
THE INFLUENCE OF E-PROMOTION AND MARKET ORIENTATION THROUGH CUSTOMER LOYALTY ON COMPETITIVE ADVANTAGE AT MR.DIY PALANGKA RAYA

Putri Pebriani¹ | Vivy Kristinae² | Anike Retawati³ | Usup Riassy Christa⁴

^{1,2,3,4} Faculty of Economics and Business, University of Palangka Raya, Indonesia

Corresponding: putripebriani30@gmail.com

Abstract

Objective – This research aims to prove the influence of e-promotion on customer loyalty, the influence of e-promotion on competitive advantage, the influence of market orientation on customer loyalty, the influence of market orientation on competitive advantage, the influence of customer loyalty on competitive advantage, the influence of e-promotion on competitive advantage through customer loyalty, the influence of market orientation on competitive advantage through customer loyalty.

Design/Methodology/Approach – Sample collection was carried out using SEM analysis techniques. The sample for this research is MR.DIY Palangka Raya customers. The data analysis used is structural model or inner model analysis with the SmartPLS version 3 application.

Findings – The results of this research show that the e-promotion has a positive and significant effect on customer loyalty, e-promotion has a positive and significant effect on competitive advantage, Market Orientation has a positive and significant effect on customer loyalty, market orientation has a positive and significant effect on competitive advantage, customer loyalty has a positive and significant effect on competitive advantage, e-promotion has a positive and significant effect on competitive advantage through customer loyalty, market orientation has a positive and significant effect on competitive advantage through customer loyalty.

Conclusion and Implications – The customer loyalty can mediate fully between e-promotion and market orientation on competitive advantage. MR.DIY can optimize the company's business accounts on relevant social media platforms such as Facebook, Instagram, Twitter and other social media.

Keywords: E-Promotion, Market Orientation, Customer Loyalty, Competitive Advantage



INTRODUCTION

Retail companies have spread widely in Indonesia, this has led to competition between retail companies. Retail is a form of business that provides added value to the products or services offered to consumers. The retail industry can also be a retail business or goods that involves selling products or services directly to end consumers for personal use, not for business.

For the Indonesian economy itself, the retail industry contributes quite a large and strategic contribution. Retail is divided into two types, namely traditional and modern retail. Currently, developments in the era are influenced by technology, economic conditions and people's lifestyles, making shopping comfortable. Competition in the retail sector is increasingly fierce, with companies large and small vying for customer attention. Currently, the retail business has undergone changes, namely a shift from the concept of independent local shops or main street shops to the situation of national and international scale shops in the form of modern shopping centers, super markets, supermarkets, department stores and etc. (Danang Sunyoto et al., 2022).

Indonesia recorded wholesale retail sales of US\$71.64 billion in 2021. Sales through traditional markets still dominate the value of domestic retail wholesale sales. The sales value of traditional wholesale retail markets reached US\$53.59 billion or 74.80% of total sales. This traditional market also includes stalls. Then mini market sales were recorded at US\$4.09 billion (5.7%) and hypermarket sales at US\$1.08 billion or 1.5%. Indonesian retail wholesale sales have continued to decline in the last three years. Its value fell from US\$115.01 billion in 2019 to US\$71.64 billion in 2021

MR. DIY is a retail company that comes with a super market concept of selling a complete range of products, starting from household appliances, accessories and others. MR. DIY first appeared in Indonesia in September 2017 with outlets spread across and offering more than 18,000 selected products . Which consists of 10 main categories starting from household appliances, utensils, stationery and others (Clara and Kardinal, 2023). The strategy carried out by the MR company. DIY starting from marketing or promotion via social media such as Tiktok, Instagram to Facebook. So, from implementing this strategy, MR can be created. DIY can excel in competition with other retail businesses.

Competitive advantage is an advantage based on competition that has been obtained by demonstrating greater customer value (Wijaya et al., 2023). Having a competitive advantage means that the company has good advantages in several fields so that the company is able to win the competition. And therefore, a good strategy to create a competitive advantage with other businesses will influence customer loyalty to the products they always buy (Apriyanti et al., 2022).

