

# Analyzing the Role of Promotion in Shaping Purchase Interest: A Case Study of Local Merchandise Consumers in Oecusse-Ambeno

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**Received:** 01/07/2025; **Accepted:** 03/07/2025; **Published:** 05/07/2025

**Abstract:** The development of local economies often hinges on the success of small-scale enterprises, where local merchandise serves as a vital tool for promoting regional identity and attracting tourism. In unique regions like the Oecusse-Ambeno Special Administrative Region, local products hold significant cultural and economic potential. However, a primary challenge lies in effectively reaching consumers and stimulating purchase interest amidst limited market exposure. This research, therefore, analyzes the role of promotional strategies in shaping consumer purchase interest in local merchandise from Oecusse-Ambeno. Employing a quantitative case study approach, this study surveyed a sample of consumers within the region. Primary data were collected through questionnaires designed to measure perceptions of promotional activities and a corresponding level of purchase interest. The findings indicate that promotion has a significant positive influence on consumer purchase interest. Specifically, promotional activities that emphasize product authenticity, cultural value, and direct engagement with local artisans are most effective in this market. The study concludes by offering actionable insights for local entrepreneurs and policymakers on designing targeted promotional strategies to enhance the visibility and desirability of Oecusse-Ambeno's local merchandise, thereby contributing to sustainable regional economic growth.

**Keywords:** *Promotional Strategies, Purchase Intention, Local Products, Consumer Behavior.*

## 1. Introduction

The vitality of local economies is increasingly recognized as a cornerstone of sustainable development and cultural preservation globally. Small and medium-sized enterprises (SMEs), particularly those producing local merchandise, play a pivotal role in this ecosystem by fostering economic resilience and innovation. They not only contribute significantly to economic growth but also act as custodians of regional identity, translating local culture, craftsmanship, and heritage into tangible products (Nugroho & Ikhsani, 2020). The success of these enterprises, however, is heavily contingent on their ability to navigate a competitive marketplace and effectively connect with consumers. While product authenticity and quality are essential, they are often insufficient on their own to drive sales and ensure business sustainability in a crowded market.

A primary challenge confronting producers of local merchandise is the formulation and execution of effective marketing strategies. Promotion, a critical component of the marketing mix, serves as the primary communication bridge between producers and consumers (Kotler & Armstrong, 2018). It functions to build awareness, convey value propositions, and ultimately, stimulate purchase intention. According to the Theory of Planned Behavior, a consumer's intention to purchase is a direct antecedent to their actual behavior and is shaped by their attitudes, subjective norms, and perceived behavioral control (Ajzen, 1991). In the absence of strategic promotional efforts that positively influence these factors, even the most unique and high-quality local products can remain undiscovered, failing to achieve their market potential. Understanding how different promotional activities influence consumer perceptions and intentions is therefore fundamental to developing strategies that can elevate local brands.

This issue is particularly pertinent in unique economic contexts such as the Oecusse-Ambeno Special Administrative Region in Timor-Leste. As an enclave with a distinct socio-economic landscape, its development is intrinsically linked to the growth of its internal market and the success of its local entrepreneurs (Marques, 2015). Local merchandise, ranging from traditional textiles (tais) to artisanal crafts and agricultural products, represents a significant opportunity for economic empowerment. However, the effectiveness of promotional activities in this specific market remains under-explored, presenting a critical knowledge gap for both academics and practitioners.

While extensive literature exists on marketing and consumer behavior, there is a scarcity of research that applies these concepts to the specific context of Oecusse-Ambeno. It is unclear which promotional channels are most effective, what messages resonate most with local consumers, and how marketing can be tailored to reflect the region's unique cultural values. Therefore, this study aims to fill this gap by analyzing the role of promotion in shaping purchase interest among consumers of local merchandise in Oecusse-Ambeno. Through a case study

approach, guided by established methodologies (Yin, 2018), this research seeks to provide evidence-based insights that can be used to strengthen the local economy, support entrepreneurs, and foster a sustainable market for the region's unique products.

## **2. Literature Review and Hypothesis Development**

### 2.1. The Role of Promotion in Marketing

Promotion is a fundamental component of the marketing mix, encompassing a set of tools that an organization uses to communicate with its target audience. According to Kotler and Armstrong (2018), the primary purpose of promotion is not just to sell a product but to build and maintain relationships with consumers by communicating value. The promotional mix consists of several key elements, including advertising, sales promotion, public relations, personal selling, and digital marketing. Advertising involves paid, non-personal communication through various media to inform, persuade, and remind consumers about a product. Sales promotion, on the other hand, consists of short-term incentives, such as discounts or coupons, designed to encourage immediate purchase. In the context of SMEs and local enterprises, a well-coordinated promotional strategy is crucial for cutting through market noise, building brand awareness, and differentiating their products from those of larger competitors (Lestari & Yuniarti, 2021).

