

The Influence of Price and Social Media Promotion on Competitive Advantage at PT Karya Jaya Steel Bandung

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ABSTRACT

The competition associated with iron and steel industry players is not only from within the country, but from abroad as well. This study aims to determine how the effect of price and social media promotion on competitive advantage at PT. Karya Jaya Steel. The factors tested in this study were price and social media promotion as independent variables, while competitive advantage was the dependent variable. The research method used in this research is the verification method. The population in this study were all consumers of PT. Karya Jaya Steel has 31 social media users. The sampling technique used in this study is a non-probability sampling technique with a saturated sample technique, so that the sample is 31 consumers. The analytical method used in this research is multiple linear regression analysis. The results showed that price and social media promotion had an effect on competitive advantage at PT. Karya Jaya Steel. In addition, the magnitude of the effect of price and social media promotion on competitive advantage is 66.3%.

Keywords

Price, social media promotion, and competitive advantage

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Introduction

Along with the times, competition in an increasingly competitive business world encourages every business actor to be able to improve his business performance. Iron and steel business actors also show quite competitive competition. The competition faced by iron and steel industry players is not only from within the country, but from abroad as well. The domestic national steel industry is often unable to compete with imported products. Chairman of The Indonesian Iron and Steel Industry Association (IISIA), namely Silmy Karim, said that the quality of local and imported steel is no different. This is because there are already established standards. However, usually imported steel can provide a much lower price, namely by reducing the quality of steel (Wicaksono, 2018).

The high level of competition makes iron and steel business actors increase their competitive advantage. Competitive advantage, namely the company must have the ability to differentiate products produced in competition to gain competitive advantage. The resulting product must have key characteristics in capturing consumers so that it becomes a special product (Sunyoto, 2016). The high level of competition is

also felt by iron and steel business actors in the City of Bandung, one of the effects of the high level of competition which causes the income of iron and steel business actors to decrease. In addition to the high level of competition, the condition of the iron and steel business world has also worsened when it was hit by the Corona Virus Disease (COVID-19) pandemic which has hit almost all over the world, one of which is in Indonesia which has an impact on economic activities in all business sectors. This led the Indonesian government to issue a large-scale social restriction regulation (PSBB) based on Regulation of the Minister of Health of the Republic of Indonesia Number 9 of 2020.

One of the iron and steel business actors in Bandung City who felt the impact was PT. Karya Jaya Steel. PT. Karya Jaya Steel is a distributor that sells various types of iron and steel products for infrastructure development needs in Bandung City. Below will be presented the revenue data of PT. Karya Jaya Steel in 2020 are as follows:

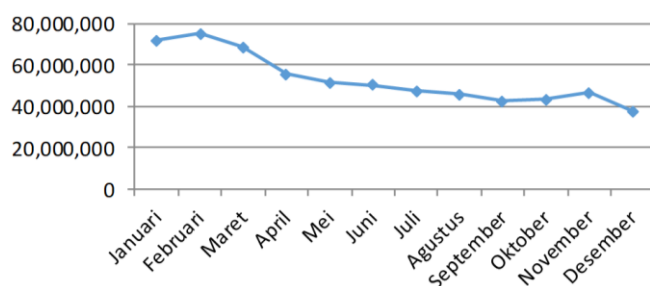


Figure 1. Revenue data of PT. Karya Jaya Steel 2020

Source: Processed data (PT. Karya Jaya Steel)

Based on Figure 1 shows that the income of PT. Karya Jaya Steel during 2020 from January to December tends to experience a decline due to high levels of competition and exacerbated by the COVID-19 pandemic which has an impact on the business activities of PT. Karya Jaya Steel. In addition, the results of the pre-survey regarding the competitive advantage of PT. Karya Jaya Steel shows that there is still a high percentage of respondents who answered no above 50.00% for several statements. This is related to the lack of affordability and lack of price protections, lack of product quality, the length of the product delivery process, and there are still several new products that are not available.

