THE INFLUENCE OF PERSONAL SELLING AND DIRECT MARKETING ON BRAND AWARENESS OF SMES PRODUCTS IN INDONESIA

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Abstract

The research aims to examine the impact of personal selling and direct marketing in increasing brand awareness among SMEs owners in Depok city. This study used a quantitative method with a purposive sampling technique, the survey was conducted online, and the number of samples was 105 SMEs owners who are domiciled in Depok City. Procedure for testing data with SEM-PLS 3.0 The questionnaire construct was made based on several criteria, including personal selling, direct marketing, and brand awareness. Personal selling indicators consist of tangibility, reliability, responsiveness, and perceived quality. Meanwhile, direct marketing consists of face-to-face selling, telemarketing, and online marketing. Brand awareness indicators are brand recognition, brand recall, top of mind. Results: The results of this study are (1) there is a significant influence between personal selling on brand awareness. (2) There is a significant influence between direct marketing and brand awareness. Conclusion: The findings of this study indicate that there is a significant influence between personal selling, direct marketing and brand awareness.

Keywords: Personal Selling, Marketing Communication, Direct Marketing, Brand Awareness, SMEs

1. INTRODUCTION

Economic growth in Indonesia has increased and decreased due to various factors, one of which is the involvement of SMEs. According to UUD 33 paragraph 4 of the 1945 Constitution, SMEs are part of the national economy that has an independent vision and has great potential to improve people's welfare. The role of SMEs is significant for the country's economic growth. In Indonesia the number of micro, small and medium enterprises (SMEs) is 65.5 million. Services and creations from SMEs are found in many daily activities, ranging from furniture items which are the creations of SMEs to homemade food or snacks which are also included in SMEs. In the current digital era, many SMEs owners do not have physical stores and only sell through online platforms.

SMEs owners try a variety of different strategies to get a stronger competitive advantage in order to meet the goals of each organization, which requires them to establish an effective strategic management. However, just as important as effective strategic management is a marketing strategy to increase sales revenue and market share. As micro, small and medium enterprises (SMEs) it is necessary to develop a marketing strategy to find out the desires and

behaviour of consumers so that business owners can easily fulfill the desires and expectations of consumers through the products made or services offered by business actors. As in the survey conducted by BPS in 2021, SMEs actors experienced problems in terms of marketing (Katadata, 2021). Integrated Marketing Communication (IMC) is one of the most important communication tools utilized worldwide. As more corporations, authorities, state-owned businesses, and political parties come to terms with the reality of competition in an open economy, this idea has had an impact on how they think and act (Kotler & Keller, 2016). IMC is one of the most important communication trends and is widely used by various businesses around the world. This concept appears to have influenced awareness and actions among companies but also authorities, state-owned enterprises and political parties, all of which face the reality of open competition (Brunello, 2013).

Therefore, every organization that wants to reach more customers must be involved in marketing communications (Mckinsey, 2018). Philip Kotler and Gary Armstrong (2001) define a business that uses integrated marketing communications to deliver convincing, consistent, and clear messaging about its products using a variety of communication channels (Prasetyo et al., 2018). One of the intended marketing communication strategies is Direct Marketing and Personal Selling (Firmansyah, 2020). Direct Marketing can provide important assistance in finding answers. Experienced SMEs owners can record consumer reactions to products, expectations, understand consumer questions more accurately, and so on during direct contact with potential customers. The most appropriate way to sell innovative products is through personal selling. At the product development stage, seller values, consumer expectations, and the buying process must all be considered (Atiushkina 2019). When personal selling activities occur, communication is needed to market a product. Communication is very important in every marketing operation (Clow, 2014). This shows that marketing communication will occur when the consumer (recipient) understands the message as intended by the organization (sender). Implementation of these programs can help SMEs owners in developing their business (Dara et al. 2022).

