

**THE SELECTION OF  
THE MOST EFFECTIVE PROMOTIONAL  
STRATEGY FOR FOOD PRODUCT AMONG SMES  
IN MELAKA**

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**UNIVERSITI TEKNIKAL MALAYSIA MELAKA**

**2015**

**SUPERVISOR APPROVAL**

“I/we admit was read this report and on my view this report is sufficient from scope and quality for purpose the certificate Bachelor of Technopreneurship.”

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**Faculty of Technology Management and Technopreneurship  
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‘Saya akui laporan ini adalah hasil kerja saya sendiri kecuali ringkasan dan petikan yang  
tiap-tiap satunya saya telah jelaskan sumbernya

Tandatangan:.....

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Tarikh:

## **Dedication**

Untuk ibu bapa, pensyarah, rakan-rakan yang disayangi.

## **Penghargaan**

Penulis ingin merakamkan penghargaan ikhlas kepada penyelia En. Mohd Amin Bin Mohamad, atas bimbingan dan dorongan yang diberi sepanjang menjalani Projek Sarjana Muda ini.

Penghargaan juga ditujukan kepada semua yang terlibat sama ada secara langsung atau tidak langsung membantu menjayakan projek penyelidikan ini. Semoga laporan ini akan menjadi sumber rujukan kepada pelajar lain kelak.

## **Abstract**

Promotional mixes are crucial to a company to promote their products and develop companies with more consistent. This research had three objectives of a study to investigate the relationship between promotional mixes and impacts on SMEs business performance, to identify the promotional mixes that can drive SMEs business performance, to identify the most effective promotional strategies for SMEs to promote their products and the respondents are SME food products around Melaka. Data were collected from questionnaires and structured quantitative response was formed in the 5-Likert scale. Researchers have carried out the data analysis using correlation coefficient and simple linear regression. The results of this study have shown that the promotional mixes were affected the relationship between the independent variables and the dependent variable, business performance. In addition, the study found that SME food products using promotional mixes more show business development more rapidly than SMEs that were not using promotional mix. Researchers want to recommend further research to study the effect of the use of the promotional mix in other states as well as studies using other research methods to reinforce the findings. Finally, the researchers also suggested that SME food products using appropriate promotional mix to increase their business performance.

**Keywords: promotion mixes, SME food products.**

## **Abstrak**

*Campuran promosi amat penting kepada sesebuah syarikat bagi memperkenalkan produk mereka dan mampu mengembangkan syarikat dengan lebih konsisten. Kajian ini mempunyai tiga kajian objektif iaitu untuk menyiasat hubungan di antara campuran promosi dan kesan ke atas prestasi perniagaan PKS, mengenal pasti apakah campuran promosi yang boleh memacu prestasi perniagaan PKS, untuk mengenal pasti apakah strategi promosi yang paling berkesan untuk PKS untuk mempromosikan produk mereka dan responden kajian ini adalah PKS produk makanan di sekitar Melaka. Data kajian ini telah dikumpulkan daripada soal selidik kuantitatif berstruktur dan respon adalah dibentuk dalam 5- skala Likert. Penyelidik telah menjalankan analisis data dengan menggunakan pekali korelasi dan regresi linear mudah. Hasil Kajian ini telah menunjukkan bahawa campuran promosi akan mempengaruhi hubungan signifikan antara pembolehubah bebas dan pembolehubah bersandar iaitu prestasi bisnes. Selain itu, dapatan kajian mendapati bahawa PKS produk makanan yang menggunakan kaedah campuran promosi lebih menunjukkan perkembangan perniagaan yang lebih pesat berbanding syarikat PKS yang tidak menggunakan kaedah campuran promosi. Penyelidik ingin mengesyorkan penyelidikan selanjutnya untuk mengkaji kesan penggunaan kaedah campuran promosi di negeri lain serta kajian tersebut menggunakan kaedah kajian yang lain bagi mengukuhkan lagi dapatan kajian. Akhir sekali, penyelidik juga mencadangkan agar PKS produk makanan menggunakan kaedah campuran promosi yang sesuai agar tidak merugikan syarikat mereka.*

**Kata kunci** : **Campuran promosi, PKS produk makanan.**



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## **CHAPTER 1**

### **INTRODUCTION**

#### **1.0 Background of the study**

Small business plays a central role in everyone's life because much of our day-to-day economic activities based on small business (John S.F, 2013). Small and medium Enterprises (SMEs) represent majority of the business in Malaysia and small business in food industry important for national economy. Food industry has a great potential to expand globally because of the increasing awareness of Halal products consumption among the consumers (Alam, S. S., 2010). The development of the industry in food products was due to the good marketing strategies that were applied by entrepreneurs.

Marketing plays important roles to enhance the SMEs products. The effective management of marketing practice by small and medium enterprises in these areas determines the success of their operations (Ogundele et al., 2013). Marketing strategy includes 4Ps (products, price, promotions and place). The focus of this study was only in promotional strategy. Most integrated marketing was deployed along the following functions of marketing used within the organization such as advertising tools and promotional tools.