One of the factors that can influence competitive advantage in the business world is product prices. Price is the amount of value that consumers exchange for the benefit of owning or using a product or service whose value is determined by the buyer and seller through bargaining, or set by the seller for the same price for all buyers (Kotler & Keller, 2016). The results of the pre-survey regarding product prices at PT. Karya Jaya Steel shows that there is still a high percentage of respondents who answered no above 50.00% for several statements. This is related to the less affordable price of the product, the less suitable price and quality of the product offered, and the price of the product which tends to be more expensive than other competitors. Price has a direct effect on the competitive advantage of the business, which means that if there is an increase in price, an increase in competitive advantage will be followed. This shows that the application of good prices can have a significant effect on competitive advantage through affordability, price compatibility with product quality, price competitiveness influencing consumers to buy

products (Taan, 2017). Price is an amount of money that must be paid by consumers to get the products offered by setting a selling price that is adjusted to the purchasing power of the intended consumer so that they can compete and excel in competition (Puspita & Hadi, 2019).

Apart from price, promotion is also an important factor in increasing competitive advantage, one of which is by utilizing social media as a means of promotion. Social media promotion is an activity carried out by companies to communicate the benefits of products and as a tool to influence consumers in purchasing activities or using services according to their needs by using social media as a means of carrying out promotional activities (Tjiptono, 2015). The results of the pre-survey regarding social media promotion at PT. Karya Jaya Steel shows that there is still a high percentage of respondents who answered no above 50.00% for several statements. This is related to the less attractive appearance of messages, less responsiveness in responding or answering consumer questions or comments, and lack of interaction in maintaining good relationships with consumers. The more vigorous promotional activities are carried out, the more interested and influenced consumers are, which in the end consumers will buy the products the company offers. Promotion is very beneficial for companies because marketing expects not only to develop products or services well, but also so that companies can set competitive prices, meaning that they allow products or services to gain market share in their product groups. If the company has a potential competitive advantage, then the company must choose several strategies to build positioning (Oktapriani et al., 2020).

Several previous studies related to this research were conducted by Puspita and Hadi (2019), the results of their research show that price has an effect on competitive advantage. Research conducted by Podang and Soegoto (2016) shows that the promotion strategy has an effect on competitive advantage. In addition to research conducted by Hasan (2020), the results of his research show that promotions and prices have an effect on competitive advantage.

Literature Review

Price

Price is the value of a product in the form of money that consumers must sacrifice in order to get the product, while from producers or traders the price can generate income (Kotler & Armstrong, 2018). According to Kotler and Armstrong (2018), there are four measures that characterize price, namely as follows:

1. Price affordability
2. The price match with the quality of the product or service.
3. Price match with benefits
4. Prices are according to ability or price competitiveness

Social Media Promotion

Promotion is a form of marketing communication, which means marketing communication is a marketing activity that seeks to spread information, influence or persuade, and remind the target market for its products to be willing to accept, buy, and be loyal to the products offered by the company concerned (Tjiptono, 2015). Social media is a means for consumers to share text, image, audio and video information with each other and with companies and vice versa (Kotler & Keller, 2016). Based on the above understanding, it can be concluded that social media promotion is an activity carried out by companies to communicate product benefits and as a tool to influence consumers in purchasing activities or using services according to their needs by utilizing social media as a means of carrying out promotional activities. According to Solis (2015) states that the indicators of social media promotion strategies are as follows:

1. Context
2. Communication
3. Collaboration
4. Connection

Competitive Advantage

Competitive advantage, namely the company must have the ability to differentiate products produced in competition to gain competitive advantage. The resulting product must have key characteristics in capturing consumers so that it becomes a special product (Sunyoto, 2016). According to Sunyoto (2016) states that the

indicators of competitive advantage are as follows:

1. Price
2. Quality
3. Delivery
4. Innovation
5. Time to market

The Influence of Price on Competitive Advantage

One of the price objectives is oriented to a certain volume or what is commonly known as volume pricing objectives. Prices are set in such a way as to achieve target sales volume, sales value or market share. And prices can also be set with the aim of preventing entry of competitors, maintaining customer loyalty, supporting resale or avoiding government interference (Tjiptono & Chandra, 2016). Price has a direct effect on the competitive advantage of the business, which means that if there is an increase in price, an increase in competitive advantage will be followed. This shows that the application of good prices can have a significant effect on competitive advantage through affordability, price compatibility with product quality, price competitiveness influencing consumers to buy products (Taan, 2017). Price is an amount of money that must be paid by consumers to get the products offered by setting a selling price that is adjusted to the purchasing power of the intended consumer so that they can compete and excel in competition (Puspita & Hadi, 2019).

