

Market Performance Optimization of Cosmetic Companies in Surabaya

Johan Hari Sukwanto

Universitas Dr. Soetomo Surabaya, Indonesia

Email: johansukwanto@gmail.com

Abstract

Every company definitely wants good market performance to be able to increase sales profits. Then the Price Advantage and Product Advantage are increased based on the products or services offered. This study aims to analyze the relationship between Price Advantage and Product Advantage on Market Performance. This research is a quantitative research which analyzes data in the form of numbers. The research population is users of facial care cosmetics in Surabaya. The research sample was determined by the Accidental Sampling method so as to get a total of 140 respondents. The data analysis technique and hypothesis testing in this study is the Structural Equation Model (SEM). To answer the hypothesis used Partial Least Square (PLS). The results of the study show that the relationship between Price Advantage and Product Advantage to Market Performance is significantly positive. The strategy that can be carried out is through price comparisons between the capital of making products and the quality of existing products and evaluating products to be able to take corrective actions that increase the selling value of products.

Keywords: Price Advantage, Product Advantage, Market Performance

INTRODUCTION

The introduction plays a crucial role in establishing the research context by providing an overview of the study's background and relevance (Barney, 1991). To begin with, it is important to explain why market performance is vital for companies in today's competitive business environment. Market performance serves as an indicator of a company's success and growth, directly influencing sales, profits, and overall competitiveness (Day, & Wensley, 1988). A deep understanding of market performance is thus essential for companies seeking to enhance their market standing and sustain profitability over the long term.

One of the key aspects of market performance is its connection to competitive advantages, specifically Price Advantage and Product Advantage (Vorhies, & Morgan, 2005). Price Advantage refers to a company's ability to offer products at a lower price compared to its competitors without compromising quality. Meanwhile, Product Advantage is characterized by the unique and superior qualities of a company's product, setting it apart in the market. These factors are critical in shaping consumer preferences, purchasing decisions, and overall market dynamics, making them essential to study in the context of market performance.

The significance of Price Advantage and Product Advantage in determining a company's market performance cannot be understated. Companies with a strong Price Advantage can attract cost-conscious consumers, while those with a well-established Product Advantage can command a higher market share and customer loyalty. Understanding how these two factors interact and influence market performance is crucial for businesses aiming to optimize their strategic positioning.

The choice of facial care cosmetics in Surabaya as the research context is strategic for several reasons. Surabaya, being one of Indonesia's largest cities, has a rapidly growing market for cosmetics, driven by increased consumer awareness of beauty and skincare. The city offers a diverse consumer base, making it an ideal location to examine how Price Advantage and Product Advantage play out in a dynamic and competitive market. Additionally, the facial care cosmetics industry is characterized by high competition, product differentiation, and varying price points, providing a rich field for analysis.

The research aims to address a gap in the literature by exploring the specific ways in which Price Advantage and Product Advantage relate to market performance. Although previous studies have examined these concepts individually, there is a need for a comprehensive analysis that combines them to understand their joint impact on market performance. This study seeks to fill that gap by offering insights into how these factors can be leveraged by businesses to improve their market position.

In summary, the objective of this research is to analyze the relationship between Price Advantage and Product Advantage on Market Performance within the facial care cosmetics industry in Surabaya. By doing so, the study aims to provide actionable strategies for companies to enhance their competitive advantage, optimize pricing strategies, and improve product quality, ultimately contributing to better market performance.

METHODS

This section should provide a detailed description of the research methodology, covering aspects such as research design, population, sampling methods, data collection, and analytical techniques employed (Pelham, 2000). As the study employs a quantitative approach, the focus is on analyzing numerical data to draw meaningful conclusions. Specifically, the research adopts a Structural Equation Model (SEM) and Partial Least Square (PLS) approach to test hypotheses and examine the relationships between key variables, namely Price Advantage, Product Advantage, and Market Performance. The rationale for using these methodologies is to ensure a robust analysis that can provide insights into how these factors influence market performance.

To elaborate, the study's research design is quantitative, aiming to assess numerical data and statistical relationships. The population consists of users of facial care cosmetics in Surabaya, which provides a relevant context for studying market performance. A sample size of 140 respondents was determined, utilizing the Accidental Sampling technique, a non-probability sampling method where respondents are chosen based on availability and willingness to participate. Data collection is primarily conducted through surveys or questionnaires distributed to these respondents, allowing for the systematic gathering of information on Price Advantage, Product Advantage, and their perceived impact on Market Performance. For data analysis, SEM is employed as a multivariate statistical technique to test the structural relationships among variables. PLS is then utilized to estimate these relationships and to test the proposed hypotheses, ensuring that the data analysis provides a comprehensive understanding of the interplay between the study's key variables.