When marketing communication strategies are effectively integrated, brand awareness and consumer interest are raised. Brand awareness is a brand that appears in the minds of customers and has four stages, namely Unaware of Brand, Brand Recognition, Brand Recall, and Top of Mind, to determine the extent of product reminiscence and identification (Ramadayanti, 2019). To face business competition in Indonesia which is very competitive, SMEs owners need to develop a good strategy so that customers and also prospective customers can remember well about the products or brands offered. This increases higher awareness of a brand that is offered by the SMEs. As a micro entrepreneur, small and medium brand recognition is very important to build public awareness about the products or services offered by SMEs owners. If customers have brand awareness of a product or service, businesses can understand what customers want and expect. If in society there is brand awareness of a brand, it can make the brand occupy the first position in the minds of the people. Awareness of a brand will be a major influence in determining whether or not the brand is included in consumer choice (Hoyer and Brown 1990).

2. LITERATURE REVIEW AND HYPOTHESES

1) Theoretical Background

Integrated Marketing Communications is a concept in which to send clear, consistent and convincing messages regarding the company and its products they integrate and coordinate various communication channels (Kotler & Keller, 2016). To optimize impact on consumers and end users at the lowest possible cost, integrated marketing communication is the coordination and integration of all marketing communication tools and resources inside a business. Meanwhile, the definition of IMC according to the American Association of Publicity and Public Relations Agencies (Diwati & Santoso, 2015) integrated marketing communications is a marketing communications planning concept that adds value to an in-depth plan by assessing different communications disciplines in a strategic role and combining them to produce the greatest possible communications accuracy, consistency, and impact through the integration of separate messages.

The purpose of IMC is to influence and have a direct effect on the behaviour of the target audience. IMC considers a potential route for delivering messages in the future, namely connecting customers or prospects with products or services from a brand or company from a single source. IMC uses a variety of communication channels, all of which are pertinent and well-liked by its current and prospective clients. In other words, IMC starts with the client or potential customer and then shifts to the business to decide on and define the forms and techniques that must be created for a persuasive communication campaign (Shimp, 2003).

### 2) Literature Reviews

a. Personal Selling

Personal selling is when a company's sales team interacts directly with customers to generate leads, close deals, and strengthen bonds with existing clients. Sales presentations, trade shows, and incentive programs are all forms of personal selling (Kotler and Keller 2016). Personal selling is a relationship between two or more people face to face to create a reciprocal relationship in order to create, change, use, and foster communication between producers and consumers (Assauri, 2014: 278). Personal selling is the act of engaging in face-to-face conversation with one or more potential customers in order to make presentations, respond to inquiries, and obtain orders (Kotler, 2009). This promotion process is one of the important variables carried out by companies in the marketing mix. This activity is carried out verbally, either with consumers or potential customers to create a buying and selling transaction where humans mediate for the process so that both parties feel benefited. There are 3 (three) special characteristics of Personal Selling according to (Tjiptono 2008: 224), namely: (1) Personal Confrontation, there is a direct and interactive relationship between two or more people, where the reaction of consumers can be seen and felt directly by the seller; (2) Cultivation, interpersonal relationships that develop from the beginning are only relationships as sellers and buyers to become more familiar; (3) Response, circumstances that are made as if making customers have to hear, pay attention, and respond to what the product explanation is.

b. Direct Marketing

In order to evoke an immediate response and establish long-lasting client relationships, direct marketing often interacts directly with precisely targeted consumer and customer communities (Kotler and Keller 2016). Direct marketing is a marketing system in which an organization communicates directly with target consumers to generate a response or transaction. Communication between two directions may be built from a relationship that is very close to the target market and this direct communication aims to get a response or transaction that occurs directly in a short time.(Belch 2006). Direct marketing can be done after the response from the target market arises for the product information that has been conveyed as a way to meet consumers. The information that has been conveyed can be channeled through various ways such as advertisements in newspapers, television, magazines, or other mass media. In addition, the delivery of information can also be channeled through sending brochures or leaflets by post, or what is commonly known as direct mail. Direct marketing is a marketing method used to establish interactive engagement with consumers in order for businesses to foster closeness with customers and receive immediate replies. Inquiries, purchases, and even support are examples of direct marketing responses (Ukaj & Prof, 2016). Direct marketing entails communicating with specific clients in order to encourage them to buy goods or services. Marketing excellence in business is critical for a company's success and survival in today's market competitiveness (Purnama & Pralina, 2016).