Customer loyalty requires companies to maintain customer trust, so that this trust can influence customers to continue shopping again (Ramlan, 2021). Loyal customers will not turn to a company just because the company has small differences, such as price and service. However, on the other hand, loyal customers do not hesitate to provide honest and productive feedback to the company, of course customers will enthusiastically recommend Shoemaker and Bowen customers to relatives or friends (in Intan et al , 2020).

E-Promotion is a marketing practice related to the use of digital technology and the internet to promote products, services or brands. it's a practice that continues to evolve as technology and consumer behavior change. E-promotion is an activity that communicates the benefits of a product and persuades target consumers to buy the product via the internet, for example social media (Savitri et al, 2022)

One marketing strategy such as E-Promotion which is considered very suitable for the current situation where life is digitally based is by utilizing social media and also the internet in the marketing and promotion process of products or brands offered, especially for retail companies such as Mr. DIY

Marketing strategies that can be carried out by MR companies. One of the DIY ways is to determine market orientation. Market orientation is the ability to study the market in seeking innovation so that the organization can continuously improve the market. Market orientation is about changing standards intelligently so as to create interactive and more effective resources that drive organizational innovation (Christa et al., 2020).

A hypothesis is a temporary answer or conjecture to the formulation of a research problem that has been stated in the form of a statement sentence. It is said to be temporary, because the answer given is only based on relevant theory and is not yet based on empirical facts obtained through data collection. Based on this framework of thinking, the following research hypothesis can be formulated:

H1: e-promotion has a direct influence on customer loyalty to MR. DIY Palangka Raya

In a company, promotion is one of the activities that must be carried out. So that consumers can find out about a product, companies can carry out promotions. The promotions carried out must also attract interested consumers so they buy and try it. If consumer expectations for the product or service are appropriate, loyalty will be formed because consumers will feel satisfied Manurung (2019).

H2: e-promotion has a direct effect on competitive advantage to MR. DIY Palangka Raya.

companies are always efficient and always strive to provide greater value for their customers, create competitive advantages and to create long-term value for the company (Muhajirin, 2019).

H3: Market orientation has a direct effect on customer loyalty to MR. DIY Palangka Raya.

Customer Loyalty is considered important for customer-oriented service companies because when viewed from a marketing perspective, building customer loyalty will have an impact on business growth and also save costs. (Rajeswari et al ., 2017).

H4: markets orientation has a direct effect on competitive advantage to MR. DIY Palangka Raya.

Market Orientation has a positive influence on competitive advantage. So this means that the higher the value of an entrepreneur's policy towards market orientation, the greater the influence or higher the competitive advantage. The results of research conducted by (Udriyah et al., 2019).

H5: Customer loyalty has a direct effect on competitive advantage to MR. DIY Palangka Raya.

Customer Loyalty is a concept that has been widely discussed in various literature, where efforts to obtain customer loyalty are a key strategy for achieving competitive advantage for companies. Research shows that customer loyalty is one source for building competitive advantage for companies. Research results (Ayu et al., 2023) show that competitive advantage has an effect on customer loyalty.

H6: e-promotion has a direct effect on competitive advantage through customer loyalty to MR. DIY Palangka Raya.

Market orientation has an influence on competitive advantage. Promotions have a big influence in increasing customer loyalty because customers feel a direct benefit from promotions carried out by the company (Montolalu et al ., 2015).

H7: Market orientation has a direct effect on competitive advantage through customer loyalty to MR. DIY Palangka Raya.

