



# Open Access Indonesia Journal of Social Sciences

Journal Homepage: <https://journalsocialsciences.com/index.php/OAIJSS>

## The Influence of Promotion and Product Quality on Competitive Advantage: Study on CV. Putri Bungsu

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### ARTICLE INFO

Received: October 13, 2023;  
Accepted: December 20, 2024;  
Published: February 2, 2024.

### Keywords:

Competitive advantage  
Product quality  
Promotion

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All authors have reviewed and approved the final version of the manuscript.

<https://doi.org/10.37275/oaijss.v7i1.215>

### ABSTRACT

Promotion indeed acts as a medium to convey information to the public regarding the benefits in the form of added value derived from the quality of the company's products. This helps the company's competitive advantage. Competition between distributors of various cement brands is only more dominant in marketing strategy and product quality. Therefore, the researcher took two points from the marketing mix, namely promotion and product quality, as variables that influence competitive advantage. This emphasizes that companies with marketing mix strategies in conveying information to the public through promotions have adequate product quality in the context of competitive advantage. This research aims to analyze the influence of promotion and product quality on competitive advantage. This research was conducted on a CV. Putri Bungsu, which is the official distributor company of PT. Conch South Kalimantan Cement. This type of research is quantitative research, with the sampling method used in this research being purposive sampling carried out on CV. Putri Bungsu customers. This research derived two hypotheses, which were tested using SPSS. The research results show that Promotion has a significant positive effect on competitive advantage and product quality has a significant positive effect on competitive advantage.

### 1. Introduction

CV. Putri Bungsu is a trading company that was founded in February 2017 as one of the authorized distributors of PT. Conch South Kalimantan Cement for the Tapin Regency area. Cement sales data from 2017 to 2019 continue to increase. However, in 2020 and 2021, sales of Conch Cement products decreased. The decline occurred due to a decrease in the effectiveness of marketing strategies. The COVID-19 pandemic is preventing sales from promoting products to customers. Changes in sales data for Conch Cement products can generally be concluded that sales of CV. Putri Bungsu has tended to experience a decline in the last two years. Promotion acts as a medium to convey information to the public regarding the benefits in the

form of added value derived from the quality of the company's products. This helps the company's competitive advantage.

Competition between distributors of various cement brands is only more dominant in marketing strategy and product quality. Therefore, the researcher took two points from the marketing mix, namely promotion and product quality, as variables that influence competitive advantage. This emphasizes that companies with a marketing mix strategy in conveying information to the public through promotions have adequate product quality in the context of competitive advantage. This research is supported by research conducted on marketing strategies to increase the competitive advantage of Muslim fashion products in



small and medium businesses. The research results show that product quality, distribution channels, and promotions influence competitive advantage. Based on the description of the background of this study and the results of previous research on competitive advantage, there are differences in results (Research Gap) from the research of Oktapriani et al. (2020) and Lestari et al. (2020), which states that product promotion and quality affect competitive advantage. This study aims to determine the effect of promotion and product quality on competitive advantage: a study on CV. Putri Bungsu.

## 2. Literature Review

### Marketing mix

According to Kotler et al. (2016), the marketing mix includes four (4) main things that can be controlled by the company, including product, price, place, and promotion. According to Alma (2011), that marketing mix is a plan that combines marketing activities in order to find the maximum combination so as to present the product expected by consumers. One of the most widely known developments in the marketing mix concept is marketing mix 7P. This concept was introduced by Booms and Bitner, and it contains four 4P elements plus three new elements, namely physical evidence, people, and process.

Marketing Mix 7P is a marketing framework that expands from the 4P concept (product, price, place, promotion). This model includes three additional elements to provide a more complete picture of the marketing elements in a business. 1) Product: This includes all the products or services offered by the company. This includes product design, features, quality, and branding. Companies need to understand customer needs and desires to develop products that suit the market. 2) Price: Price includes company decisions regarding the pricing of products or services. Factors such as production costs, competitors' pricing strategies, and customer value perceptions influence pricing decisions. 3) Place: This relates to distribution

channels and the way the product or service is delivered to customers. Companies need to consider physical distribution, availability, and customer convenience in choosing effective distribution channels. 4) Promotion: This involves all marketing activities designed to increase product awareness and motivate purchases. Promotion includes advertising, direct sales, digital marketing, sales promotions, public relations, and other communication strategies. 5) People: Focus on the quality and skills of the personnel involved in providing the product or service. Positive interactions between employees and customers can influence customer perceptions of the brand and company. 6) Process: This includes how a company designs, manages, and delivers processes to create, communicate, and deliver value. Efficient processes can increase customer satisfaction and optimize the purchasing experience. 7) Physical evidence: This includes the physical elements that support the product or service, such as store design, product packaging, and displays. Physical evidence provides customers with a visual and sensory impression of the quality and value of a product or service. By considering these seven elements, companies can design a holistic and integrated marketing strategy to meet customer needs and achieve their business goals. Marketing mix 7P helps companies to better adapt to market changes and dynamic business environments.