c. Brand Awareness

Brand awareness is the first step to get into the minds of the public for a brand (Šerića, Saurab, and Mikulic 2016). According to Keller, Parameswaran & Jacob in a book entitled "Building Measuring and Managing Brand Equity" the strength of a brand is related to brand awareness in a person's mind, which we can measure through the ability of customers to identify a brand in different situations (Keller, Parameswaran, & Jacob, 2015: 45). One of the key elements in developing brand value from a brand name logo is defining name awareness. Making judgments about what to buy will be simpler for consumers if they have a high level of brand awareness or if they are familiar with the logo (Aaker, 2001). Brand awareness is sometimes employed as a choice tool for consumers to make purchasing decisions. Products with strong brand awareness might cause customers to identify them with high product quality; hence, high brand awareness draws more consumers to purchase products from that brand.Giving the definition of name awareness as one of the main components in developing brand value from a brand name logo. If consumers have a high degree of perception or recognize the brand name logo, it will be easier for them to make purchasing decisions (Daosue, C., & Wanarat 2019)
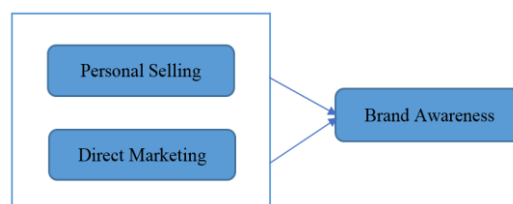
Fig. 1: Base On this research

H1: Personal Selling Effect on Brand Awareness in SMEs in Depok City

H2: Direct Marketing Effect on Brand Awareness in SMEs in Depok City

3. RESEARCH METHODS

This quantitative study aims to survey SMEs in Depok City, and is designed to be a descriptive study using primary data obtained from a sampling survey with a questionnaire conducted. The unit of analysis studied is the individual, namely the SMEs product owner. The sampling technique used is Non-probability Sampling. The analytical method used in this research is SEM Analysis. For this study, primary and secondary data were collected. Closed surveys were used to collect primary data, while secondary data were taken from published and unpublished sources. In this study, the population used was SMEs. As for the population in this study, there are 219,238 SMEs in Depok City in 2021. The sampling technique in this study used the Slovin formula (Silaen, 2018:91). From the number of SMEs in Depok City in 2021, using the Slovin formula, 105 respondents will be taken from SMEs actors. Confirmatory Factor Analysis (CFA) using a structural equation model with the SMARTPLS 3.0 program was used to test the hypothesis and research model, with a significance level of 0.05. Path analysis is used to analyze the correlations in the determined factors for direct and indirect effects, as well as to analyze their latent variables. The validity and reliability of the questionnaire was assessed using Cronbach's. Any variable with a standard deviation of less than 0.70 is considered a reliable coefficient (Hair, 1998). Table 1 displays the results of Cronbach's Alpha (α) analysis.