### 2.2. Understanding Purchase Intention

Purchase intention is a key metric in consumer behavior research, serving as a strong proxy for actual purchasing behavior. It represents the likelihood that a consumer will plan or be willing to buy a certain product or service in the future. The Theory of Planned Behavior (TPB), proposed by Ajzen (1991), provides a robust framework for understanding the antecedents of intention. According to the TPB, purchase intention is determined by three main factors: (1) Attitude toward the behavior (the individual's positive or negative evaluation of purchasing the product), (2) Subjective norms (the perceived social pressure to perform or not perform the behavior), and (3) Perceived behavioral control (the perceived ease or difficulty of performing the behavior). Promotional activities directly target these antecedents; for example, persuasive advertising can shape a positive attitude, while testimonials or endorsements can influence subjective norms. Therefore, effective promotion is theoretically positioned to have a direct and significant impact on shaping purchase intention.

### 2.3. Promotion's Influence on Local Product Consumption

The effectiveness of promotion is particularly critical for local merchandise, as it often competes with mass-produced goods. Research on local brands has shown that consumers' purchase intentions are significantly influenced by specific promotional messages. For instance, studies indicate that promotions emphasizing product authenticity, local origin, and cultural heritage can create a stronger emotional connection with consumers, thereby increasing their purchase intention (Nugroho & Ikhsani, 2020). Furthermore, the rise of digital platforms has enabled local producers to use social media marketing and electronic word-of-mouth (e-WOM) as cost-effective promotional tools to reach a wider audience and build a community around their products. Empirical studies have consistently found a positive correlation between exposure to promotional activities and the intention to purchase local products. A study by Lestari and Yuniarti (2021) confirmed that the promotional mix significantly influences the purchase decisions for local cosmetic products, highlighting the power of a well-integrated promotional strategy.

### 2.4. Hypothesis Development

Based on the theoretical foundations and empirical evidence presented in the literature, it is evident that promotional activities are a key driver of consumer purchase intention. Effective promotion can shape positive attitudes, create social appeal, and ultimately encourage consumers to consider purchasing a product. This relationship is expected to hold true within the unique context of Oecusse-Ambeno, where strategic communication is vital for elevating the profile of local merchandise. Therefore, this study proposes the following

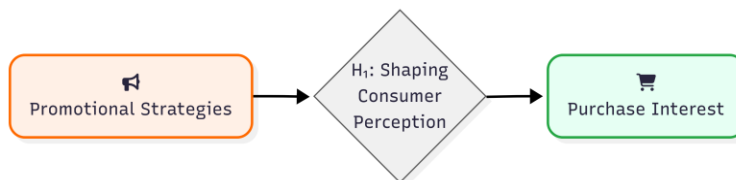
hypothesis to be tested: Hypothesis: Promotional strategies have a significant positive effect on consumer purchase interest in local merchandise in Oecusse-Ambeno.

## 2.5. Conceptual Framework

The conceptual framework for this study is designed to illustrate the direct relationship between promotional activities and consumer purchase interest. Drawing from established marketing principles (Kotler & Armstrong, 2018) and foundational behavioral theories like the Theory of Planned Behavior (Ajzen, 1991), this framework posits that Promotional Strategies act as a key independent variable (X). These strategies encompass various communication efforts, such as advertising and sales promotions, aimed at informing and persuading consumers.

The dependent variable (Y) in this framework is Purchase Interest, which represents a consumer's subjective likelihood or intention to buy a specific product. The framework hypothesizes a positive causal pathway where exposure to and engagement with effective promotional strategies lead to an increase in purchase interest. This relationship is particularly crucial for local merchandise, where promotion serves to highlight unique attributes like authenticity and cultural value, thereby shaping a favorable attitude and intention to buy. The entire relationship is encapsulated in the study's single hypothesis and is visually depicted in Figure 1.

Figure 1: Conceptual Framework Diagram



Source: Nggadas, 2025

## 3. Research Methods

### 3.1. Research Design

This study employs a quantitative research design utilizing a cross-sectional survey method to analyze the relationship between promotional activities and consumer purchase interest. A case study approach was adopted to allow for an in-depth investigation within the specific and unique socio-economic context of the Oecusse-Ambeno Special Administrative Region. This explanatory design is appropriate for testing the formulated hypothesis by examining the influence of an independent variable (Promotion) on a dependent variable (Purchase Interest) at a single point in time. The selection of a case study methodology is justified by the need to understand this relationship within a bounded, real-world context, following the principles outlined by Yin (2018).