### Promotion

According to Tjiptono et al. (2015), promotion is an element of the marketing mix that focuses on informing, persuading, and reminding consumers of the company's brand and products. According to Kotler et al. (2016), promotional activities are marketing efforts that provide various short-term intensive efforts to encourage the desire to try or buy a product or service. All promotional activities aim to influence buying behavior, but the main purpose of promotion is to inform, persuade, and remind. The



promotion has 5 (five) functions that a company or institution has (Shimp, 2000). These five functions are described as follows: 1) Informing (providing information): Promotions make consumers aware of new products, educate them about the features and benefits of the brand, and facilitate the creation of an image of the company producing the product or service. Promotions perform another valuable information role, both for the advertised brand and its consumers, by teaching new benefits of existing brands. 2) Persuading: Good promotional or advertising media will be able to persuade customers to try the products and services offered. Sometimes, persuasion takes the form of influencing primary demand, that is, creating demand for an entire product category. More often, promotions seek to build secondary demand, demand for a specific company brand. 3) Reminding: Advertising keeps a company's brand fresh in consumers' minds. When a need arises related to the advertised product or service, the impact of past promotions allows the advertiser's brand to emerge in the mind of the consumer. Advertising is further demonstrated to influence brand switching by considering consumers who have not recently purchased an available brand that contains favorable attributes. 4) Adding value: There are three basic ways in which companies can add value to their offerings: innovation, improving quality, or changing consumer perceptions. These three components of added value are completely independent. Effective promotion causes the brand to be seen as more elegant, more stylish, more prestigious, and superior to competitors' offerings. 5) Assisting (accompanying other efforts of the company): Advertising is a promotional tool. Promotions help sales representatives. Advertising begins the sales process of a company's products and provides a valuable introduction to salespeople before making personal contact with prospective customers. Advertising efforts, time, and costs can be saved because less time is required to inform prospects about the features and advantages of the service

product. Moreover, advertising legitimizes or makes the sales representative's stated claims more credible.

In promotions, several activities are carried out. Generally, there are 4 activities that can be carried out: 1) Advertising: Advertising is a form of promotional activity that is often carried out by companies through non-individual communication with a number of costs, such as advertising through mass media, advertising companies, non-profit organizations, individuals who make posters and so on. Advertising is carried out to market new products, enter all new markets, or are not reached by salesmen or personal selling. Advertising is often done through newspapers, magazines, TV, Radio, direct mail, or even advertising agencies. 2) Personal selling: Personal Selling is a promotional activity carried out between individuals who often meet face to face, which is intended to create, improve, control, or maintain exchange relationships that are mutually beneficial to both parties. 3) Sales promotion: Sales promotion is a form of promotional activity using props such as demonstrations, exhibitions, and demonstration prizes. 4) Publicity: Publicity is a form of nonpersonal presentation and dissemination of ideas, goods, and services, where the person or organization benefiting does not pay for it. Publicity is the utilization of the news values contained in a product to form the image of the product in question.

### **Product quality**

Kotler et al. (2016) suggest that a product is everything that can be offered to the market to satisfy a desire or need. Product quality is the suitability of product use (fitness for use) to meet consumer needs and satisfaction. Tjiptono (2012) defines quality as the expected level of quality and diversity control in achieving that quality to meet consumer needs, while according to Kotler et al. (2016), product quality is the ability of a product to carry out its functions, including durability, reliability, ease of operation and repair, and value attributes. Russel et al. (1998) identified seven



important roles of quality. Seven important roles of quality, namely: 1) Increasing company reputation: Companies or organizations that have produced quality products or services will receive the title of an organization that prioritizes quality. Therefore, the company or organization is known by the wider community and gets more value in the eyes of society. 2) Reducing costs: To produce quality products or services, companies or organizations do not need to incur high costs. This is because the company or organization is oriented towards (customer satisfaction), namely by basing the type, type, time, and quantity of products produced in accordance with consumer expectations and needs. 3) Increasing market share: Market share will increase if cost minimization is achieved because the organization or company can reduce prices, even though quality remains the main thing. 4) International impact: If you are able to offer quality products or services, then you will also be known locally in the local market, and the product or service will also be known and accepted in the international market. 5) There is responsibility for products: With increasing competition for the quality of products or services produced, organizations or companies will be required to be increasingly responsible for the design, process, and distribution of these products to meet consumer needs. 6) For product appearance: Quality will make the product or service known. In this case it will make Companies that produce products will also be known and trusted by the wider community. 7) Realizing Quality that is Perceived to be Important: Competition is now no longer a matter of price but rather product quality, which encourages consumers to buy products at high prices but with high quality, too.