The Influence of Social Media Promotion on Competitive Advantage

The purpose of promotion is to try to change behavior and income and strengthen existing behavior, inform the target market about company offerings, persuade directed to encourage purchases, and maintain product brands in the hearts of the people (Swastha & Irawan, 2014). One thing that companies can do to implement a competitive strategy is to improve product quality, price, promotion and offer competitive service quality. Promotion is one of the variables in the marketing mix that is very important to be implemented by companies in marketing their products, either in the form of prices / services. This indicates that the better the promotion carried

out by the company can create a competitive advantage for the products offered to consumers (Hasan, 2020).

The more vigorous promotional activities are carried out, the more interested and influenced consumers are, which in the end consumers will buy the products the company offers. Promotion is very beneficial for companies because marketing expects not only to develop products or services well, but also so that companies can set

competitive prices, meaning that they allow products or services to gain market share in their product groups. If the company has a potential competitive advantage, then the company must choose several strategies to build positioning (Oktapriani et al., 2020).

Below will be described a frame of mind as a form of researcher's thought flow, which is as follows:

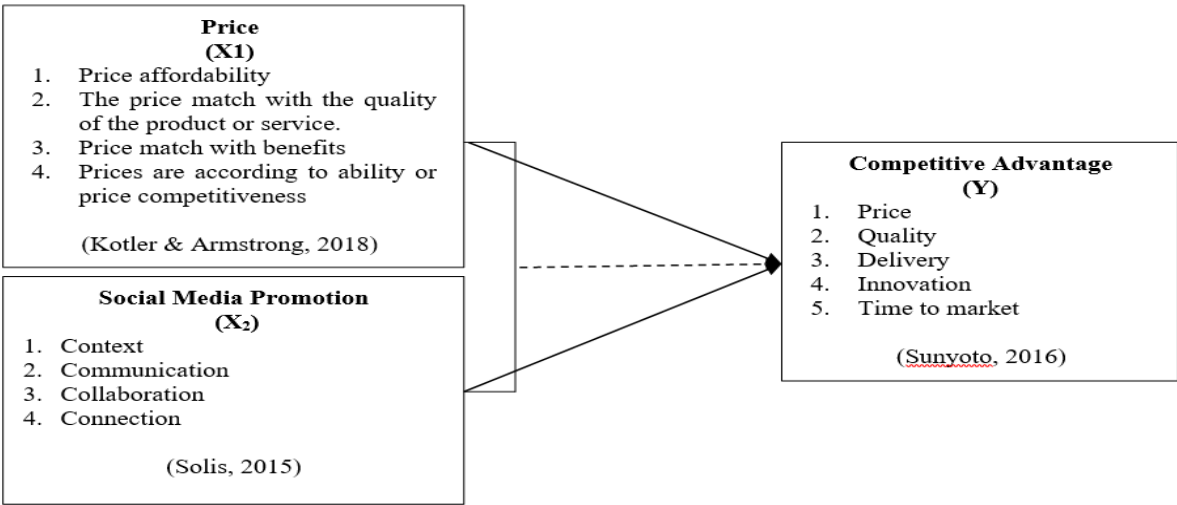


Figure 1. Framework

- H₁: Participatory leadership style affect employee performance.
H₂: Work motivation affect employee performance.
H₃: Participatory leadership style and work motivation affect employee performance.

Methodology

This research is included in quantitative research. The research methodology used is verification. The population in this study were all consumers of PT. Karya Jaya Steel has 31 social media users. The sampling technique used in this study is a non-probability sampling technique with a saturated sample technique, so that the sample is 31 consumers. Types and sources of data are primary data. The data collection technique used was a questionnaire. The independent variable is price and social media promotion, while the dependent variable is competitive advantage. The

analytical method used in this research is multiple linear regression analysis.

Results and Discussion

Table 1. Multiple linear regression

Model	Coefficient
(Constant)	0,400
Price	0,487
Social Media Promotion	0,398

Source: SPSS output results

$$Y = 0,338 + 0,494 X_1 + 0,394 X_2 + e$$

Based on Table 1, the regression equation shows that social media prices and promotions have a positive influence on competitive advantage. This means that the higher the price (affordable) and social media promotion, the higher the competitive advantage, and vice versa.

Table 2. Partial hypothesis testing

Model	T Value	Prob. Value	Result
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Price	3,217>2,048	0,003<0,05	H ₁ Accepted
Social Media Promotion	2,595>2,048	0,015<0,05	H ₂ Accepted

Source: SPSS Output Results

Based on Table 2, the results of partial hypothesis testing show that social media prices and

promotions have an effect on competitive advantage.

