# Development of Furniture Product Marketing Model by Proving Ergo-Iconic Value to Marketing Performance

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**Abstract.** This research aims to discover and explore what factors or indications can affect the sustainability of Furniture MSME businesses amid a pandemic storm. The formulation of the problem studied in this paper is how to increase the value of the products offered to consumers. For companies that make innovations, 80% expect that the creations made significantly affect company performance. Marketing intelligence is part of the marketing information system for market penetration to achieve company targets. SMEs will process the information in the marketing information system to meet the needs and completeness of market data. Product creation from innovation is a big step for companies to create products that are different from before to increase the allure of consumers to make decisions to buy the iconic Nlai Ergo- this is the development of functional values. Functional values can be referred to as the basis for consumer reasons for making decisions, including attitudes, perceptions, and behaviors shaped by the economic utility. Consumption is such that the perceived value in a situation can reflect a specific differentiation according to individual characteristics. The expected implications of this research are that MSMEs can add ergo-iconic value to increase buyer interest.

**Keywords:** Marketing Intelligence · Product Innovation · ergo-iconic value · Marketing Performance

## 1 Introduction

In January–December 2020, the value of Indonesia's furniture exports reached US$ 1.5 billion, although, during the pandemic, exports of Indonesian furniture products increased by 32.54% or worth US$ 1.99 trillion. This increase shows performance achievements for SMEs who have succeeded in developing product innovations. In practice, creation is not easy to do for SMEs scale. It needs the support of many parties and the resilience of leaders to take the risk of securing resources in the event of a strategy failure. Innovation requires more integrated thinking and reconstruction on several aspects of the business, such as ability (Capital and Courage), stakeholders, knowledge

management, leadership, and culture. The contribution of all resources can develop sustainable Innovation (Thongsri & Chang, 2019). Innovation capability is a valuable asset for companies to provide and maintain a competitive advantage in implementing the entire strategy, so deciding to determine innovation needs more consideration (Rajapathirana & Hui, 2018).

For companies that achieve innovation, 80% of them hope that the invention carried out has a significant effect on company performance (Becheikh et al., 2006). Some studies have found the results of the influence between product innovation and performance, although not all product innovation research results can drive performance improvement. According to Capello & Lenzi (2013), innovation is essential, but not all innovations have a good effect. SMEs can adapt some factors to business conditions. Empirical found a research gap that product innovation positively affects a company's marketing performance (Ramadani et al., 2019; Afriyie et al., 2019; Chen, 2020). However, another study conducted by Falahat et al. (2020) found something [1] different. His research results differed from the previous empirical that innovation-driven excellence could not affect marketing performance. This situation may be due to the capacity the Company has to develop the business needs to encourage creativity, innovation, and find novelty. Meanwhile, the opinion of Najafi-Tavani et al. (2018) explains that the Company's innovation performance as a strategic step to introduce novelty that is higher than the previous resource usually uses a broader source of knowledge to develop their products.

This study aims to discover and explore what factors or indications can affect the sustainability of the Furniture SMEs business during a pandemic storm and whether there are strong indicators that affect the performance of MSMEs. The formulation of the problem studied in this paper is how to increase the value of products offered to consumers.

## 2 Conceptual Underpinnings

### 2.1 Marketing Intelligence

Recently, there has been the development of artificial intelligence (AI), which is used to help and select relevant information related to the information that needs to be sought by users so that the information translated by the AI will provide an overview for purchasing is Originally and subsequently (Abrardi et al., 2022). Economic risks that affect product market conditions, the condition of certainty of positive economic growth is increasingly floating after two years of running with the pandemic k, and the end of the covid-19 pandemic period is not clear. This uncertainty is, of course, difficult for companies in planning growth. Therefore companies need to understand economic conditions by utilizing existing resources such as intelligence to understand the market. The Company can obtain information by collecting data, predicting the market, and analyzing changes (Falahat et al., 2020). Companies can use this intelligence capability to understand external conditions, identify and exploit market opportunities and respond

to them (Caseiro & Coelho, 2019) [3]. Marketing intelligence is part of the intelligence capability that collects marketing information for companies to penetrate the market to achieve company targets. In connection, the information obtained will be processed in a marketing information system to meet the needs and completeness of market data. In principle, companies must be able to understand, analyze, and assess the external and internal environment related to consumers, competitors, markets, and industries to support decision-making (Abrardi et al., 2022) [2].

## 2.2  Product Innovation

Innovation is a large number of companies creating products that are different from before to add allure to consumers making buying decisions. Innovation is strategy companies use to change, improve or combine existing products to become superior (Gaynor, 2002; Lee & Tsang, 2001), so novation is a series of activities and measurements between inputs, processes, and outputs to achieve the Company's innovation performance targets. The innovation process that is wrong to innovate is a resource, both resources for capital and development to financial resources to market products, meaning that innovation can be carried out in a measurable manner (Von Hippel et al., 2012) [4]. Another reason from the Company's side is to improve product performance and company business performance so that product innovation will get additional strength to enhance the quality of product and product function and often will affect product price changes.

## 2.3  Ergo-Iconic Value

This ergo-iconic value is a development of functional value. The value itself is assumed to be in addition to the benefits received, measurable by the sacrifice of the consumer (Khan & Mohsin, 2017). Economics is not the only concept used to shape the value of benefits, but the idea of value relates to psychological science, sociology, and ecology with different points of view (Den Ouden, 2012) [5]. According to Sheth et al. (1991), classifiable value consists of functional, social, emotional, epistemic, and conditional values. These categories can be self-contained and will jointly affect consumer perceptions. The practical value point of view is often called the consumer's drive in making decisions, including attitudes, perceptions, and behaviors. Ergo-iconic values can also be shared with social values, emotional values, epistemic values, and conditional values providing the benefits of using characteristically specific icons to influence purchasing decisions with different added values from competing products so that the perceived value in consumption situations can reflect clear differentiations according to individual characteristics (Babin et al., 1994).