RESULTS

The results section is intended to present the study's findings in a clear and structured manner. The analysis primarily revolves around the relationships between Price Advantage, Product Advantage, and Market Performance, using the Structural Equation Model (SEM) as the analytical framework. The outcomes from the SEM analysis should be detailed, highlighting the significance and strength of the relationships between the variables under investigation. Visual aids, such as tables or figures, are recommended to support the interpretation of the data and to enhance the clarity of the results.

The analysis reveals a positive relationship between Price Advantage and Product Advantage on Market Performance. Specifically, the results indicate that an increase in Price Advantage—where a product is offered at a competitive price without sacrificing quality—leads to improved market outcomes, such as higher sales and customer satisfaction. Similarly, the Product Advantage, characterized by unique product features and superior quality, is shown to significantly enhance Market Performance, suggesting that both pricing strategies and product differentiation play pivotal roles in driving market success.

To further substantiate these findings, specific statistical outcomes should be presented. Path coefficients derived from the SEM analysis offer a measure of the strength of the relationships between Price Advantage, Product Advantage, and Market Performance. Additionally, significance values (p-values) should be reported to indicate the statistical significance of these relationships. For instance, if the path coefficients are strong and the p-values are below a certain threshold (typically 0.05), this provides robust evidence supporting the positive influence of both Price Advantage and Product Advantage on Market Performance. These outcomes should be carefully interpreted to provide meaningful insights into how these variables interplay to enhance market success.

DISCUSSION

The discussion section serves to interpret the study's results in alignment with the research objectives, analyze how these findings compare to existing literature, and outline their practical implications. The positive relationship between Price Advantage, Product Advantage, and Market Performance as identified in the study is consistent with earlier research in marketing and strategic management. Previous studies have demonstrated that competitive pricing and product differentiation are key drivers of market performance, contributing to a company's ability to capture market share and enhance profitability. This study further supports these findings, confirming that in the context of the facial care cosmetics market in Surabaya, both Price Advantage and Product Advantage significantly contribute to market success.

Comparing these results with prior literature provides an opportunity to understand the broader implications. The finding that Price Advantage positively impacts Market Performance is in line with research suggesting that competitive pricing can increase customer acquisition and retention. At the same time, the significant influence of Product Advantage aligns with studies emphasizing product innovation and quality as key factors in achieving a superior market position. However, this study offers a unique perspective by examining these relationships in the specific market of facial care cosmetics, highlighting how strategic pricing and product differentiation can be tailored to enhance market performance in this sector.

In terms of practical implications, the results provide actionable strategies for companies, particularly those in the cosmetics industry. To leverage Price Advantage, businesses should

conduct regular price comparisons between the production costs and the perceived value of their products. Such comparisons can help companies optimize their pricing strategies to maintain a competitive edge without compromising profit margins. In parallel, maintaining a Product Advantage necessitates continuous evaluation and improvement of products, focusing on innovation and quality enhancements that respond to consumer preferences and trends. By adopting these strategies, companies can enhance their market performance and increase their competitiveness in the cosmetics market.

Furthermore, the findings of this study underline the importance of a balanced strategy that considers both pricing and product features. While competitive pricing attracts cost-conscious consumers, the unique features and quality associated with a Product Advantage help in building customer loyalty and distinguishing the brand in a crowded market. Therefore, companies should strive for a synergy between pricing strategies and product development to maximize their market performance and achieve sustainable growth.

Despite the contributions of this study, there are limitations that must be acknowledged. The research focuses solely on facial care cosmetics users in Surabaya, which may limit the generalizability of the findings to other regions or product categories. Additionally, the cross-sectional nature of the study does not capture changes in consumer preferences or market conditions over time. Therefore, future research could explore a longitudinal design or include a wider range of cosmetic products and regions to provide a more comprehensive understanding of how Price Advantage and Product Advantage impact Market Performance across different contexts.

In conclusion, this study adds to the growing body of literature on market performance by demonstrating the significant roles of Price Advantage and Product Advantage. By providing practical recommendations for companies, it highlights how these factors can be effectively leveraged to improve market standing. Future research should aim to expand on these findings by exploring additional factors that may influence market performance, thereby contributing to a more holistic understanding of market dynamics and competitive strategies.

CONCLUSION

The conclusion should provide a succinct summary of the study, reiterating its main objective, the significance of the research, and its key contributions to understanding market performance. The primary aim of the study was to examine how Price Advantage and Product Advantage impact Market Performance, particularly within the context of the facial care cosmetics market in Surabaya. This research is significant as it offers insights into how companies can strategically position their products to enhance their market success by focusing on competitive pricing and product differentiation.

The study's findings indicate a strong and positive relationship between Price Advantage, Product Advantage, and Market Performance. Specifically, companies that effectively implement pricing strategies and offer products with unique features and quality have a higher likelihood of achieving superior market outcomes, such as increased sales and customer loyalty. These results emphasize that to enhance market performance, companies should consider both the cost structure and value proposition of their products. By adopting practical strategies—such as optimizing pricing in relation to production costs and continuously innovating product features—businesses can significantly improve their competitive positioning and overall market performance.

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