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*Corresponding author: Komiteriang Daeli, Department of Management, Faculty of Economic, Universitas Nias, North Sumatera, Indonesia.

E-mail: daelikomiteriang@gmail.com

DESCRIPTIVE OF QUANTITATIVE DATA | RESEARCH ARTICLE

The Impact of Online Promotion on Increasing Product Sales of SME

Komiteriang Daeli¹, Maria Magdalena Bate'e², Yuterli Zalukhu³, Yupiter Mendrofa⁴

^{1,2,3,4} Department of Management, Faculty of Economic, Universitas Nias, North Sumatera, Indonesia. Email: daelikomiteriang@gmail.com¹, maria.batee82@gmail.com², yuterlin@gmail.com³, yupiter.mend81@gmail.com⁴

Abstract: This thesis discusses the influence of online promotion on increasing sales of SME products in Lahomi District, West Nias Regency. This study aims to determine the influence of online promotion on increasing sales of SME products in Lahomi District, West Nias Regency. This study uses a quantitative research method with a data collection technique using a questionnaire. Based on the results of the T-Test where the sign value of the X variable is known $001 > 0.05$ and the t-value is $6.841 < 2.054$ so it can be concluded that H_a is accepted and has an effect on the Sales Increase variable (Y). Based on the determination coefficient T-Test, the results obtained are that the Adjuster R-Square value is 0.589, this means that the Promotion Variable (X) is able to explain the increase in sales (Y) of 0.589 with a percentage of 58.9% after being adjusted for the sample and independent variables while the remaining 41.1% is explained by other variables outside this study.

Keywords: Online Promotion, SME Product Sales, Marketing Effectiveness.

1. INTRODUCTION

The rapid development of the times and economic growth in Indonesia has demanded that the business world take strategic steps to remain competitive, especially for Micro, Small, and Medium Enterprises (SMEs). SMEs that are currently experiencing rapid growth are generally engaged in the food and beverage industry, which holds the greatest potential in the national economic approach. The culinary sector is a type of business that will endure over time as it fulfills a basic human need. To increase the sales of SME products, business owners need to promote their products to reach a wider audience. Promotion is an effective competitive strategy. On one hand, promotional media has high effectiveness in disseminating product information, as it can reach various segments of society. In addition to increasing market demand, promotion is also essential for maintaining the loyalty of existing customers. One of the more effective forms of promotion in this era is through online media. Online promotion encompasses all marketing activities conducted digitally or through the internet to enhance visibility, sales, and consumer awareness of specific products or services. Online promotion allows products or services to be accessed by a broader audience. It is also easier to conduct and has lower costs, which helps boost product sales and facilitates the introduction of new products to consumers or customers. In Lahomi Subdistrict, many SME business owners have tried to leverage online promotion to grow their businesses. However, several factors hinder the optimal implementation of this strategy. One of the main reasons is the lack of knowledge and skills in using various digital platforms. Many business owners do not fully understand how online promotional tools work or how to effectively manage digital campaigns. The research problem addressed in this study is whether online promotion has an impact on increasing product sales of SMEs in Lahomi Subdistrict, West Nias Regency.



2. RESEARCH METHODS

2.1. Type of research

This research is a quantitative study, which focuses on numerical data. This type of research is typically conducted to determine or test the relationships between certain variables, identify patterns or trends, and provide predictions or generalizations. The common data collection technique used in this research is a questionnaire. Quantitative research results are usually presented in the form of tables, graphs, or statistics (Ibrahim et al., 2018).

2.2. Research Variables

A research variable is a characteristic, attribute, or trait that is observed or measured in a study. These variables may vary depending on the subject and the purpose of the research. The variables in this study are the effect of online promotion on increasing SME product sales in Lahomi Subdistrict, with promotion (X) as the independent variable and sales increase (Y) as the dependent variable, as described below:

1. Independent Variable (X) in this study is Promotion, with indicators: Increase in Brand Awareness, Influence on Consumer Perception, Product Adoption Stimulation, Consumer Response, and Sales Increase.
2. Dependent Variable (Y) in this study is Sales Increase, with indicators: Growth in Sales Volume, Market Share, Profit Rate, Net Sales Growth, Market Penetration, Conversion Rate, Customer Retention Rate, and Customer Lifetime Value (CLV).

2.3. Data Analysis Technique

Data analysis is the process of systematically organizing and interpreting the data obtained from observations, questionnaires, and documentation. To support the research results, the data will be analyzed using statistical tools with the help of SPSS software version 26. The prepared instruments will be distributed and tested before analysis. Instrument-Testing involves validity and reliability tests.

1. Validity Test

The validity test method can be performed using the product-moment correlation formula to calculate the correlation between each item and the total score. SPSS version 26 is used to perform correlation analysis and test instrument validity. If the correlation coefficient (r -value) $> r$ -estimated, the instrument is considered valid. The researcher used a validity test to measure the legitimacy of a questionnaire.