Market Orientation has a positive and significant effect on competitive advantage (Yucha et al., 2022). The results of research conducted by (Udriyah et al., 2019) stated that market orientation has an influence on competitive advantage. The results of the study (Ayu et al., 2023) show that competitive advantage affects customer loyalty

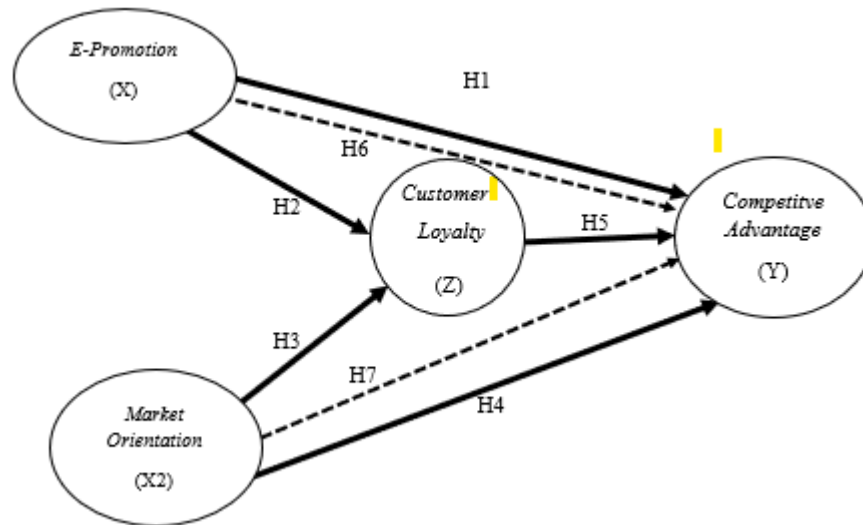


Figure 1. conceptual framework

METHODS

This research is quantitative research. The data sources used for this research are primary data and secondary data. Primary data used in this research comes from respondents or the results of research questionnaires. Secondary data can be obtained from notes, books and magazines in the form of company published financial reports, government reports, articles, books as theories, magazines, and so on. This research takes secondary sources from several books, articles and journals.

The variables and indicators used in this research can be seen in the following table

Table 1. Operational Definition of Variables

No	Variable	Indicator	Question Items
1	E-Promotion (X1) E-promotion is a strategy using internet media to carry out online promotions, which is divided into each section, namely promotion of products and services, websites and domains, this will influence purchasing decisions (Eva et al , 2020)	1. Promotional Reach 2. Quality of Promotional Updates 3. Quality of Promotional Messages	1. I know Mr. Diy from social media 2. Mr DIY always updates promotions on social media 3. I always understand the message in the promotions carried out by Mr. DIY
2	Market Orientation (X2) Market orientation is a dynamic ability of an organization to unite or	1. Customer Orientation	1. Receive input from customers regarding

<p>integrate the capabilities of company resources (Rana el at, 2021).</p>	<ol style="list-style-type: none"> 2. Competition Orientation 3. Functional Coordination 	<p>deficiencies in the products offered</p> <ol style="list-style-type: none"> 2. Mr.DIY always observes and responds to information he gets about competitors 3. Mr DIY is always looking for information about product trends and customer buying interests
<p>3 Customer Loyalty (Z) Loyalty is the degree to which a customer shows repeat purchasing behavior from a service provider, has a tendency to have a positive attitude towards the service provider, and considers continuing to use the service. (Karuniatama et al ., 2020)</p>	<ol style="list-style-type: none"> 1. Make purchases regularly (repeat purchase) 2. Make purchases of other product lines (Purchases across product and service lines) 3. Providing references or referrals to other people (Refers others) 4. Demonstrates resistance to the pull of rivals (Demonstrates in immunity to the pull of the competition) 	<ol style="list-style-type: none"> 1. I always shop repeatedly and regularly at Mr. DIY 2. Mr DIY is my main choice for shopping 3. I recommend Mr. DIY on friends, relatives and family 4. I don't move to another shop easily
<p>4 Competitive Advantage (Y) Competitive Advantage or competitive advantage is the ability of a company to achieve economic profits that competitors in the market can achieve in the same business (Aprizal, 2018).</p>	<ol style="list-style-type: none"> 1. Price 2. Product quality 3. Product Uniqueness 	<ol style="list-style-type: none"> 1. Product prices at Mr. DIY is very affordable 2. The products offered by Mr. Quality DIY 3. Products at Mr. DIY is very diverse and unique

Source: Concepts developed in this research, 2024

Data analysis uses Partial Least Square (PLS), which is a data analysis method that is soft modeling because it can be used for all scales and does not require many assumptions.