### **Competitive advantage**

According to Philip et al. (2012), competitive advantage is an advantage over competitors that is obtained by offering greater value to consumers than competitors offer. Kotler & Armstrong (2016)

competitive advantage is a company's ability to perform well in one or more ways that competitors cannot or will not match. Based on a study conducted by Porter (2008), several ways to gain competitive advantage include offering products or services at minimum prices (cost leadership), offering products or services that are unique compared to their competitors (differentiation) or focusing on segments. specific (focus). Selecting the right strategy by a company will depend on an analysis of the business environment to determine opportunities and threats aimed at gaining a competitive advantage. Purnama et al. (2003) share several strategies that can support a company's superiority in competition, as follows: 1) Optimum Performance: In order for a company to have an advantage over its competitors, the company must be able to produce goods or services that are similar to the goods or services produced by the company competitors with lower prices. 2) Adaptive: In order for a company to remain able to survive in an era that is always experiencing change, the thing that must be considered is adaptive. Change requires companies to adapt so that their existence remains recognized by society. So that companies are always able to adapt to change, companies need complete information about what is around them. 3) Continuous Improvement is a strategy to continuously improve the quality of goods or services produced by the company. This strategy is one of the factors that supports excellence in competition. 4) Accounting Information System: The use of information technology causes very rapid changes in competition, resource management, production, and so on.

### **3. Methods**

The type of research used in this research is quantitative research. This research is quantitative research explanatory Research, namely research that explains the causal relationship between variables through hypothesis testing (Sugiyono, 2018). The unit analysis is something related to the focus/component



studied by Suprayogo et al. (2001). The unit of analysis of a study can be in the form of individuals, groups, organizations, objects, and certain times according to the focus of the problem; the unit of analysis in the form of institutions or organizations can be organizations on a small/limited scale. By considering this, the unit of analysis in this study is CV. Putri Bungsu consumers.

The place/location of the research is carried out at the head office of CV. Putri Bungsu located on Jl. Pandan Arum III RT.16 Tabalong Regency. The distribution of questionnaires was carried out in the Tapin Regency area. A total of 40 research subjects took part in this study, where the research subjects were CV. Putri Bungsu customers.

Table 1. Research instrument.

Variable	Indicator	Source
Promotion (X1)	1. Advertisement 2. Personal selling 3. Sales promotion 4. Publicity	Daryanto (2011)
Product quality (X2)	1. Performance 2. Durability 3. Conformity to specifications 4. Features 5. Reliability 6. Service capability 7. Aesthetic 8. Perceived quality	Tjiptono et al. (2008)
Competitive advantage (Y)	1. Price 2. Quality 3. Delivery dependability 4. Product innovation 5. Time to market	Li et al. (2006)

The data analysis technique is carried out using statistical tests using multiple linear regression with the help of a program called statistical package for social science (SPSS). The data analysis method used is quantitative analysis to calculate or estimate quantitatively several factors individually or together on the dependent variable. The functional relationship between a dependent variable and an independent variable can be done using multiple linear regression.

#### 4. Results and Discussion

Multiple linear regression can be used to determine the magnitude of influence between the independent variable and the dependent variable (Ghozali, 2013). This multiple linear analysis was carried out to determine the effect of promotion (X<sub>1</sub>) and product quality (X<sub>1</sub>) as an independent variable to the competitive advantage variable (Y) as a dependent variable. The results of multiple linear analysis can be seen as follows:

Table 2. Results of multiple linear regression analysis of promotion and product quality on competitive advantage.

Model	Unstandardized coefficients		Standardized coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	.779	4.622		.169	.867
Promotion	.475	.153	.400	3.117	.004
Product quality	.500	.139	.462	3.599	.001

a. Dependent Variable: Competitive Advantage.



Table 2 is the result of calculating multiple linear regression analysis of promotion and product quality variables on the dependent variable, namely competitive advantage, as follows:

$$Y = 0.779 + 0.475 (X_1) + 0.500 (X_2)$$

Description: Y: Competitive advantage; A (constant): 0.779;  $b_1 - b_2$  (coefficient):  $b_1 = +0,475$ ,  $b_2 = +0,500$ ;  $X_1$ : Promotion;  $X_2$ : Product quality

The interpretation of the equation above is as follows: The value of the constant (a) in the multiple linear analysis equation is 0.779. This constant value means that if there is no promotion ( $X_1$ ) and product quality ( $X_2$ ), then the competitive advantage (Y) value has a consistency of 0.779. The coefficient value for

the Promotion variable ( $X_1$ ) is 0.475. With this positive coefficient, it shows that there is a positive relationship between promotion ( $X_1$ ) and competitive advantage (Y). In other words, if the promotional efforts carried out by CV. Putri Bungsu increases, then the competitive advantage of CV. Putri Bungsu against other competitors will also tend to increase. The coefficient value for the product quality variable ( $X_2$ ) is 0.500. This positive coefficient shows that there is a positive relationship between product quality ( $X_2$ ) and competitive advantage (Y). This means that if CV. Putri Bungsu can improve the quality of its products, then CV. Putri Bungsu's competitive advantage over other competitors will also tend to increase.