2. Reliability Test

The reliability test aims to show the precision, consistency, and accuracy of the measuring instrument. Cronbach's Alpha is used to measure the reliability of the variable, with a range of values between 0 and 1. If the reliability of an instrument is above 0.6, it is considered reliable. The researcher used a reliability test to determine the consistency of an instrument after repeated measurements on subjects under the same conditions.

3. Normality Test

The normality test is used to determine whether the residuals generated from the regression are normally distributed. According to Agussalim (2019), a good regression model has normally

distributed residuals. Saragih Santoso (2018) states that decision-making can be based on probability. According to Ghozali (2021), the normality test aims to determine whether the independent and dependent variables, or both, in the regression model are normally distributed. This test is necessary because all parametric statistical calculations assume normality in distribution. The conditions are as follows:

- a. If the significance value is < 0.5 , the data distribution is considered not normal.
- b. If the significance value is > 0.5 , the data distribution is considered normal.

4. Multicollinearity Test

The multicollinearity test is used to determine whether there is a correlation between independent variables in the regression model. If a correlation exists, it indicates the presence of multicollinearity. A good regression model should not have a correlation between independent variables. If multicollinearity is found, one of the independent variables should be removed from the model, and the regression model should be recalculated. To test for multicollinearity, the Variance Inflation Factor (VIF) and Tolerance values are used. A multicollinearity-free regression model has a tolerance value > 0.1 , and a VIF value below 10 indicates the absence of multicollinearity.

5. Heteroscedasticity Test

The heteroscedasticity test aims to determine whether there is unequal variance in the residuals of one observation compared to another in the regression model. Several methods can be used to test for heteroscedasticity, such as the scatter plot-T-Test, Park test, Glejser test, and White test. This study used the Glejser test between the predicted values of the dependent variable. Heteroscedasticity does not occur if there is no clear pattern and the points are scattered above and below zero on the Y-axis.

6. Multiple Linear Regression

Multiple linear regression analysis is used to determine the influence of more than one independent variable on a dependent variable. This model is used to explain the relationship and the extent of the influence of each independent variable on the dependent variable (Ghazali, 2018:95). The multiple linear regression equation used by the researcher is as follows:

$$Y = \alpha + \beta_1 X + e$$

Information:

- Y = Product Sales Increase
- $\beta_1 X$ = Promotion
- α = Constant
- e = Error term

7. Coefficient of Determination

The coefficient of determination (R^2) essentially measures how well the model explains the variation in the dependent variable. The coefficient of determination value ranges between zero and one. A small (R^2) value indicates that the ability of the independent variables to explain the variation in the dependent variable is very limited. A value close to one indicates that the independent variables provide almost all the necessary information to predict the variation in the dependent variable. However, the use of the coefficient of determination has a weakness, which is bias towards the number of independent variables included in the model. To avoid this bias,

the adjusted R^2 is used, which can increase or decrease when an independent variable is added (Ghozali, 2018).

8. T-Test

The T-test essentially shows the extent to which an individual independent variable explains the variation in the dependent variable. In this study, the T-test is used to determine whether promotion and advertising have an effect on sales increase. The study was conducted by looking at the Quick Look and comparing the T-statistic value with the critical point according to the table at a level of $\alpha=5$. The decision-making criteria are as follows:

1. If T-calculated < T-estimated and the significance level > 0.05, the independent variable individually does not affect the dependent variable.
2. If T-calculated > T-estimated and the significance level < 0.05, the independent variable individually affects the dependent variable.

1. F-Test

Two methods are used as a reference in conducting hypothesis testing using the F-test:

1. Based on the significance value
 - If the significance value < 0.05, the hypothesis is accepted. This means that Promotion (X) has a significant effect on Sales Increase (Y).
 - If the significance value > 0.05, the hypothesis is rejected. This means that Promotion (X) does not significantly affect Sales Increase (Y).
2. Based on the comparison between the calculated F-value and F-estimated
 - If the calculated F-value > F-estimated, the hypothesis is accepted. This means that Promotion (X) significantly affects Sales Increase (Y).
 - If the calculated F-value < F-estimated, the hypothesis is rejected. This means that Promotion (X) does not significantly affect Sales Increase (Y).