RESULTS AND DISCUSSION

Partial Least Square (PLS) Analysis

Evaluation of the Measurement Model (inner model)

Table 2. R-Square Result

	R Square	Adjusted R Square
Customer Loyalty	0.549	0.404
Competitive Advantage	0.860	0.708

Based on the data presented in the table above, it can be seen that the R-Square value for Customer Loyalty is 0.549, which means that the E-Promotion and Market Orientation variables influence the Customer Loyalty variable in the quite strong category. Meanwhile for the Competitive Advantage variable The R-Square value is 0.860, which means that the E-Promotion and Market Orientation variables influence the Competitive Advantage variable in the strong category. Based on the R-Square value, it can be said that Competitive Advantage is influenced by independent variables and mediating (intervening) variables of 8.60%, while 5.49% is influenced by other variables outside the variables studied by the researcher.

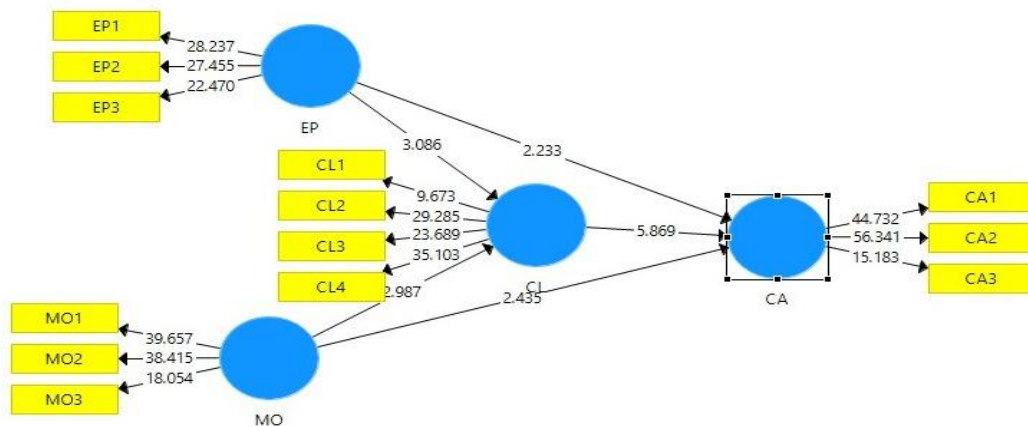


Figure 2. PLS Algorithm Output Results

Source: PLS Output, 2023

In Figure 2, it can be explained that the path coefficient evaluation is used to show how strong the effect or influence of the independent variable is on the dependent variable. Based on the inner model shown in the image above, it can be explained that the largest path coefficient value shows the influence of Customer Loyalty on Competitive Advantage of 5.869, then the second largest influence

Based on the results of this description, it shows that the variables in this model have a path coefficient with a positive number. This states that each variable has a positive influence on the endogenous variable. Next, to see how strongly the endogenous is influenced by other variables .

Table 3. Path Diagram Results

Variable	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (O)/STDEEV)	P Values	Results
E-Promotion->Customer Loyalty	0.332	0.334	0.108	3,086	0.002	Accepted
E-Promotion->Competitive Advantage	0.213	0.216	0.095	2.223	0.026	Accepted
Market Orientation->Customer Loyalty	0.449	0.438	0.150	2.987	0.003	Accepted
Market Orientation->Competitive Advantage	0.233	0.245	0.096	2.435	0.015	Accepted
Customer Loyalty->Competitive Advantage	0.570	0.554	0.097	5.869	0.000	Accepted

Source: SmartPLS 3.0, 2023

The test results in the table are used to test existing hypotheses. The research results in the table above show that the original sample value of E-Promotion on Customer Loyalty is 0.213 with a significance of 5 % which shows a statistical T value of 3.086 > 1.667 and a P value of 0.002 < 0.05. So it is stated that E-Promotion has a positive and significant effect on Customer Loyalty

The second hypothesis states that the results, the original sample value of E-Promotion on Competitive Advantage is 0.449 with a significance of 5 % which shows a statistical T value of 2.435 > 1.667 and a P Value of 0.003 < 0.05. So it is stated that E-Promotion has a positive and significant effect on Competitive Advantage.

