



# Development of the Marketing Reciprocal Value Concept for MSME Performance

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## ABSTRACT

The purpose of the research is to find out whether there are other strategies that can be done by companies to maintain and improve their performance. Three things that become important points of this research are the inconsistency in the implementation of strategies that can improve and even reduce the Company's performance, but other indications of business competition performance assessment show positive signals of the movement of the Indonesian business world. Researchers suspect that there are other strategies besides innovation that can improve performance. using a qualitative approach by exploring various literacies related to reciprocal. In addition, to support the research results, this study uses reliable respondents with the criteria being MSME actors who have run their businesses for 2 years. This research found a reciprocal concept that can improve the performance of MSMEs. Novelty in this research includes Reciprocity of Pricing, Reciprocity of Skill and Reciprocity of value product. The concept found is expected to improve relations between business people, the agreement between business people can improve the marketing performance of MSMEs.

## INTRODUCTION

Companies that only depend on one particular market or market segment indicate that the company does not quickly adopt changes in consumer tastes (Flexer et al., 2018; Ishak & Luthfi, 2011). This shows the vulnerability of the company's performance, which will affect product mobility and production, even though starting from consumer preferences in the industrial 4.0 era, companies can manoeuvre agilely (Chasanah et al., 2018).

The phenomenon of the development of business competition is increasingly showing an increase, this was conveyed by the Government of Indonesia through the Business Competition Supervisory Commission (KPPU). The government institution uses the measurement of the Business Competition Index (IPU) with a score system on a scale of 1-7. The basic basis for the preparation of the index refers to the Structure, Conduct, and Performance (SCP) paradigm coupled with the market dimension, regulatory dimension, and institutional dimension or

respondents' understanding of competition institutions and policies in 2021 at level 4.81 and will increase in 2024 (Ahdiat, 2022).

Amidst the changing world economic atmosphere, companies must have a strategy not to go bankrupt. A common strategy is to carry out product innovation as an effort to improve, improve, and develop products so that innovation is an idea of change and commercialisation (Dziallas & Blind, 2019; Srinivasan & Lohith, 2017).

Empirics prove that there are too many strategies to achieve targets and if the strategy is not appropriate, it will affect the company's performance. For this reason, the company must choose a strategy according to the interests needed at this time. (Ricardianto et al., 2023). Other studies also confirm that if the time is not right, the strategy that has been set will not have an impact on company performance (Agusti et al., 2020).

A product development strategy aims to drive increased sales volume by utilising technology to enter new markets (Kahn, 2018). Applying a market expansion strategy, companies can reduce risk by diversifying their revenue (Wilyanto et al., 2023). According to (Focarelli, 2018) Companies can expand the market by utilising business partnerships with other companies. This strategy can help them enter new markets or gain access to markets already formed by business partners (Andriyansah, & Fatimah, F., 2020). During the pandemic, many companies experienced a downturn, so they found strategies to recover their company's performance (Umair & Dilanchiev, 2022). Other research supports the Company to innovate in order to improve its marketing performance, that with innovation the Company can stabilise its performance (Farida & Setiawan, 2022).

Three things that become important points of this research are inconsistencies in the implementation of strategies that can improve and even reduce the Company's performance, but other indications of business competition performance assessment show positive signals of the movement of the Indonesian business world (Andriyansah et., al, 2023). Researchers suspect that there are other strategies besides innovation that can improve performance. Therefore, this research aims to find out whether there are other strategies that can be carried out by companies to maintain and improve their performance (Itani et al., 2019).

## **LITERATURE REVIEW**

### **Theory of Relationship Marketing**

Hunt, (1992) explains that in marketing science there are concepts that cannot be observed and cannot be measured such as attitudes, segmentation, trust or others. Another thing that cannot be measured is relational. Relational marketing is important to bring customers closer to the company.(Koponen & Julkunen, 2022) Relational marketing is a marketing approach that focuses on building and maintaining long-term relationships with customers.

The main objectives of relational marketing are to generate high customer satisfaction, build customer loyalty, and increase customer loyalty (Gremler et al., 2019).(Morgan, 1995) In relational marketing, companies seek to maintain and strengthen relationships with existing customers rather than focusing solely on selling to new customers. Companies invest in understanding customer needs and preferences, providing personalised services, and creating ongoing interactions with customers.

### **Service-Dominant Logic**

Business patterns are increasingly shifting supported by the presence of the internet which makes it easier for consumers to find information, buy products without time limits (Morgan & Hunt, 2020). Therefore, marketing patterns in the modern era emphasise the importance of understanding and meeting consumer needs, especially customers (Humeniuk & Petrov, 2023). Companies can work together to provide product and service value propositions. Hunt & Madhavaram, (2014) Companies create strategies to foster sustainable relationships with

customers. Service-Dominant Logic (SDL) is a development of marketing theory that emphasises co-creating value with customers, rather than simply providing them with products or services. Grönroos, (2012); Le Meunier-FitzHugh et al., (2015) Service-Dominant Logic is a strategy that is an approach to marketing and maintaining relationships with customers. This strategy focuses on co-creation, collaboration, and networked relationships. Businesses can build stronger and more sustainable relationships with their customers and create value for customers' vulnerabilities (Kerviler et al., 2017; Yuana et al., 2022).

### Reciprocity Theory in Marketing

Adopted from Mathematical Sciences, (Donald & Lund., 2010) marketing also discusses Reciprocal from the marketing side which is a strategy of establishing relationships with one another, both of which can provide mutual benefits such as promoting products for profit (Vargo & Akaka, 2009). Another definition states that Reciprocal marketing is a strategy to expand reach and increase brand strength (Berger et al., 2002). According to (Nur et al., 2020) Reciprocity theory is a theory of expectations that will respond to each other by returning benefits for benefits. Reciprocity is a basic law of social psychology.