The steps for hypothesis testing are as follows:

- a. Formulate the hypothesis to be tested:
 - $H_0: \beta_1, \beta_2, \beta_3 = 0$, meaning there is no significant effect between Promotion (X) and Sales Increase (Y).
 - $H_a: \beta_1, \beta_2, \beta_3 \neq 0$, meaning there is a significant effect between Promotion (X) and Sales Increase (Y).
- b. Use a significance level (α) = 5%, and degrees of freedom (df) = $a/2, n-k-1$
 - n = number of observations (sample size)
 - k = number of regression parameters (number of variables)
- c. T-calculated-value is obtained from SPSS version 26, while the T-estimated value is obtained from the table T.
- d. Testing Criteria
 - a) If T-calculated \geq T-estimated or the significance value < 0.05, H_0 is rejected and H_a is accepted, meaning there is a significant effect between Promotion (X) and Sales Increase (Y).
 - b) If T-calculated \leq T-estimated or the significance value > 0.05, H_0 is accepted and H_a is rejected, meaning there is no significant effect between Promotion (X) and Sales Increase (Y).

3. RESULT AND DISCUSSION

3.1. Statistical Result

a. Promotion Validity Test (Variabel X)

To calculate the validity of the promotion variable, the researcher organized the questionnaire item results in the table as follows:

Table 1. Validity of Promotion Variable (X)

Item Question	r-calculated	r-estimated	Information
1	0,846	0,343	Valid
2	0,862	0,343	Valid
3	0,909	0,343	Valid
4	0,851	0,343	Valid
5	0,901	0,343	Valid
6	0,926	0,343	Valid
7	0,921	0,343	Valid
8	0,877	0,343	Valid
9	0,942	0,343	Valid
10	0,935	0,343	Valid

Based on Table 1, it can be concluded that all statements used in the questionnaire for the promotion variable are valid, as each item has a Pearson Correlation (r-value) greater than the r-estimated value (0.343).

b. Sales Increase Validity Test

Table 2. Validity of the Sales Increase Variable (Y)

Item Question	r-calculated	r-estimated	Information
1	0,855	0,343	Valid
2	0,760	0,343	Valid
3	0,863	0,343	Valid
4	0,771	0,343	Valid
5	0,842	0,343	Valid
6	0,847	0,343	Valid
7	0,681	0,343	Valid
8	0,602	0,343	Valid
9	0,673	0,343	Valid
10	0,817	0,343	Valid

Based on Table 2, it can be concluded that all statements used in the questionnaire for the Increase variable are valid, as each item has a Pearson Correlation (r-value) greater than the r-estimated value (0.343).

c. Reliability Test

Table 3. Calculation of Reliability

Variable	Cronbach's Alpha	N of Item
Promotion	0,972	10
Increased Sales	0,924	10

The reliability test results for the instrument indicate that the Cronbach's Alpha value is greater than 0.7, specifically 0.972 for the promotion variable and 0.924 for the sales increase variable. The questionnaires for both variables are considered reliable if they have a Cronbach's Alpha value > 0.7. Based on this information, it can be concluded that the statements in the research questionnaire have sufficient reliability and are suitable for use in this research context.

d. Normality Test

Based on the Kolmogorov-Smirnov test results, the Asymp. Sig. (2-tailed) value is 0.032. In the Kolmogorov-Smirnov test, a significance value greater than 0.05 indicates that the data do not significantly differ from a normal distribution. With a significance value of 0.091, which is greater than 0.05, it can be concluded that there is insufficient evidence to reject the null hypothesis. This means that the residual data follow a normal distribution, and the normality test does not indicate a significant deviation from normality.

e. Multicollinearity Test

Table 4. Multicollinearity Test

	Standardized Coefficient s	t	Sig.	Collinearity Statistics	
	Beta			Tolerance	
1 (Constant)	13.481	4.402		3.063	0.005
Promotion	0.691	0.101	0.776	6.841	0.000

The multicollinearity test results in Table 4 indicate that the tolerance values for both independent variables are greater than 0.1, meaning there is no correlation between the independent variables exceeding 95%. Additionally, the VIF values are less than 5, which supports the conclusion that there is no multicollinearity among the independent variables in the regression model.

f. Linear Regression Test

Table 5. Linear Regression Test

Model	Unstandardized Coefficients		Standardized Coefficients Beta	t	Sig.
	B	Std. Error			
1 (Constant)	13.481	4.402		3.063	.005
Promosi	.691	.101	.776	6.841	.000

a. Dependent Variable: Increased Sales

$$Y=13.481(a)+0.691 (x)+e$$

The regression model has the following meaning:

- The constant (a) = 13.481 indicates that if the promotion remains constant, the sales increase will be 13.481.
- The regression coefficient/B (X) = 0.691 (positive value) indicates that if the promotion increases by one unit, sales will also increase by 0.691.

g. Coefficient Determination Test

Table 6. Coefficient of Determination Test

R	R-Square	Adjusted R-Square	Std. Error of the Estimate
1 .776 ^a	.602	.589	3.685