Promotion includes the coordination and integration of all marketing communication tools, avenues, and resources within a company into a seamless program in order to maximize the impact on end users at a minimal cost (John S.F, 2013). The selections of the best promotion mix playing important roles in establish the products. But entrepreneurs must know how to choose the best promotion mix to focus on the best strategy to save their cost to promote the products. Besides that, promotion mix also affects the SMEs companies' business performance.



## **1.1 Problem statement**

SME marketing is likely to be haphazard, informal, loose, unstructured, spontaneous, reactive, built upon and not conforming to industry norms (Gilmore, A. at all, 2001). Marketing strategy that SME companies used always not follows the terms and not depends on the theory that set up for them, so the results were impacted to their sales of products or services.

Some entrepreneurs also faced the problems of general characteristic of marketing. According to Mc Cartan-Quinn, D., & Carson, D. (2003), small firms face marketing problems such as: a limited customer base; limited marketing activity, expertise and impact; an over dependence on the marketing ability of the owner/manager; reactive rather than planned marketing.

Many of the entrepreneurs lack of knowledge on how to choose and apply the best strategy to promote their product (Singh, G., & Belwal, R., 2008). The problem that always faced by entrepreneurs in SMEs were choosing and applying the strategies that were suitable with their products.

SMEs companies were not like large company that can easily get information to do marketing. SMEs had difficulty in collecting the information. Some entrepreneur's lack of marketing information that was limited by the lack of in-depth marketing variables ( places, prices, products and promotions) to choose their best promotion mix (Keh, H. T., et all.,2007)

Additionally, SMEs companies also facing the problems on how to adopt the internet in their marketing way. This will cause the trouble for SMEs to advertise using the internet. Ifinedo (2011) studied Canadian SMEs in order to find what causes them to be reticent about accepting internet and e-business technologies (IEBT) in their operations.

Sales promotion is an important strategy for producing quick, short term, positive, it is not a cure for a bad product, poor advertising or an inferior sales team (Achumba,2002). In addition, sales promotion activities may bring several negative consequences, including "clutter" due to the number of competitive promotions (Adereni, 2003). Sales promotion can be a good tool or otherwise to promote the product if entrepreneurs do not know how to align their sales promotion activities.

## **1.2 Research objectives**

Based on this study, the general objective was to identify what was the most effective promotional strategy for food product among SMEs in Melaka.

The objectives were :

- i. To investigate the relationship between promotional mixes and impacts on SMEs business performance.
- ii. To identify what are the promotional mixes that can drive SMEs business performance.
- iii. To identify what is the most effective promotional strategies for SMEs to promote their products.

### 1.3 **Research questions**

- i. What are the relationship between promotional mixes and impacts on SMEs business performance?
- ii. What are the promotional mixes that can drive SMEs business performance?
- iii. What are the most effective promotional strategies for SMEs to promote their products?

#### **1.4 Scope and limitation of study**

There were some limitations on this study. First, all samples are only in Melaka. Hence, the subjects may not be good enough in generalize the whole population in the country in comparing with collecting the data from each state in Malaysia. Furthermore, the data also collected only at four places like Bandar Melaka, Merlimau, Alor Gajah and Masjid Tanah. It should be understood that the entrepreneurs' selection on promotional strategy might change promotion mix of promotional strategy by SMEs in Melaka: SMEs entrepreneur views from another geographic area to the next based on the demographic characteristics of the population being studied. Therefore, finding of this study needs further verification. It is recommended that research be repeated in different areas to identify similarities and differences across cultures.

Besides that, the researchers only study three out of five promotional mixes due to the time restraint.

Research scope including small business and medium business for food industries in Melaka, UTeM library and internet (trusted website). This scope was focuses on SMEs food products in Melaka because in Melaka area there were many SMEs and almost all of their products were commonly known. UTeM library and internet were used as a medium to find the additional information such as previous research and journals.

## 1.5 Significant of the study

To the subject :

This research was hoped to fulfill the requirement of the subject and study in order for the student to complete their whole semester of Bachelor of Technopreneurship with honours.

To the researcher :

This research gives the researcher the knowledge on the course offered by UTeM and the skills that provided to their students. The researchers also know about the promotion mix that had been choosing by SMEs in Melaka. For instance, the researcher able to get more experience and knowledge regarding promotion mix selection for most effective promotional strategy for food industry SMEs.

To UteM :

It can be used the outcome of this study can be used to generated some strategies and taking corrective action if there is a mistake. Other than that, the skill can be developed to the students to know better about how is the most promotion mix works to promote the products.

To the Faculty of Technology Management & Technopreneurship :

By conducting this research, the collection of the project paper can be added in the Faculty as it is useful for the future references. In addition, this study also can help other students to gather information and make refer to finding from past research.

To the Future Researcher :

This research is useful for future researcher to conduct the same research. They can compare this research and their research whether it has different or still showing the same result. Other than that, this research can help the future researcher to conduct research by make it as a reference.

## **1.6 Summary**

This research examines the selection of the most effective promotional strategy for food product among SMEs in Melaka. The best selection of the most effective promotional strategy can reduce cost for other works. There were several problems according to this research and the scopes were focuses on SMEs food product in Melaka. Promotional mix strategies were including advertising, sales promotions and personal selling. According to these three variables, we determine what are the most effective promotional mix for SMEs food industry.