. Usually This Channel Is Used To Market New Products, Shopping Goods Or Special Items And Industrial Goods Such As Accessory Equipment.
- C. Exclusive Distribution Manufacturers Only Use One Wholesaler Or Retailer In A Particular Market Area. This Distribution Is Usually Used For Goods That Require After-Sales Service. The Benefit That Can Be Taken From This Distribution Is That Producers Can Reduce Distribution Costs.

Research Methods

Conceptual Framework

The conceptual framework is a conceptual model of how theory relates to various factors that have been identified as important problems.



Gambar 2.1. Conceptual Framework

Hypothesis Testing

To test the overall effect of the independent variable (X), on the variable (Y), the F test is used. With the same comparison value as the T test, namely if $F_{count} > F_{table}$, then the independent factor affects the dependent value or if $F_{count} < F_{table}$, then the independent factor does not affect the dependent value.

If using the T test to determine the significance of the influence of each independent variable on the dependent variable, at a significant level of 5%, then partially each variable has a meaningful influence. $T_{count} > T_{table}$, then H_0 is accepted and H_1 is rejected, or $T_{count} < T_{table}$, then H_0 is rejected and H_1 is accepted.

Results and Discussion

Discussion

This study is intended to see the extent to which these factors affect sales volume, based on this, in this study researchers of small and medium-sized business products in Lhokseumawe City, researchers analysed several variables, where the Product (X1), Price (X2), Promotion, the last is the Distribution variable (X4) while the independent variable (Independent Variable) which becomes Y or the dependent variable is Sales Volume. Besides that, of course, in seeing the volume of product sales in small and medium-sized businesses can also be influenced by other factors that are not examined in this study called confounding factors (error term).

Based on the results of estimation research on the variables studied, and processed using the SPSS (Statistical Package for Social Science) programme with multiple regression calculations, significant results were obtained and parameters for each variable were obtained which can be seen as follows:

Tabel 1. Hasil Estimasi Variabel Bebas Terhadap Variabel Terikat

Nama Variabel	B	Standar error	t _{hitung}	t _{tabel}	sig
Konstana	3.156	0.944	3.342	1.833	0.020
Produk (X1)	0.206	0.186	1.109	1.833	0.318
Harga (X2)	0.287	0.177	1.620	1.833	0.166
Promosi (X3)	0.403	0.143	2.824	1.833	0.037
Distribusi (X4)	0.007	0.117	0.061	1.833	0.954
Koefesien korelasi (R)	= 0.790 ^a	a. Predictors : (constant)			
Koefesien determinasi (R ²)	= 0.624	Lokasi pasar (X ₁)			
Adjusted (R ²)	= 0.324	Kelengkapan barang (X ₂)			
F _{hitung}	= 2.078	Pelayanan (X ₃)			
F _{tabel}	= 3.33	b. Dependent variabel			
F _{sig}	= 0.221 ^a	Perkembangan Pasar Swalayan (Y)			

Correlation Coefficient and Determiation Coefficient

The results of the analysis obtained a Correlation Coefficient (R) of 0.790 or 79.0%, this means that the independent variable is able to explain the Dependent Variable or in other words the Product Factor (X1), Price (X2), Promotion (X3) Distribution (X4), has a strong relationship with the sales volume of aluminium craft products (Y). The Coefficient of Determiation (R²) of 0.624 or 62.4% means that the Dependent Variable can be explained by the Independent variable of 62.4% and the remaining 37.6% is influenced by other factors besides the Independent Variable studied in this study, while the Adjusted R Square is 0.324 or 32.4% this means that the Dependent Variable can be explained by variations from Product (X1), Price (X2), Promotion (X3) Distribution (X4) which is the Independent Variable.

Based on the F test from the regression results above, a significant analysis of the Independent Variable Product (X1), Price (X2), Promotion (X3) Distribution (X4) is carried out, the value of F count = 2.078 < F table 3.33 to make this decision from the results of the F test can be compared between F count and F table and adjusted to the desired degree of significance if $F_{count} > F_{table}$ then the decision is to accept the hypothesis, meaning that the independent variables together have an effect on changes in the dependent variable. From the results of the F test shows that $F_{count} = 2.078 > F_{table} = 3.33$ means that all independent variables (X123) affect the dependent variable (Y), namely the sales volume of aluminium craft products.

Furthermore, it can be seen partially the regression results of each variable. Where for variable X1 (product) obtained

tcount of 1.109 where $t_{count} < t_{table}$ of 1.833 means H_0 is rejected and H_1 is accepted. For variable X_2 (price) with a tcount of 1.620, where $t_{count} < t_{table}$ or $1.620 < 1.833$ means rejecting H_0 and accepting H_1 .

Variable X_3 (distribution), obtained a tcount of 2.824, meaning that the $t_{count} > t_{table}$ or $2.824 > 1.833$ means accepting H_0 and rejecting H_1 . For the last variable X_4 (promotion), a tcount of 0.061 is obtained, meaning that the $t_{count} < t_{table}$ or $0.061 < 1.833$ rejects H_0 and accepts H_1 .

Conclusion

From the above it can be concluded that:

1. Products have a significant effect on the development of self-service markets.
2. Price has a significant effect on the development of self-service markets.
3. Promotion has a significant effect on the development of self-service markets.
4. Distribution has a significant effect on the development of self-service markets.
5. X_1 , X_2 , X_3 , and X_4 have a significant effect on the development of self-service markets (Y).

Suggestions

Suggestions that the author gives include:

1. It is hoped that the owners and managers of small and medium enterprises will always improve product quality, price, promotion, and distribution in increasing sales volume.
2. It is hoped that the owners and managers of small and medium enterprises will increase sales volume so that this business can expand its business network.
3. This research can be used as input or input that is useful and can be taken into consideration in deciding the policies of companies, institutions, organisations, especially in the field of marketing.
4. Further researchers should examine or add two more variables that were not examined by previous researchers, namely business location, product quality, product design.

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