The third hypothesis states that the original sample value of Market Orientation towards Customer Loyalty is 0.449 with a significance of 5 % which shows a statistical T value of 2.987 > 1.667 and a P Value of 0.003 < 0.05. So it is stated that Market Orientation has a positive and significant effect on Customer Loyalty .

The fourth hypothesis states that the original sample value of Market Orientation towards Competitive Advantage is 0.223 with a significance of 5 % which shows a statistical T value of 2.435 > 1.667 and a P Value of 0.015 < 0.05. So it is stated that Market Orientation has a positive and significant effect on Competitive Advantage

The fifth hypothesis states that the original sample value of Customer Loyalty towards Competitive Advantage is 0.570 with a significance of 5 % which shows a statistical T value of 5.869

> 1.667 and a P Value of 0.000 <0.05. So it is stated that Customer Loyalty has a positive and significant effect on Competitive Advantage.

Table 4. Output Results Specific Indirect Effects

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics ([O/STDEV])	P Values	Information
E-Promotion->Customer Loyalty->Competitive Advantage	0.189	0.183	0.063	3,006	0.003	Accepted
Market Orientation->Customer Loyalty->Competitive Advantage	0.256	0.239	0.086	2,960	0.003	Accepted

Source: PLS 3.0 Output, 2023

The sixth hypothesis states that the original sample value of E-Promotion on Competitive Advantage through Customer Loyalty is 0.189 with a significance of 5 % which shows a statistical T value of 3.006 > 1.667 and a P Value of 0.003 <0.05. So it is stated that E- Promotion has a positive and significant effect on Competitive Advantage through Customer Loyalty

The seventh hypothesis states that the original sample value of Market Orientation towards Competitive Advantage through Customer Loyalty is 0.256 with a significance of 5 % which shows a statistical T value of 2.960 > 1.667 and a P Value of 0.003 <0.05. So it is stated that Market Orientation has a positive and significant effect on Competitive Advantage through Customer Loyalty.

CONCLUSION

Based on the results of analytical research regarding the influence of E-Promotion and Market Orientation through Customer Loyalty on Competitive Advantage at MR.DIY Palangka Raya. Therefore the author concludes that:

E-Promotion has a positive and significant effect on Customer Loyalty at MR.DIY Palangka Raya. E-Promotion has a positive and significant effect on Competitive Advantage at MR.DIY Palangka Raya. Market Orientation has a positive and significant effect on Customer Loyalty at MR.DIY Palangka Raya. Market Orientation has a positive and significant effect on Competitive Advantage at MR.DIY Palangka Raya. Customer Loyalty has a positive and significant effect on Competitive Advantage at MR.DIY Palangka Raya. E-Promotion has a positive and significant effect on Competitive Advantage through Customer Loyalty at MR.DIY Palangka Raya. Market Orientation has a positive and significant effect on Competitive Advantage through Customer Loyalty at MR.DIY Palangka Raya. Suggestions that can be given based on the research results are: It is hoped that MR.DIY can optimize the company's business accounts on relevant social media platforms such as Facebook, Instagram, Twitter and other social media.

Considering the descriptive research results for the e-promotion variable with the lowest average, it is confirmed by the question item "MR.DIY always updates the promotional process on social media," this shows MR.DIY's lack of optimizing its promotion via social media. Because by combining several e-promotional strategies, it is hoped that it can increase brand awareness, customer loyalty and sales for MR.DIY. It is recommended to take more samples, this is aimed at

better data accuracy in the research. It is also hoped that other variables can be added that might also influence competitive advantage through customer loyalty in this research.

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