## 2.4  Marketing Performance

Pas ar cannot restrict any company's products to be the choice and choice of consumers

Quoting Lee & Tsang (2001), The Company's performance will align with marketing performance. The Company's performance can be viewed from the progress of increasing sales, growth of the Company, asset growth, and net profit growth. Product innovation will also impact marketing performance, measured through customer lifetime value, loyalty, and satisfaction. Any product change in innovation performance will correlate with other supply chains and retail management parties, such as lead times, service levels, and turnover percentage generated to support marketing activities.

# 3  Hypotheses and Methodologies

The hypothesis built in this study is that the more technology develops, the better the value of the buyers of the product offer. The methodology used to find and develop the model. Surveys and interviews were conducted to obtain quantitative data and deepen the research material. This research survey was carried out in 2022, from July to September, on the island of Java by regulatory permits in the furniture industry. Due to the size of Indonesia, this research focused on the major islands of Java, Kalimantan, Sulawesi, and Sumatra. MSMEs that are the object of the survey are those that have produced four types of furniture: Freestanding furniture, Knockdown furniture, Mobile furniture, and System built-in furniture. This idea is proposed as a requirement for MSMEs to be surveyed so that this research is directed at the actual conditions as expected by researchers, namely the economic values offered by MSMEs with the variety or type of furniture produced. Therefore, after finding a research model with several variables that support the furniture industry. Furthermore, this research will survey MSMEs engaged in the furniture industry to ensure that the model found can be utilized for furniture business development.

# 4  Discussion

The respondents in this research are SMEs who have been producing furniture for two years from this research year. Besides, they have received orders from consumers. Here are the respondents' profiles.

The graph above explains that SME furniture or furniture is still dominant on the island of Java. This observation was made to 60 MSMEs in furniture. However, from the results of the interviews, 10 of them needed to meet the requirements or categories to be responded to, so the respondents who could be asked for further information and discussions were as many as 50 people with a response as stated in chart 1. It is proven that 34% of the 50 hospitals are spread across the island of Java, precisely in Central Java.

The interview results found that there are several conditions that SMEs cannot control. The first is the condition of the business environment in 2020. In Indonesia, the world was invaded by the virus army that forced a furniture business to close its business and return to crawling even though there was no determination from the government when the pandemic period in Indonesia ended.

Secondly, technology becomes essential to improve quality and production. The definition of quality conveyed by SME artisans is the lack of errors or damage during production. It can be supported by standard equipment, although carving tools is relatively lengthy because HR feels comfortable with the kit. The other side of production will be slow because production equipment products cannot support the speed and time promised to consumers. The promised time will be added to 15 days from the estimate.

Third, related to Raw Materials and Human Resources, MSME owners revealed that currently, there is an HR Crisis. The work in the field is minimal for those aged 50 years and below, meaning that the regeneration of engraving and the ability to design with Indonesian characteristics will be reduced. The indication can be seen from the carved workers who are not young anymore. Another critical factor is the primary raw materials. The main raw material of this furniture is wood. According to the interview results, getting raw materials with the best quality takes time and effort.

Fourth, the selling price is unavoidable in encouraging consumers to return to buying. The process of obtaining the standard also influences the selling price is not easy, so producers increase the selling price for the selling price. Based on the results of the product interviews they produce, it seems monotonous. There is no change from the previous products.

The interview results can be developed based on the formulation of research problems to build an advanced research model to improve the marketing performance of Furniture SMEs to boost consumers' buying interest. Based on the analysis results, this result is a model for marketing furniture products (Fig. 1).
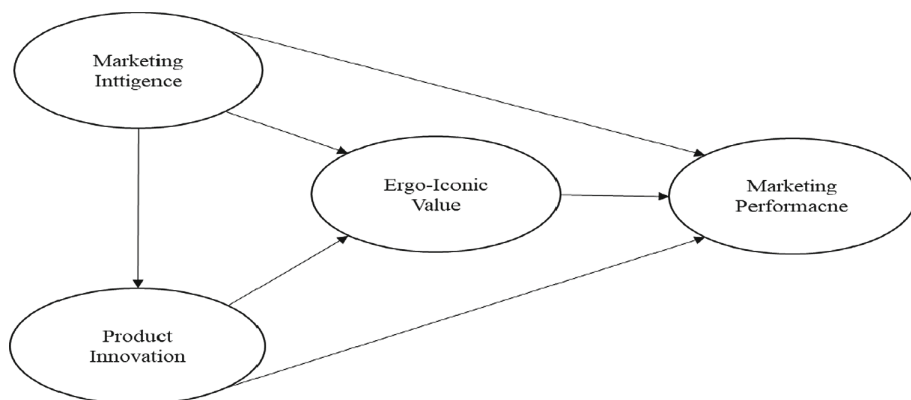


**Fig. 1.** Furniture product marketing model

## 5 Conclusion

The condition of the business environment that has just risen towards the end of the pandemic has also made a new force for the furniture business. The model discussed in this paper can answer the hypotheses presented at the beginning. Besides that, this model is expected to be able to provide solutions to improve marketing performance that boosts consumer purchasing power. Ergo-iconic value is a convenient value that will give consumers an influence boost to carry out the act of buying. Ergo-iconic value is the value offered to increase the attractiveness of the product. This attractiveness can be seen from the characteristics of the products produced by SMEs. This characteristic can be the adoption of cultural values or local wisdom where the product is delivered or adjusting to the wishes of consumers.

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