

IMPROVING MARKETING PERFORMANCE THROUGH OPTIMIZATION OF COMPETITIVE ADVANTAGE

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ABSTRACT

This study aims to analyze the effect of market orientation on competitive advantage, analyze the effect of product innovation on competitive advantage, analyze competitive advantage on marketing performance, analyze the effect of market orientation on marketing performance, and analyze the effect of product innovation on marketing performance.

The population of this research is 59 furniture industries in Jepara Regency. The sample used is 59 respondents. The sampling technique used is the saturation / census sampling technique, where all members of the population sample. Data were collected through questionnaires using diagnostic factors testing and route analysis in data analysis methods.

The results of the study found that all hypotheses were accepted. Market orientation has a positive and significant impact on competitive advantage Product innovation has a positive and significant impact on competitive advantage Competitive advantage has a positive and significant impact on marketing performance Market orientation has a positive and significant impact on marketing performance and product innovation is positive. And have a significant impact on marketing performance.

KEYWORDS: Market Orientation, Product Innovation, Competitive Advantage, Marketing Performance.

INTRODUCTION

Market orientation is a corporate culture that can improve marketing performance (Kohli and Zavorsky, 1990). Norwall and Slater (1990) defined market orientation as the most effective and efficient organizational culture, creating the behaviors that buyers need to create better value and better performance for the company, especially in the most competitive environment. Norwall and Slater (1995) further adopted the market trend as their organizational culture as companies use external market requirements as a basis for each business segment of the organization to formulate a strategy and determine the success of the organization., Focuses on the desires and demands of the market.

Rapid technological advances and high levels of competition in addition to market orientation, companies are also required to innovate continuously which will ultimately improve the organization's business performance. According to Hurley & Hult (1998) product innovation is one of the impacts of rapid technological change and wide product variations. will determine organizational performance. Innovation initiates or introduces something new. Most researchers state a definition of innovation that includes new product and process outcomes. Freeman (2004) argues that innovation is the attempt by companies to develop, produce and market new products for industries through the use of technology and information. Qila (2014), Saleem and Suleiman (2011), Espelardo and Elena (2009), Ziffon and Takahashi (2009), Mahesh and James (2008), Lin and Chen (2007), Usavanitchakit (2007), Aranda and others. (2001) concluded that innovation has a positive and significant impact on marketing performance.

The results of research conducted by Afsharghasemi et al. (2013), Akimova (1999) and Bharadwaj et al. (2013)

prove that market orientation has a positive and significant influence on competitive advantage. While Killa (2014), Pardi et al. (2014), Tung (2012), Droge and Vickery (1994), and Bharadwaj et al. (2013) concluded that innovation has a positive and significant effect on competitive advantage. Furthermore, Wang et al. (2011), Bharadwaj et al. (2013) and Miller (1988) state that competitive advantage has a positive and significant effect on marketing performance. In addition, Jap (1999) states that competitive advantage can be fulfilled if customers get consistent differences in the products produced compared to competitors, where the differences are obtained from the market orientation of the company.

According to Ferdinand (2004), marketing performance is a factor commonly used to measure the impact of a company's strategy in facing competition. This understanding emphasizes that marketing performance is not something that can just happen but requires a process (Rosiana, 2015).

Strategies are needed to be able to achieve optimal marketing performance, one of which is competitive advantage. Day and Wensley (1988) state that competitive advantage is a form of strategy to help companies maintain their survival. According to Porter (1993), competitive advantage is a strategy that benefits companies that cooperate to compete more effectively in their markets. Competitive advantage is the result of implementing strategies that utilize various resources owned by the company (Bharadwaj et al., 2013). These resources should be directed to support the creation of low-cost company performance and have a difference (differentiation) with other companies. Bharadwaj et al. (2013),

There is a research gap in research that examines the effect of market orientation on marketing performance. Research which states that market orientation has no effect on marketing performance was carried out by Kohli & Jaworski (1990), on the grounds that companies that apply market orientation in addition to increasing value for customers will also increase costs for the company, such as costs for conducting marketing research, and pay marketing experts. Meanwhile, it is stated that market orientation will improve marketing performance, such as research by Julian (2010), Castro et al. (2005), Kirca et al. (2005), Ahimbisibweet al. (2013), Lages & Lages (2011), and Zhou, et al. (2005).

LITERATURE REVIEW

Effect of Market Orientation on Competitive Advantage

Results of research conducted by Afsharghasemi et al. (2013), Akimova (1999) and Bhardwaj et al. (2013) Demonstrate that market trend has a positive and significant impact on competitive advantage.