Table 3. Simultaneous hypothesis testing

Model	F Value	Prob. Value	Result
Price and Social Media Promotion	27,572>3,34	0,000<0,05	H ₃ Accepted

Source: SPSS Output Results

Based on Table 3, the simultaneous hypothesis testing results show that social media prices and promotions have an effect on competitive advantage.

market share. And prices can also be set with the aim of preventing entry of competitors, maintaining customer loyalty, supporting resale or avoiding government interference (Tjiptono & Chandra, 2016).

Table 4. Simultaneous determination coefficient testing

Information	Value	Percentage
R-squared	0,663	66,3%

Source: SPSS Output Results

Based on Table 4, it shows that the magnitude of the effect of price and social media promotion on competitive advantage is 66.3%.

Price has a direct effect on the competitive advantage of the business, which means that if there is an increase in price, an increase in competitive advantage will be followed. This shows that the application of good prices can have a significant effect on competitive advantage through affordability, price compatibility with product quality, price competitiveness influencing consumers to buy products (Taan, 2017). Price is an amount of money that must be paid by consumers to get the products offered by setting a selling price that is adjusted to the purchasing power of the intended consumer so that they can compete and excel in competition (Puspita & Hadi, 2019). The results of this study are in line with the results of previous studies conducted by Taan (2017), Puspita and Hadi (2019), Hasan (2020), Nair (2018) and Preibusch et al. (2013). The results of his research show that price has an effect on competitive advantage.

Table 5. Partial determination coefficient testing

Information	Value	Percentage
Price	0,373	37,3%
Social Media Promotion	0,290	29,0%

Source: SPSS Output Results

Based on Table 5, it shows that the magnitude of the effect of price on competitive advantage is 37.3%, while the magnitude of the effect of social media promotion on competitive advantage is 29.0%.

The Influence of Price on Competitive Advantage

The results showed that price had an effect on competitive advantage. The magnitude of the effect of price on competitive advantage is 37.3%. The results of this study are supported by the theoretical basis in the previous discussion which states that one of the price objectives is oriented to a certain volume or commonly known as volume pricing objectives. Prices are set in such a way as to achieve target sales volume, sales value or

The Influence of Social Media Promotion on Competitive Advantage

The results showed that social media promotion had an effect on competitive advantage. The magnitude of the influence of social media promotion on competitive advantage is 29.0%. The results of this study are supported by the theoretical basis in the previous discussion which states that the purpose of promotion is to try to change behavior and income and strengthen existing behavior, inform the target market about company offerings, persuade directed to

encourage purchases, and maintain the product brand in the heart. community (Swastha & Irawan, 2014). One thing that companies can do to implement a competitive strategy is to improve product quality, price, promotion and offer competitive service quality. Promotion is one of the variables in the marketing mix that is very important to be implemented by companies in marketing their products, either in the form of prices / services. This indicates that the better the promotion carried out by the company can create a competitive advantage for the products offered to consumers (Hasan, 2020).

The more vigorous promotional activities are carried out, the more interested and influenced consumers are, which in the end consumers will buy the products the company offers. Promotion is very beneficial for companies because marketing expects not only to develop products or services well, but also so that companies can set competitive prices, meaning that they allow products or services to gain market share in their product groups. If the company has a potential competitive advantage, then the company must choose several strategies to build positioning (Oktapriani et al., 2020). The results of this study are in line with the results of previous studies conducted by Podang and Soegoto (2016), Oktapriani et al. (2020), Hasan (2020) and Nair (2018). The results of his research show that social media promotion has an effect on competitive advantage.

Conclusion

Conclusion

1. The results show that price has an effect on competitive advantage.
2. The results show that social media promotion has an effect on competitive advantage.
3. The results show that prices and social media promotion have an effect on competitive advantage.

Suggestions

1. Pricing must be adjusted to the market price and the quality of the product being sold, in addition to giving discounts to consumers

who are already customers or consumers who purchase products in large quantities so that they can compete with their competitors.

2. Increasing social media promotion is not limited to Instagram, but such as Facebook, Twitter and so on. In addition, social media promotion is made in language that is easy to understand, attractive and innovative by displaying images, holding promotions at certain events, and monitoring social media on an ongoing basis in order to provide quick responses to questions or comments from consumers.
3. Increase competitive advantage by setting prices accordingly, increasing social media marketing consistently and sustainably, delivering products quickly and safely, innovating new products that consumers need, and so on.

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