### 3.2. Population and Sample

The target population for this research comprises consumers within the Oecusse-Ambeno region who have been exposed to or have purchased local merchandise within the last year. Due to the lack of a formal sampling frame for this population, a non-probability sampling technique was employed. Specifically, a purposive sampling method was used to select respondents who fit the study's criteria.

Data were collected from consumers at key commercial hubs and markets in Pante Macassar, where local merchandise is predominantly sold. The target sample size was set at N=150 to ensure sufficient statistical power for the analysis. This sample size provides a balance between statistical robustness and the logistical feasibility of data collection within the research area.

### 3.3. Data Collection and Instrument

The primary data for this study were collected through a structured questionnaire administered in person by trained enumerators. This method was chosen to ensure a high response rate and to provide assistance to respondents if needed. The data collection was conducted over a four-week period. Before administering the

questionnaire, enumerators explained the purpose of the study, assured respondents of their anonymity and confidentiality, and obtained informed consent.

The questionnaire was developed based on existing literature and divided into three sections: (1) Respondent demographics, (2) Measurement items for perceptions of promotional strategies, and (3) Measurement items for purchase interest. A pilot test was conducted with 20 respondents to ensure the clarity, validity, and reliability of the instrument before full-scale deployment.

### 3.4. Operationalization and Measurement of Variables

The variables in this study were operationalized as follows:

#### 3.4.1. Independent Variable (X): Promotional Strategies.

This variable was measured by assessing consumer exposure to and perception of various promotional tools used for local merchandise. Items were adapted from established marketing literature (Kotler & Armstrong, 2018) and included perceptions of:

- Advertising: Visibility of posters, flyers, or local media ads.
- Sales Promotion: Awareness of discounts, special offers, or product bundling.
- In-Store Promotion: Attractiveness of product displays and packaging.
- Word-of-Mouth (WOM): Influence of recommendations from friends, family, or local influencers.

#### 3.4.2. Dependent Variable (Y): Purchase Interest.

This variable was measured using items adapted from the Theory of Planned Behavior (Ajzen, 1991), assessing the consumer's likelihood to buy. The dimensions measured included:

- Attitudinal Interest: The belief that purchasing the local merchandise is a good idea.
- Intentional Interest: The stated intention to purchase the product in the near future.
- Exploratory Interest: The willingness to actively seek more information about the product.

All measurement items used a 5-point Likert scale, ranging from 1 (Strongly Disagree) to 5 (Strongly Agree).

### 3.5. Data Analysis Techniques

The collected data were analyzed using the SPSS statistical software package. The analysis began with preliminary tests, including calculating the Cronbach's Alpha coefficient to ensure the internal consistency and reliability of the measurement scales. Following this, the main analysis was conducted in two stages:

- Descriptive Statistics: This was used to summarize the demographic profile of the sample and to calculate the mean and standard deviation for the main variables.
- Inferential Statistics: To test the study's hypothesis ( $H_1$ ), a simple linear regression analysis was performed. This statistical test was used to determine the extent to which Promotional Strategies (X) could significantly predict Consumer Purchase Interest (Y). The results were evaluated at a significance level (p-value) of  $< 0.05$ .

## 4. Result and Discussion

This section presents the findings of the data analysis, followed by a thorough discussion of their implications in relation to the research objectives and existing literature.

### 4.1. Results

The data collected from 150 respondents in Oecusse-Ambeno were analyzed to test the research hypothesis. Preliminary analysis confirmed the reliability of the measurement scales, with Cronbach's Alpha coefficients of 0.82 for Promotional Strategies and 0.87 for Purchase Interest, indicating good internal consistency.

Descriptive Statistics Descriptive analysis (summarized in Table 1) shows that the overall perception of Promotional Strategies (X) was moderate, with a mean score of 3.45 (SD = 0.68). This suggests that while consumers are aware of some promotional efforts, there is room for improvement. Purchase Interest (Y) received a slightly higher mean score of 3.65 (SD = 0.75), indicating a generally positive predisposition among consumers toward local merchandise.

Table 1: Descriptive Statistics of Variables

<i>Variable</i>	<i>N</i>	<i>Minimum</i>	<i>Maximum</i>	<i>Mean</i>	<i>Std. Deviation</i>
Promotional Strategies (X)	150	2,1	4,8	3,45	0,68
Purchase Interest (Y)	150	2,25	5	3,65	0,75

Source: Nggadas, 2025

#### 4.1.1. Hypothesis Testing

To test the hypothesis that promotional strategies have a significant positive effect on purchase interest, a simple linear regression analysis was performed. The results of the regression, as detailed in Table 2, show that promotional strategies are a significant predictor of purchase interest.