According to Norway and Slaughter (1990), cited by Abori (2002), market orientation is an organizational culture that is highly effective and efficient in shaping the attitudes needed to create better value for consumers.

The positive impact indicates that the relationship between market trend and competitive advantage is unidirectional. The better the market trend, the greater the competitive advantage. Therefore, the following hypotheses are proposed:

H1: Market Orientation Excellence has a positive and significant impact on competitiveness

Effect of Product Innovation on Competitive Advantage

Research by Qila (2014), Pardi et al. (2014), Tung (2012), Droge & Vickery (1994), and Bharadwaj et al. (2013) research results conclude that product innovation has a positive and significant impact on competitive advantage.

According to Hajar and Sukatmadja (2016), competitive advantage is the strategy of being superior to competitors, competitive advantage is the heart of marketing performance to counter competitive Porter (1990) in

Supranotto (2009).

According to Myers and Morquis in Kotler (2016) product innovation is a combination of different processes that affect each other.

The positive impact indicates that the relationship between product innovation and competitive advantage is one-way. Good product innovation, high competitive advantage. Therefore, the following hypotheses are proposed:

H2: Product innovation has a positive and significant impact on competitive advantage

The Effect of Competitive Advantage on Marketing Performance

According to Ferdinand (2004), marketing performance is a factor commonly used to measure the impact of a company's strategy in facing competition.

Research conducted by Bharadwaj et al. (2013) and Miller (1988) state that competitive advantage has a positive and significant effect on marketing performance.

According to Porter (2008), competitive advantage is a company's ability to achieve economic benefits above the profits that can be achieved by competitors in the market in the same industry.

The indicators of competitive advantage were developed from several experts, namely competitive prices, management capabilities, profits, strategic positions and places.

The positive effect indicates that the relationship between competitive advantage and marketing performance is unidirectional. The better the competitive advantage, the higher the marketing performance. Therefore, the following hypotheses are proposed:

H3: Competitive advantage has a positive and significant effect on marketing performance

Effect of Market Orientation on Marketing Performance

Norwer and Slater (1990) defined market orientation as the most effective and efficient organizational culture to produce behaviors that would produce the best for buyers and produce higher performance or better performance for the company. .

Research results by Susanto (2012), Lage & Lage (2011), Zhou et al. (2005), Julian (2010), Castro et al. (2005) and Kirka et al. (2005) stated that market orientation has a positive and significant impact on marketing performance. Marketing performance is a concept used to measure the market performance of a product. According to Tziptono (2008) marketing performance is an overestimated and low delivery point because it is difficult to measure the effectiveness and effectiveness of each marketing activity, decision or program.

The higher the market orientation, the higher the marketing performance. Market Orientation refers to the ability to understand a customer or target market. Companies with a high level of market orientation have good marketing performance. Therefore, the following hypothesis is proposed:

H4: Market orientation has a positive and significant impact on marketing performance

Effect of Product Innovation on Marketing Performance

- Ussahawanitchakit (2007) argues that companies in the business market must be able to utilize product innovation

capabilities to achieve better marketing performance.

- Research by Kila (2014), Saleem and Suleiman (2011), Espelardo and Elena (2009), Ziffon and Takahashi (2009), Mahesh and James (2008), Lynn & Chen (2007) and Aranda et al. (2001), research results confirm that product innovations have a positive and significant impact on marketing performance.
- According to Kotler Armstrong there are three indicators of product innovation, namely product quality, product style and design, Ferdinand (2000), marketing performance is the factor used to measure the effectiveness of a strategy implemented by a company. The company's strategy is always directed towards better marketing performance and better financial performance.
- A positive impact indicates that the relationship between product innovation and marketing performance is one-way. Improved product innovation, higher marketing performance. So the following hypothesis is proposed:
- H5: Product innovation has a positive and significant impact on marketing performance.

RESEARCH METHODS

The primary data from this research are respondents who directly provide answers or scores to the research variables contained in the questionnaire. In this study, the population is the entire furniture industry in Jepara Regency, a total of 59 companies. In this study using a saturated sampling technique or the number of samples used are all members of the population, because the population in this study is relatively small, namely 59 companies.

The data collection method used in this study was by distributing questionnaires. An open statement from the respondent consists of personal identity such as name, address, age, gender and education. Closed statements are respondents' answers to questionnaire questions that have been given a limited number of answer choices. This study uses a Likert scale, the variables to be measured are translated into variable indicators. Then the indicator is used as a starting point for compiling instrument items which can be in the form of statements or questions.