Table 3. Partial test results (t-test).

Coefficients <sup>a</sup>					
Model	Unstandardized coefficients		Standardized coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	.779	4.622		.169	.867
Promotion	.475	.153	.400	3.117	.004
Product quality	.500	.139	.462	3.599	.001

a. Dependent Variable: Competitive Advantage

Based on Table 3, the results of partial tests have been carried out on each independent variable on the dependent variable as follows: Promotion variable ( $X_1$ ) shows a calculated t value of 3.117 and a significance level of 0.004. So,  $3.117 > 2.026$  and a significance value of  $0.004 < 0.05$ , so it can be stated that H1 is accepted. This means that the promotion of the CV. Putri Bungsu has a significant effect on Competitive

Advantage. Partial test results on the product quality variable ( $X_2$ ) also show the same thing, namely a t count of 3.559 and a significance level of 0.001. So, with  $3.559 > 2.026$  and a significance value of  $0.001 < 0.05$ , it can be stated that H2 is accepted. This means that product quality influences the competitive advantage of CV. Putri Bungsu.

Table 4. Simultaneous test results (F test).

Model	Sum of square	Df	Mean square	f	Sig.	
1	Regression	275.912	2	137.956	25.716	.000 <sup>b</sup>
	Residual	198.488	37	5.365		
	Total	474.400	39			

a. Dependent Variable: Competitive Advantage Y

b. Predictors (constant), Product Quality ( $X_2$ ), Promotion ( $X_1$ )



Based on Table 4, the calculated F value test results are 25.716 with a sig value. 0,000. The F table value can be seen in the df column, where the numerator is 2, and the denominator is 38. So, the F table is 3.245. So  $25.716 > 3.245$  and  $\text{sig } 0.000 < 0.05$ .

Thus, all independent variables, namely promotion (X1) and product quality (X2), have a significant influence on the dependent variable, namely competitive advantage (Y).

Table 5. Model summary of multiple linear regression.

<b>Model summary</b>				
Model	R	R square	Adjusted r square	Std. Error of the estimate
1	.763 <sup>a</sup>	.582	.559	2.31615

a. Predictors: (Constant), Product Quality, Promotion.

b. Dependent Variable: Competitive Advantage.

The R-value of 0.763 or 76.3% is the correlation coefficient, which shows the relationship between promotional variables (X1) and product quality (X2) with competitive advantage (Y). The correlation value shows a high level of relationship because it is between 0.600 and 0.799. The R square value is 0.582 or 58.2%, which shows that the independent factor (x) taken in this study has an influence contribution to the dependent factor (Y) of 58.2%, while the remaining 41.8% is explained by factors that are not found in this research, for example purchasing decision variables and brand image.

Promotion and product quality influence competitive advantage, which are two key factors in marketing strategy that can influence a company's performance and position in the market. Promotions aim to increase customer awareness about products or services. Through advertising campaigns, sales promotions, or digital marketing strategies, companies can create a better understanding among consumers about the products they offer. Effective promotions can stimulate customer interest and desire to make purchases. Discounts, contests, or loyalty programs are examples of forms of promotion that can increase consumer response. Promotion can also play an important role in shaping a brand image. The positive impression resulting from promotional campaigns can increase customer perceptions of product quality and value.

High product quality is a prerequisite for maintaining and increasing competitive advantage. Products that meet or even exceed customer expectations can create loyalty and provide a strong basis for competing in the market. Superior product quality can be the main differentiator between a brand and competing brands. Consumers are often more inclined to choose products that offer added value and higher reliability. Product quality is not just about features and specifications but also about customer service and after-sales support. Quick responses to complaints or technical issues can increase customers' positive perceptions of overall quality. Promotions can be a means of highlighting product quality attributes. Campaigns that emphasize product innovation, safety, or performance can leave a positive impression on consumers. On the other hand, consistent and good product quality can support the effectiveness of promotional campaigns. Consumers who are satisfied with product quality tend to be more responsive to the company's promotional efforts.

## 5. Conclusion

Promotion has a positive and significant influence on competitive advantage. This shows that promotion and competitive advantage influence each other, so business actors need to pay attention to the right strategy to increase promotion. Product quality is known to have a positive and significant influence on



competitive advantage for CV. Putri Bungsu, and this shows that product quality and competitive advantage influence each other, so business actors need to pay attention to ways to improve product quality.

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