

# Strengthening The Competitiveness of Onion Cake Msmes Through The Implementation of The 7P Marketing Strategy In Rantauprapat City

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## Abstract.

*Background: Competition among local food micro, small, and medium enterprises (MSMEs) requires marketing strategies that extend beyond product quality to the overall customer experience. The 7P marketing mix comprises product, price, place, promotion, people, process, and physical evidence. Objective: This study aimed to describe the implementation of the 7P marketing mix, describe MSME competitiveness, and analyze the relationship between each 7P dimension and the competitiveness of onion-cookie MSMEs in Rantauprapat, Indonesia. Methods: A quantitative associative cross-sectional design was used. The main analysis included 93 respondents. The independent variables were the seven dimensions of the 7P marketing mix, while competitiveness was the dependent variable. Descriptive statistics and multiple linear regression were performed at a 5% significance level. Results: Mean scores of the 7P dimensions ranged from 18.63 to 19.17 on a theoretical scale of 5-25. Physical evidence had the highest mean (19.17±5.74), whereas price had the lowest (18.63±5.41). Mean competitiveness was 18.94±5.37. The regression model was statistically significant,  $F(7,85)=107.622$ ;  $p<0.001$ , with  $R^2=0.899$  and adjusted  $R^2=0.890$ . People ( $B=0.313$ ;  $\beta=0.326$ ;  $p=0.027$ ) and physical evidence ( $B=0.364$ ;  $\beta=0.390$ ;  $p=0.002$ ) remained positively and significantly associated with competitiveness. Conclusion: The 7P marketing mix was collectively associated with MSME competitiveness. People and physical evidence retained significant independent contributions after adjustment for the other dimensions. Strengthening service quality, human-resource capabilities, packaging, visual identity, cleanliness, and tangible business cues may therefore support the competitiveness of local onion-cookie MSMEs.*

**Keywords:** competitiveness; marketing mix 7P; MSMEs; marketing and onion cookies.

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## I. INTRODUCTION

Micro, Small, and Medium Enterprises (MSMEs) are a vital part of the economy, contributing to job creation, increasing community incomes, and developing local economies. In an increasingly competitive business environment, MSMEs need to focus not only on offering viable products but also on building customer value through consistent and integrated marketing strategies (Kotler & Keller, 2022; Armstrong & Kotler, 2023).

For onion cake MSMEs in Rantauprapat City, marketing challenges are not limited to product variety and packaging, pricing, distribution reach, digital promotion, service quality, the ordering process, and physical evidence of the business. Some businesses still rely on word-of-mouth and conventional sales, potentially limiting market reach. This situation highlights the need for a marketing approach that integrates various elements of the consumer experience.

One relevant framework is the 7Ps marketing mix, which consists of product, price, place, promotion, people, process, and physical evidence. The 7Ps framework adds people, process, and physical evidence to the traditional marketing mix, better reflecting the consumer experience, particularly in businesses that rely heavily on service interactions and tangible evidence of business quality (Lupiyoadi, 2019; Kotler & Keller, 2022). In the food MSME sector, packaging, service, transaction processes, and business appearance can be differentiators when product characteristics are relatively easy to imitate.

Previous research has shown that implementing the 7Ps can support MSME competitiveness through product variety development, packaging improvements, pricing, distribution, digital promotions, employee engagement, and service process quality (Nisa et al., 2025). Other studies on MSMEs also show that the marketing mix, digital marketing, and product innovation are related to competitive advantage and sales performance (Arista et al., 2025). Furthermore, a physical evidence approach in food and beverage MSMEs can strengthen the consumer experience through communicative visual elements and physical evidence (Wisesa et al., 2023).

However, the contribution of each 7P dimension can differ according to business and consumer characteristics. Therefore, this study aims to: (1) analyze the implementation of the 7P marketing strategy in onion cake MSMEs in Rantauuprat City; (2) describe the competitiveness of onion cake MSMEs; and (3) analyze the relationship between the implementation of each 7P dimension and the competitiveness of onion cake MSMEs. This study is expected to produce an empirical basis for determining marketing areas that need to be strengthened so that onion cake MSMEs are able to maintain and improve their competitive position.

## II. RESEARCH METHODS

### Research Design and Location

This study used an associative quantitative approach with a cross-sectional design. The study was conducted in the context of onion cake MSMEs in the Rantau Utara and Rantau Selatan Districts, Rantauuprat City. Primary data were collected through questionnaires, while observation and documentation served as supporting data.

### Population and Sample

The accessible population for this study was consumers of onion cake MSMEs. Based on the sample size calculation in the proposal, the minimum sample size was set at 93 respondents. The primary analysis in this study used 93 respondents.