This research uses the technique of confirmatory serves to estimate the measurement model, to test the unidimensionality of exogenous and endogenous constructs. The CFA model of each research variable Kaiser Mayer Olkin Correlation (KMO) or Barlett's test on factor analysis will show the construct validity of factor analysis. A minimum KMO of 0.5 and a KMO value below 0.5 indicates that factor analysis cannot be used. Consideration factor if the eigen value is greater than one (1) and the cumulative variance is at least 60 percent for social science research (Latan, 2012).

RESULTS

The results of the path coefficients on the research hypothesis can be described as follows:

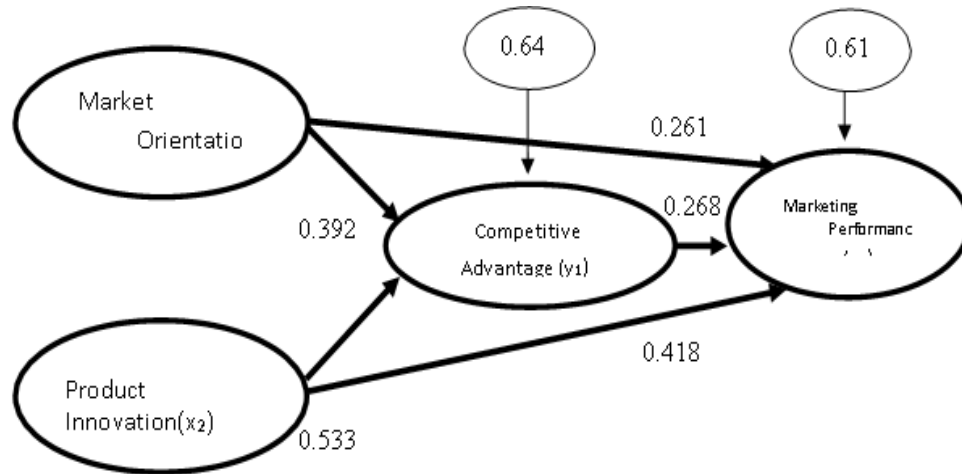


Figure 1: Path Diagram Model

Based on the path diagram in Figure 1, it can be calculated the amount of direct influence between variables, indirect between variables and total effect, which are summarized in the following table:

Table 1: Direct Effect of Market Orientation (X1), Product Innovation (X2), Competitive Advantage (Y1), and Marketing Performance (Y2)

Variable Effect	Direct Influence	Influence No Direct	Total Influence
X1 → Y1	0.392	-	0.392
X1 → Y2	0.261	0.105	0.366
Y1 → Y2	0.268	-	0.268
X2 → Y1	0.533	-	0.533
X2 → Y2	0.418	0.143	0.561

Source :Processed secondary data, 2021

Based on the analysis of the impact of market trend on competitive advantage, sig value. T 0.000 Beta coefficient 0.392. Sig value. t 0.000 <0.05 indicates that H0 is rejected and H1 is accepted. This result means that the market trend has a positive and significant impact on the competitive advantage.

Based on the analysis results of the product innovation effect on the competitive advantage, the sig value. T 0.000 Beta coefficient 0.533. Sig value. t 0.000 <0.05 indicates that H0 is rejected and H1 is accepted. These results mean that product innovation has a positive and significant impact on competitive advantage.

Sig value, based on the analysis results of the impact of competitive advantage on marketing performance. T 0.041 Beta coefficient 0.268. Sig value. t 0.041 <0.05 Indicates that H0 is rejected and H1 is accepted. These results mean that the competitive advantage has a positive and significant impact on marketing performance.

Based on the analysis results of the market trend impact on marketing performance, sig value. T 0.024 Beta coefficient 0.261. Sig value. t 0.024 <0.05 indicates that H0 is rejected and H1 is accepted. This result means that market orientation has a positive and significant impact on marketing performance.

Based on the analysis results of product innovation impact on marketing performance, sig value. t 0.418 Beta coefficient 0.001. Sig value. t 0.001 <0.05 indicates that H0 is rejected and H1 is accepted. This means that product

innovation can have a positive and significant impact on marketing performance.

CONCLUSIONS

Based on the results of the research that has been described, several conclusions are obtained, namely:

The results of the study found that all hypotheses were accepted. Market orientation has a positive and significant impact on competitive advantage Product innovation has a positive and significant impact on competitive advantage Competitive advantage has a positive and significant impact on marketing performance Market orientation has a positive and significant impact on marketing performance and product innovation is positive. And have a significant impact on marketing performance. .

Future research should use a larger sample and its geographical area and industry coverage need to add other variables that affect market orientation, product innovation, competitive advantage, and marketing performance such as: marketing program creativity, environmental adaptability, efficiency, quality, and customer responsiveness.

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