4. RESULTS AND DISCUSSION

1) Samples and Data Collection

Primary and secondary data were collected to conduct this research. Secondary data was collected by researching the principles, theory, and knowledge of integrated marketing communications and brand awareness from textbooks, international journals, and theses found in major libraries and search engines. The information collected was used to create a questionnaire. Primary data was collected from 105 respondents from a survey conducted on SMEs owners in Depok City. The questionnaire consists of 4 parts; 1) demographic factors consisting of gender, age, education, occupation, and type of SMEs, 2) Personal Selling, 3) Direct Marketing, 4) Brand Awareness. Questions in sections 2 to 4, adopted a Likert scale with five points where 1 = "strongly disagree", 2 = disagree, 3 = neutral, 4 = agree and 5 = "strongly agree" for all items. In the personal selling section, questions are based on the personal selling dimension (Villamor and Arguelles. 2014) with 4 dimensions, there is tangible (2 items), reliability (4 items), responsiveness (3 items), and quality perception (3 items). While the questions for the direct marketing section (Kotler and Keller 2016) consists of 3 dimensions, there is face to face selling (2 items), telemarketing (2 items), and online marketing (3 items). Then for the brand awareness section (Aaker, 1997:22) consists of 3 dimensions, there is brand recognition (3 items), brand recall (3 items), top of mind (3 items). The results of a sample of 105 respondents consisted of 64 people (61%) female respondents and the number of male respondents was 41 people (39%). There are two dominant age groups, namely respondents

aged 35-44 years (55%) and respondents aged 25-34 years (22%). The next composition with the acquisition of 22 people (21%) are respondents aged 45-54 years. Meanwhile, only 5% (5 people) of the total respondents were aged between 18 to 24 years. The occupations of the respondents are entrepreneurs (48%), private employees (24%), housewives (17%), civil servants (8%), students (1%), and traders (1%). The education level of the respondents varied with Bachelor students of 55 people (52%), Diploma of 25 people (25%), High School of 19 people (18%), and Masters Students of 6 people (6%).

2) Outer Model Test (Validity Test)

The Partial Least Square (PLS) method is used to test the validity and test the hypothesis. Related data will go through several tests such as validity tests consisting of validity, discriminant validity and reliability as well as hypothesis testing using the SmartPLS 3.0 software. The indicators used are convergent validity, discriminant validity and reliability (Henseler et al, 2009 in Indrawati 2017). Factor loadings and average variance extracted (AVE) A correlation can be said to have convergent validity if the loading value is greater than 0.7, but in research at the scale development stage, outer loading values of 0.50 to 0.60 are still acceptable (Ghozali, 2016), and AVE for all exceeding the suggested level of 0.50, indicating good convergent validity. To test the measurement model experimentally, an estimation model with standard regression weights and confirmatory factor analysis (CFA) was used. Several construct validity and reliability tests were carried out. Because the value of α - (Table 1) for all constructs exceeds the criterion of 0.60, it can be stated that the scale can be used for analysis with sufficient reliability. Factor loading and AVE are calculated from the estimated model using the formula given by Fornell and Larcker (1981) in Table 2. After that, assess Cronbach's Alpha and Composite Reliability criteria (Table 3). If the value of Cronbach's Alpha and Composite Reliability on a variable is above 0.7 then the variable is said to be reliable (Ghozali, 2006).

Table 1: Results for the Measurement Model

Indicator	Measuring Items	Question Items	Factor Loading	Cronbach Alpha
Personal Selling	Tangibles	X1.1	0.765	0.715
	reliability	X1.2	0.812	
	Responsiveness	X1.3	0.683	
	Quality Perception	X1.4	0.674	
Direct Marketing	Face to face selling	X2.1	0.772	0.851
	Telemarketing	X2.2	0.929	
	Online Marketing	X2.3	0.932	
Brand Awareness	Brand Recognition	Y1	0.765	0.729
	Brand Recalls	Y2	0.825	
	Top Of Mind	Y3	0.824	

Table 2: Fornell-Larcker Criterion Discriminant Validity Test Values

	X1 Personal Selling	X2 Direct Marketing	Y Brand Awareness
X1 Personal Selling	0.736		
X2 Direct Marketing	0.600	0.881	
Y Brand Awareness	0.711	0.730	0.805

Table 3: Cronbach's Alpha Value and Composite Reliability

| Variable	Cronbach's Alpha	Composite Reliability
X1 Personal Selling	0.715	0.824
X2 Direct Marketing	0.851	0.912
Y Brand Awareness	0.729	0.847

3) Inner Model Test (Hypothesis Test)

To test the inner model to find the effect, that is by looking at the R-square and t Value R-Square which has a value of 0.67 indicating a strong value, while a value of 0.33 indicates a moderate value and a value of 0.19 indicates a low value (Chin, 1998 in Ghozali, 2015). The results of data processing that has been done get an R-Square value of 0.650. The parameter coefficient values are seen to carry out a significance test, where the significance T-Statistics value must be at > 1.96 (Ghozali, 2015).