### Research Variables and Instruments

The independent variables consist of product, price, place, promotion, people, process, and physical evidence. The dependent variable is MSME competitiveness. The instrument uses a five-level Likert scale. Each construct consists of five items, resulting in a theoretical total score of 5-25. Competitiveness is measured through indicators of product superiority, price superiority, market reach, consumer loyalty, and the ability to compete with competing products.

### Data analysis

Data were analyzed using descriptive statistics and multiple linear regression. Descriptive analysis included frequencies, percentages, means, standard deviations, medians, and ranges. Multiple linear regression tests were used to evaluate the independent contributions of the seven 7P dimensions to competitiveness. The significance level was set at  $\alpha = 0.05$ . Interpretation of the results was based not only on the p-value but also on the direction and magnitude of the regression coefficients. Model assumptions were checked using residuals, Durbin-Watson, and an evaluation of potential multicollinearity. Statistical analysis followed the principles of multiple linear regression as described by Ghazali (2023).

## III. RESULTS

### Respondent Characteristics

The primary analysis involved 93 respondents. Based on available data, the majority of respondents were female, aged 20-29, students, and domiciled in Rantauuprat. The distribution of these characteristics is presented in Table 1.

**Table 1. Respondent characteristics**

| Characteristics | n  | %    |
|-----------------|----|------|
| <b>Gender</b>   |    |      |
| Woman           | 78 | 84.8 |
| Man             | 14 | 15.2 |
| <b>Age</b>      |    |      |
| <20 years       | 35 | 38.0 |
| 20-29 years old | 50 | 54.3 |
| 30-39 years     | 3  | 3.3  |
| ≥40 years       | 4  | 4.3  |
| <b>Work</b>     |    |      |
| Students        | 75 | 81.5 |
| Housewife       | 3  | 3.3  |
| Private         | 3  | 3.3  |
| Self-employed   | 3  | 3.3  |

| Characteristics | n  | %    |
|-----------------|----|------|
| civil servant   | 1  | 1.1  |
| Other           | 7  | 7.6  |
| <b>Domicile</b> |    |      |
| Rantauprapat    | 73 | 79.3 |
| Other           | 19 | 20.7 |

### Implementation of the 7P Marketing Mix and Competitiveness

Table 2 presents descriptive statistics for all research constructs. The mean scores for the 7P dimensions are relatively close. Physical evidence has the highest numerical mean (19.17), followed by place (19.12), and price has the lowest mean (18.63). The mean competitiveness score is 18.94 with a standard deviation of 5.37.

**Table 2. Descriptive statistics of the 7P marketing mix and competitiveness (n=93)**

| Variables         | Mean  | Elementary School | Median | Min-Max |
|-------------------|-------|-------------------|--------|---------|
| Product           | 18.68 | 5.53              | 20     | 5-25    |
| Price             | 18.63 | 5.41              | 20     | 5-25    |
| Place             | 19.12 | 5.20              | 20     | 5-25    |
| Promotion         | 18.98 | 5.58              | 20     | 5-25    |
| People            | 18.81 | 5.59              | 20     | 5-25    |
| Process           | 18.92 | 5.53              | 20     | 5-25    |
| Physical Evidence | 19.17 | 5.74              | 20     | 5-25    |
| Competitiveness   | 18.94 | 5.37              | 20     | 5-25    |

These findings address the first and second objectives of the study. The implementation of all 7P dimensions can be identified with relatively close averages, while competitiveness has a mean of 18.94 out of a theoretical range of 5-25. Because the study did not establish a predetermined categorization cutoff, the scores were not arbitrarily classified as low, medium, or high.

### Multiple Linear Regression Results

The multiple linear regression model showed  $R = 0.948$ ,  $R^2 = 0.899$ , adjusted  $R^2 = 0.890$ , and a standard error of estimate of 1.778. The simultaneous test showed  $F(7,85) = 107.622$  with  $p < 0.001$ . Thus, the seven dimensions of the 7Ps together were significantly related to the variation in competitiveness, and approximately 89.0% of the variation in competitiveness in the sample could be explained by the model after taking into account the number of predictors.