(Pelaprat & Brown, 2012) Consumer psychology deals with social interaction, self-concept, social cognition, social influence, attitudes, and stereotypes. In other words, reciprocity is a social situation where we reciprocate what we receive from others. It can be interpreted as negative reciprocity or positive reciprocity.

Negative reciprocity occurs when an action has negative consequences when the other person reciprocates the action with an action that has approximately the same negative effect on the other person (Hofstetter et al., 2018).

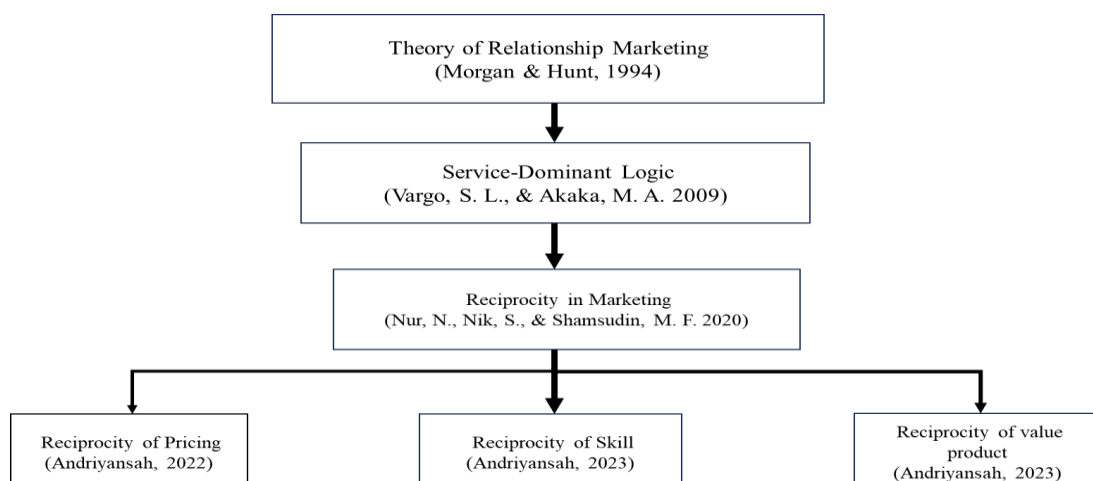
### METHODS

Methods This research uses a qualitative approach by exploring various literacies related to reciprocal. In addition, to support the research results, this research uses reliable respondents with the criteria being MSME actors who have run their businesses for 2 years. The research was conducted using direct interview techniques with the business actors in order to get a more in-depth explanation of the reciprocal concept or strategy they agreed upon.

### RESULTS

The results of this research field study found that there is an agreement between business actors regarding joint business as the main basis for implementing reciprocal strategies. This agreement is important before they run their business with the reciprocal patterns they set. The literature review that we conducted found three novel concepts that we call the novelty of the research gap.

**Figure 1. Concept Synthesis**



The concept is the result of a synthesis of theory (Morgan & Hunt, 1994). This concept was found because there is research that has not answered to improve the performance of the Company, especially MSMEs whose capital is not too large or only has capital expertise.

## **DISCUSSION**

The first concept found is Reciprocity of Pricing by two or more business units that provide mutual benefits to the agreed price, this variable is thought to improve performance, we named this concept Reciprocity of Pricing. This concept occurs in businesses that both have capital but agree to benefit each other. Seller A has a business, but does not have a strategic place to hold his merchandise. When he finds a strategic place owned by B, the two of them agree to determine the price and other things. Generally, the owner of the strategic business place offers a land lease system, but because this is a reciprocal concept, the two agree to both run their respective businesses without having to sell the same products. They agree to sell different or complementary products. For example, Seller A wants to sell meatballs and chicken noodles, then the landowner will sell drinks. So that seller A does not pay the full land rent but only pays the agreed price, namely only a few items such as cleaning, water and electricity.

The second concept found is reciprocal of skill, which is carried out by two people who have expertise and have a strategic business place. This concept values the expertise of individuals based on the relationship of agreeing to cooperate with the principle of reciprocity that provides mutual benefits. This variable is thought to increase competence and performance. Individuals who have expertise can carry out their business activities with the owner of a strategic business location. Generally, this reciprocal uses an agreement in profit is 60:40. The proportion is 60% of the profit becomes the owner of the business place while 40% becomes the owner of the expertise. For this concept is not easy to do without trust, especially the owner of the strategic location to the owner of the expertise. For this reason, the reciprocal concept of skill is generally carried out by close people or those who still have kinship relations.

The third concept found is Reciprocity of value products. This concept is a company product that is reciprocally given additional value to provide mutual benefits to the agreed product. this variable is thought to increase performance. This concept is found in product production patterns that complement each other to increase the selling value of the product. Business actors agree to add value to the products they create. For example, coffee shop or café companies agree with bottled water production companies to produce bottled water products by displaying both logos of their business units.

## **CONCLUSION**

Reciprocal is a concept in mathematics that describes a number whose product with another number is 1. The concept offered is an adoption of mathematics that will be used in marketing. This reciprocal concept can be applied by businesses, the concept offered from the findings of this research can help businesses improve their business performance. This strategy is an effective, cost-effective concept for businesses to get more benefits in addition to the establishment of partners, both businesses increase the breadth of their business networks.

## **LIMITATION**

This research succeeded in finding new concepts for the development of knowledge in marketing management science. However, this research has not been empirically proven if this new concept can significantly improve marketing performance and MSMEs.

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