Table 4: Path coefficient and T-count

Variable	Original Sample (O)	Standard Deviation (STDEV)	T Statistics (|O/STDEV|)	P Values
X1 Personal Selling -> Y Brand Awareness	0.427	0.081	5,299	0.000
X2 Direct Marketing -> Y Brand Awareness	0.474	0.079	6,040	0.000

In conclusion, as shown in Table 4, the calculated structural model supports all the hypothesized associations in the hypothesis testing (provided by SmartPLS 3.0). As illustrated in Figure 2, the path coefficient value of the original sample estimate (beta) is equal to 0.427 indicating that the direction of the relationship between Personal Selling and Brand Awareness is positive or unidirectional and the T-Statistic value is at 5,299 which means that this value is above the standard T-Statistic value of 1.96. Then for the path coefficient value of the original sample estimate (beta), which is equal to 0.474 showing the direction of the relationship between Direct Marketing and Brand Awareness is positive or unidirectional and the T-Statistic value is at 6,040 which means this value is above the standard T-Statistic value, namely 1.96.
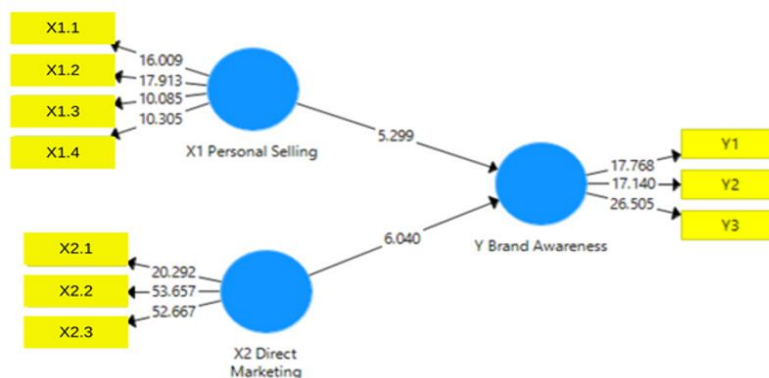
Figure 2: CFA from the relationship between Personal Selling and Direct Marketing to Brand Awareness

5. DISCUSSION

To increase awareness of a brand can be done in various ways, one of which is by personal selling and direct marketing. This study shows that tangible, reliability, responsiveness, and quality perception as elements of personal selling significantly affect brand awareness with reliability as an element that has a higher influence. This is in line with previous research that personal selling increases brand awareness by informing or reminding individuals about the brand (Yudhiartika et al. 2022). Offering face-to-face at the sites is how personal selling is done (Dara et al. 2022), this is in accordance with the responsiveness element where SMEs owners carry out personal selling activities directly if they want to ask questions about product information. Then the effect of direct marketing on brand awareness has a significant effect. This study shows that face to face selling, telemarketing (2 items), and online marketing are elements of direct marketing with online marketing activities as elements that have high influence. This activity is consistent with past studies in that it communicates information via social media platforms such as Instagram and Whatsapp, manages client databases, and offers products directly to customers who are actively making purchases. (Dara et al. 2022).

6. CONCLUSION

The model in this study uses a descriptive quantitative approach to display and process calculated data, as well as generate variables using the method using SmartPLS 3.0. The conclusion in this study explains that the variables that strongly support the creation of Brand Awareness in a product between Direct Marketing and personal selling have a significant influence. There is an influence between Personal Selling and Brand Awareness, which means that the higher the interaction between SMEs owners and buyers, the level of consumer awareness of the brand owned by SMEs owners will be higher. Meanwhile, the influence between Direct Marketing and Brand Awareness means that the higher the response received by SMEs owners, the level of brand awareness will also increase.

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