**Table 3. Summary of multiple linear regression models**

| Parameter                  | Mark    |
|----------------------------|---------|
| R                          | 0.948   |
| $R^2$                      | 0.899   |
| Adjusted $R^2$             | 0.890   |
| Standard Error of Estimate | 1,778   |
| F                          | 107,622 |
| df                         | 7; 85   |
| p-value                    | <0.001  |

**Table 4. Multiple linear regression coefficients on competitiveness**

| Variables         | B     | SE    | $\beta$ | t     | p-value | Interpretation       |
|-------------------|-------|-------|---------|-------|---------|----------------------|
| Constant          | 1,179 | 1,001 | -       | 1,178 | 0.242   | -                    |
| Product           | 0.003 | 0.034 | 0.003   | 0.092 | 0.927   | Not significant      |
| Price             | 0.121 | 0.096 | 0.122   | 1,262 | 0.211   | Not significant      |
| Place             | 0.012 | 0.092 | 0.012   | 0.133 | 0.894   | Not significant      |
| Promotion         | 0.033 | 0.097 | 0.035   | 0.347 | 0.730   | Not significant      |
| People            | 0.313 | 0.139 | 0.326   | 2,244 | 0.027   | Significant positive |
| Process           | 0.090 | 0.109 | 0.093   | 0.825 | 0.412   | Not significant      |
| Physical Evidence | 0.364 | 0.112 | 0.390   | 3,254 | 0.002   | Significant positive |

Based on Table 4, only people and physical evidence maintained significant independent relationships after all seven dimensions were analyzed together. With other variables held constant, a one-point increase in people was associated with an average increase of 0.313 competitiveness points, while a one-point increase

in physical evidence was associated with an average increase of 0.364 competitiveness points. Product, price, place, promotion, and process did not show significant independent contributions at  $\alpha=0.05$ .

*Regression equation:  $Y = 1.179 + 0.003(\text{Product}) + 0.121(\text{Price}) + 0.012(\text{Place}) + 0.033(\text{Promotion}) + 0.313(\text{People}) + 0.090(\text{Process}) + 0.364(\text{Physical Evidence})$ .*

#### IV. DISCUSSION

##### Implementation of the 7P Marketing Mix Strategy

The first objective of this study was to analyze the implementation of the 7P marketing strategy in onion cake MSMEs in Rantauprapat City. The results showed that the average score for the seven dimensions ranged from 18.63 to 19.17 and were relatively close. These findings demonstrate that consumer experiences with MSMEs are not shaped by a single marketing element, but rather by a combination of product, price, access, promotion, human interaction, service processes, and physical evidence. This concept aligns with the 7P framework, which views customer experience as the result of integrating various marketing elements (Kotler & Keller, 2022).

Physical evidence has the highest average numerical value. In food MSMEs, physical evidence includes packaging, labels, cleanliness, product appearance, brand identity, and the appearance of the sales location or channel. Wisesa et al. (2023) showed that communicative physical evidence in food and beverage MSMEs can strengthen the consumer experience. Nisa et al. (2025) also placed packaging improvements and tangible elements as a crucial part of the 7P strategy to increase the competitiveness of food MSMEs. Thus, the results of this study indicate that consumers assess not only taste or price but also signs of quality that can be seen and felt directly.

##### Overview of the Competitiveness of Onion Cake MSMEs

The second objective of the study was to describe the competitiveness of onion cake MSMEs. The mean competitiveness was  $18.94 \pm 5.37$  with a median of 20. In the research instrument, competitiveness represents product superiority, price, market reach, consumer loyalty, and the ability to face competitors. This value indicates that the dimensions of competitiveness can be measured consistently in the sample, but are not categorized as high or low because there are no categorization limits set before the analysis.

Substantively, the competitiveness of local food MSMEs is determined not only by their ability to produce products but also by their ability to create difficult-to-imitate differentiation. When similar products are available from multiple producers, service quality, brand consistency, ease of ordering, clarity of information, and physical experience can serve as sources of differentiation. This aligns with the findings of Arista et al. (2025) that marketing strategy and innovation are related to competitive advantage and sales performance in MSMEs.

##### The Relationship between the 7P Marketing Mix and Competitiveness

The third and primary objective of the study was to analyze the relationship between the implementation of the 7P marketing mix and competitiveness. The overall regression model was significant,  $F(7,85)=107.622$ ;  $p<0.001$ , with an adjusted  $R^2=0.890$ . These results answered the research objective that the 7P marketing mix collectively has a strong relationship with variations in the competitiveness of onion cake MSMEs. However, simultaneous results do not mean that each dimension has an equally large independent contribution.

Partially, people and physical evidence remained significant after all other dimensions were controlled. This finding is important because it indicates that in the context of onion cake MSMEs, human relations and physical evidence are components that still provide additional information about competitiveness after overlap with other marketing dimensions is accounted for. This finding aligns with the 7Ps literature on MSMEs, which emphasizes the role of human resources, service, and physical evidence in strengthening customer experience and competitive position (Nisa et al., 2025; Saputri et al., 2026).

##### People as a Significant Dimension

People showed  $B=0.313$ ;  $\beta=0.326$ ;  $p=0.027$ . Assuming other predictors remain constant, a one-point increase in the people score is associated with an average increase of 0.313 points in competitiveness. In small-scale MSMEs, owners and workers often interact directly with consumers, so friendliness, speed of

response, ability to explain products, complaint handling, and service consistency are part of the perceived value for customers.