- a. Predictors: (Constant), Promotion
- b. Dependent Variable: Increased Sales

Based on Table 6 above, the Adjusted R-Square value is 0.589. This means that the Promotion Variable (X) can explain 58.9% of the increase in sales (Y) after adjusting for the sample and independent variables, while the remaining 41.1% is explained by other variables not included in this study

b. T-Test

Table 7. Test T

Model	B	Std. Error	Standardized Coefficient Beta	t	Sig.
1 (Constant)	13.481	4.402		3.063	.005
Promosi	.691	.101	.776	6.841	.001

- a. Dependent Variable: Increased Sales

Based on the table 7, the interpretation is: It is known that the significance value of variable X is $0.001 > 0.05$ and the calculated t-value is $6.841 < 2.054$, thus it can be concluded that H_a is accepted and the variable has an effect on sales increase. (Y)

i. Test F

Table 8. F-test

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	635.541	1	635.541	46.797	.000 ^b
Residual	421.004	31	13.581		
Total	1056.545	32			

- a. Dependent Variable: Increased Sales
- b. Predictors: (Constant), Promotion

Based on the table 8, it can be concluded that; the effect of Information Technology (X) on Employee Performance (Y) shows a significance value of $0.000 < 0.05$ and an F calculated value of $46.797 > 329$, indicating that there is an effect of variable X on variable Y.

4. DISCUSSION

Online promotion plays a crucial role in increasing SME product sales, especially in the current digital era. In Lahomi Subdistrict, West Nias Regency, SMEs have started utilizing digital platforms to promote their products. Online promotion allows SMEs to reach a wider audience, even beyond the local area, at relatively lower costs compared to traditional promotional methods. According to Kotler & Keller (2016), promotion is one of the elements in the marketing mix aimed at communicating with and influencing consumers to purchase the offered products or services. In the context of online promotion, Saravanakumar and SuganthaLakshmi (2019) explained that social media as an online promotional tool can have a significant impact on sales increase due to its ability to reach a more specific and interactive target market. Online promotion enables SMEs to develop more effective and efficient marketing strategies. In a study conducted by Wang et al. (2020), it was found that SMEs actively promoting through digital platforms such as social media, e-commerce, and official websites tend to experience significant sales growth. This is due to the high level of consumer engagement on digital platforms, which can increase brand awareness and eventually lead to higher

sales. Furthermore, online promotion also enables SMEs in Lahomi to compete with other, possibly larger, businesses. By leveraging SEO (Search Engine Optimization), paid advertising, and targeted social media campaigns, SMEs can attract a broader consumer base. A study by Chaffey and Ellis-Chadwick (2020) showed that the proper use of digital strategies can strengthen the market position of SMEs and increase their sales volume. From the perspective of effectiveness, online promotion provides various advantages for SMEs in Lahomi. They can monitor and measure promotional results in real-time, allowing for quick strategy adjustments if necessary. This is different from conventional promotion, which often takes longer to see results. According to research by Hasan and Sohail (2021), SMEs that utilize analytics from online promotions can more easily adjust their campaigns to achieve optimal outcomes. Therefore, online promotion has proven to have a positive impact on increasing SME product sales in Lahomi Subdistrict, West Nias Regency. By combining various digital promotional strategies and utilizing the latest technologies, SMEs can enhance their competitiveness and ensure sustainable business growth. Based on the coefficient of determination test, which aims to measure how well the model explains the variation in the dependent variable (Ghozali, 2018), the test results show that the linear regression value of variable X is 0.589, with a percentage of 58.9%. This indicates that the promotion variable has a positive effect on sales increase, meaning that every increase of one unit in the promotion variable will affect sales increase by 0.589 or 58.9%, assuming that other variables are not considered in this study.

5. CONCLUSION

This study aims to determine the effect of online promotion on increasing SME product sales in Lahomi Subdistrict, West Nias Regency. Based on the research results, it can be concluded that: The effect of online promotion on increasing SME product sales in Lahomi Subdistrict, West Nias Regency, based on the T-test results, shows that the significance value of variable X is $0.001 > 0.05$ and the t-value is $6.841 < 2.054$. Thus, it can be concluded that H_a is accepted and there is an effect on the sales increase variable (Y). Based on the coefficient of determination test, the Adjusted R-Square value obtained is 0.589, which means that the Promotion Variable (X) can explain 58.9% of the sales increase (Y) after adjusting for the sample and independent variables, while the remaining 41.1% is explained by other variables not included in this study. Based on the conclusions from the research results, the following recommendations are made: For SME actors in Lahomi Subdistrict, West Nias Regency, optimizing online promotion is a crucial strategic step to increase product sales. Based on the study on the Effect of Online Promotion on Increasing SME Product Sales in Lahomi Subdistrict, West Nias Regency, it is recommended that SMEs be more active in utilizing various digital platforms such as social media, e-commerce, and official websites. Building a consistent and engaging presence on social media platforms like Facebook, Instagram, and WhatsApp can help reach a wider audience, especially with relevant and interactive content.

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