The model was statistically significant,  $F(1, 148) = 45.78$ ,  $p < .001$ , and accounted for approximately 23.6% of the variance in purchase interest ( $R^2 = .236$ ). The analysis confirmed that Promotional Strategies (X) had a significant positive effect on Purchase Interest (Y) ( $\beta = 0.52$ ,  $t = 6.77$ ,  $p < .001$ ). Therefore, Hypothesis 1 ( $H_1$ ) is supported.

Table 2: Results of Simple Linear Regression Analysis

<i>Variabel</i>	<i>B</i>	<i>Std. Error</i>	<i><math>\beta</math> (Beta)</i>	<i>t</i>	<i>Sig. (p-value)</i>
(Constant)	1,87	0,26		7,19	< .001
Promotional Strategies (X)	0,52	0,07	0,486	6,77	< .001
<b>Model Summary</b>					
$R^2$	0,236				
F	45,78				

Source: Nggadas, 2025

## 4.2. Discussion

The findings of this study provide strong empirical support for the hypothesized relationship between promotion and consumer purchase interest in the unique context of Oecusse-Ambeno's local merchandise market.

#### 4.2.1. The Significant Role of Promotion

The confirmation of  $H_1$  is consistent with foundational marketing theories (Kotler & Armstrong, 2018) and the Theory of Planned Behavior (Ajzen, 1991), which posit that external stimuli like promotion are instrumental in shaping consumer attitudes and intentions. The significant positive beta coefficient ( $\beta = 0.52$ ) indicates that for every one-unit increase in the perceived quality of promotional strategies, there is a corresponding and substantial increase in purchase interest. This result empirically validates the notion that promotion is not merely a supplementary activity but a powerful driver of consumer demand for local products. In a market where local goods compete with imported products, strategic promotion becomes the key differentiator that can capture consumer attention and build a favorable predisposition.

#### 4.2.2. Interpreting the Context of Oecusse-Ambeno

The moderate mean score for promotional strategies suggests that current efforts by local entrepreneurs are perceived as present but not yet optimal. This may reflect challenges common to SMEs in developing regions, such as limited marketing budgets and a lack of specialized marketing expertise. However, the relatively high mean score for purchase interest indicates a latent demand and an inherent appreciation for local products among consumers. This "pro-local" sentiment presents a significant opportunity. The findings suggest that by improving the quality and reach of their promotional campaigns—specifically by crafting messages that highlight authenticity, cultural heritage, and community benefits—producers can effectively convert this latent interest into tangible purchase intentions.

#### *4.2.3. Implications for Policy and Practice*

This study offers several actionable implications. For local entrepreneurs, the results highlight the necessity of investing in strategic promotion beyond simple product displays. This could include developing a stronger social media presence, creating compelling stories around their products, and engaging in community-based marketing events. For policymakers and local authorities in Oecusse-Ambeno, these findings suggest that supporting local SMEs should include capacity-building programs focused on marketing and branding. Providing training or subsidized access to marketing expertise could significantly amplify the economic impact of the local merchandise sector.

#### *4.2.4. Limitations and Future Research*

This study has certain limitations. Its reliance on a purposive sample from a single region means the findings may not be generalizable to all of Timor-Leste. Furthermore, the cross-sectional design captures a snapshot in time and does not track changes in purchase interest over an extended campaign. Future research could address these limitations by employing a longitudinal design to measure the impact of specific promotional campaigns over time. Additionally, comparative studies between Oecusse-Ambeno and other regions could provide deeper insights into the contextual factors that moderate the effectiveness of promotional strategies.

## **5. Conclusion**

This study provides empirical evidence that promotional strategies play a significant and positive role in shaping consumer purchase interest for local merchandise in the unique context of the Oecusse-Ambeno Special Administrative Region. The findings confirm that promotion acts as a critical driver, effectively translating latent consumer appreciation for local products into tangible purchase intentions. The research concludes that for local enterprises to thrive, an intuitive reliance on product quality alone is insufficient. A strategic and well-executed promotional plan is not merely supplementary but essential for building market presence and stimulating economic activity. Therefore, enhancing the marketing capabilities of local entrepreneurs and fostering a supportive promotional ecosystem are critical steps for the sustainable economic development of the region.

## **Acknowledgment**

The author(s) would like to thank the individuals and institutions that provided support during this research, including academic supervisors, local authorities in Oecusse-Ambeno, and the respondents who generously gave their time to participate in the study.

## **AI Acknowledgment**

The authors declare that generative AI or AI-assisted technologies were not used in any way to prepare, write, or complete this manuscript. The authors confirm that they are the sole authors of this article and take full responsibility for the content therein, as outlined in COPE recommendations.

## **Informed Consent**

The authors have obtained informed consent from all participants.

## Conflict of Interest

The authors declare that there is no conflict of interest.

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