These findings suggest that competitiveness strengthening programs should encompass more than just production equipment or promotional assistance, but also service capacity development. Customer communication training, order response standards, customer record keeping, complaint handling, and consistent pricing and product information could be practical interventions consistent with the research findings.

### **Physical Evidence as a Significant Dimension**

Physical evidence showed  $B=0.364$ ;  $\beta=0.390$ ;  $p=0.002$ . With other predictors constant, a one-point increase in physical evidence was associated with an average increase of 0.364 points in competitiveness. In onion cake MSMEs, this dimension can be realized through neat and secure packaging, informative labels, consistent visual identity, product cleanliness, sales location displays, product photos, and social media displays.

These findings are relevant to the initial research problem, which identified that product packaging in some MSMEs remains simple. The findings of Wisesa et al. (2023) confirm that enhancing physical evidence can improve the quality of the consumer experience in food and beverage MSMEs. Because consumers often use physical cues to assess quality before or during a purchase, improving packaging and visual identity can be a concrete step towards increasing trust and differentiating a product from competitors.

### **Partially Insignificant Dimensions**

Product, price, place, promotion, and process did not show significant independent contributions in the multivariable model. These results should not be interpreted as implying the five dimensions are unimportant. The output shows several relatively high zero-order correlations between predictors and competitiveness, suggesting there may be overlapping information between dimensions. Under these conditions, a dimension may be strongly correlated with competitiveness on its own but no longer be significant when tested in conjunction with other dimensions.

Practically speaking, the product still needs to maintain taste, quality, and consistency; the price needs to remain competitive and value-oriented; the place needs to expand access through both offline and digital channels; promotion needs to shift from mere posting frequency to consistent communication; and the process needs to ensure efficient ordering, payment, production, packaging, and delivery. Therefore, research findings are more appropriate for determining strengthening priorities, not for eliminating insignificant dimensions.

### **Implications for Strengthening the Competitiveness of MSMEs**

The research findings yield three main implications. First, strengthening people needs to be directed at the quality of customer interactions, rapid response, friendliness, complaint handling, and service consistency. Second, physical evidence needs to be strengthened through packaging, labeling, cleanliness, brand identity, product display, and visual consistency on social media. Third, although people and physical evidence are empirical priorities, the implementation of the 7Ps still needs to be viewed as an integrated system because the overall model is significant. Thus, the strategy for strengthening competitiveness desired by this research is not simply selecting a single marketing element, but integrating the 7Ps with priority on the element with the clearest independent contribution in the data.

### **Research Limitations**

This study has several limitations. First, the cross-sectional design limits causal inference, meaning that the term "effect" in the regression context is understood as a statistical relationship, not as evidence of cause and effect. Second, complete demographic data were available for 92 of the 93 analytical respondents, so one respondent could not be classified based on baseline characteristics. Third, the majority of respondents with available demographic data were students and young, so generalizations to all consumer segments require caution. Fourth, there are indications of high correlations among marketing variables and some extreme residuals in the output, so the individual contributions of the regression coefficients should be interpreted with caution. Future research could use more diverse samples, test the constructs with CFA/SEM, and consider robust standard errors or structural models to address the interrelationships between dimensions.

## V. CONCLUSION

This study answers three main objectives. First, the implementation of all 7P marketing mix dimensions can be identified in onion cake MSMEs in Rantauprapat City, with the average between dimensions being relatively close and physical evidence having the highest numerical average. Second, the competitiveness of MSMEs has an average of  $18.94 \pm 5.37$  from a theoretical range of 5-25. Third, the 7P marketing mix together is significantly related to competitiveness,  $F(7,85)=107.622$ ;  $p<0.001$ , with adjusted  $R^2=0.890$ . Partially, people ( $B=0.313$ ;  $p=0.027$ ) and physical evidence ( $B=0.364$ ;  $p=0.002$ ) still show a significant positive relationship after other dimensions are controlled.

Thus, the most direct focus of strengthening, based on data, is improving the quality of human resources and services, along with strengthening physical evidence such as packaging, labels, cleanliness, visual identity, and product displays. However, all 7P elements still need to be managed in an integrated manner to maintain the consumer experience and the competitiveness of MSMEs.

## VI. SUGGESTION

Onion cake MSMEs are advised to develop simple service standards, improve communication and customer service skills, refine packaging and brand identity, and integrate physical evidence with digital promotions. Local governments, universities, or MSME mentors can focus mentoring programs on customer service training, packaging development, branding, product photography, and social media utilization. Further research is recommended to involve a more heterogeneous sample and use SEM/CFA approaches to more comprehensively evaluate the relationships between indicators and variables.

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