

Improved Marketing Performance and Product Innovation for The Optimization of Competitive Advantage

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ABSTRACT

This research analyses on improving marketing performance and product innovation for the optimization of competing excellence. Sample amounted to 100 customers of UKM Dodol workshop of the Perbaungan Serdang Regency Bedagai by using SPSS Analysis tool version 19.0. The results showed that the marketing performance and product innovations have significant effect on the competitive advantage of UKM Dodol workshop of Serdang Regency Bedagai.

Keywords: Marketing Performance, Product Innovation, Competitive Advantage.

A. Introduction

In the era of free trade and global competition force every small and medium enterprises (SMES) to be ready for increasingly stringent business competition. Increasingly competitive competition as well as consumers who are increasingly critical in selecting products, demands every SME's actors to be more innovative in producing a product. In other words, each SME must be able to offer a new product (goods or services) that is much better than the one offered by the competitor.

According to Khamidah (2005) that the success of a product will be down to its marketing performance. From here a product will be considered by consumers, whether the product has other advantages over the same competitor product in the market. The product innovation characteristic is analyzed as a relative advantage that appears as a product characteristic that is consistently important in explaining the implementation and success of new products

Competitive advantage is a value that is able to be created by companies for consumers. This competitive advantage can be seen from the accuracy of the company in providing market products and responses to consumer complaints such as product quality, consumer needs, new market depreciation and product innovation continuously (Aditya, 2004).

The flagship product of Serdang District Bedagai Perbaungan Sub-district is a dodol located in the village of the workshop with the name Dodol workshop. The strategic location of the workshop, which is on the side of the North Sumatra cross-street, lined up stalls of sellers Dodol along the 500 meter gives its own advantage in marketing and introducing workshop Dodol. Currently Dodol workshops are only selling in the workshop market area but less harping other markets such as villages and surrounding towns, Dodol good quality can last up to a month. When marketed to supermarkets and malls dodol entrepreneurs (Dodol craftsmen) will suffer a big loss because the workshop Dodol can not last long. The way of making dodol and the way of packaging that is still traditional is also an obstacle for SMES perpetrators Dodol workshop to create product innovations to be able to attract more consumers again.

Based on the background, researchers are interested in researching "marketing performance and product innovation improvement for competitive advantage optimization".

B. Method

The object in this study is all customers of the SME workshop Dodol Perbaungan Serdang Bedagai Regency. SMES Dodol Workshop is located along the street of Pasar Workshop, District Perbaungan Serdang Bedagai. Furthermore, the population in this research is all all customers of the SME workshop Dodol Perbaungan District Serdang Bedagai in the last 1 (one) month which amounted to 105,000 customers. With details in the workshop market there were as many as 100 stalls. If 1 stall has 35 buyers per day, then the total number of

subscribers is 100 kiosk x 35 x 30 days = 105,000 subscribers. By using the formula Slovin then the number of samples as much as 100 respondents.

Marketing performance variables are measured by three indicators, i.e. sales volume, customer growth and ability (Ferdinand, 2000). The product innovation variable is measured using three indicators developed by Han, Kim & Srivastava (1998), namely the culture of innovation, product innovation and technical innovation. And competitive advantage variables are measured by three indicators, namely product uniqueness, product quality and competitive price (Song & Parry, 1997).

In this study, the survey method was conducted using questionnaires that were directly disseminated to the customers of Dodol workshop of Serdang Regency Bedagai. The technique of data collection by using a Likert 5-1 scale, where 5 represents a very agreed statement and 1 represents a very disagreeable statement (Sugiyono, 2012). Where sampling techniques are performed using probability sampling with accidental sampling technique.

Researchers perform data analysis using a double linear regression Model, namely:

$$Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + E \dots\dots\dots 1)$$

Where:

Y = Competitive Advantage

X1 = Marketing Performance

X2 = Product Innovation

α = constant

β_1, β_2 = estimated coefficients

E = Error term (residual)

C. Research Finding

Testing of research instruments

Validity test

The validity value of R count can be seen in the Corrected Item-Total Correlation Statistical output column. When the value of the coefficient $r > R$ table, then the question item is declared valid (Ghozali, 2009). The validity test results can be seen in the following table 1:

Tabel 1 Validity Test Results

No	Statement	r Count	r table	Description
1	Y1.1	0,530	0,197	Valid
2	X1.2	0,582	0,197	Valid
3	X1.3	0,434	0,197	Valid
4	X2.1	0,410	0,197	Valid
5	X2.2	0,599	0,197	Valid
6	X2.3	0,537	0,197	Valid
7	Y1	0,488	0,197	Valid
8	Y2	0,513	0,197	Valid
9	Y3	0,410	0,197	Valid

Source: SPSS Output, 2019

According to table 1 it is known that the entire data variable statement is valid, because it is greater than the R table value.

Reliability Test

To find out if the measuring instrument is reliable or not, tested by one shot or once only measurement and the statistical test used is Cronbach alpha, where a variable is said to be reliable if it delivers the value of Cronbach Alpha > 0.60 (Ghozali, 2014). The Cronbach Alpha value for the entire research variable will be presented in the following table 2:

Tabel 2 Reliability Test Result

No	Variable Research	N Of Item	Cronbach Alpha	Description
1	Marketing Performance	3	0,696	Reliabel
2	Product Innovations	3	0,694	Reliabel
3	Competing strategies	3	0,598	Reliabel

Source: SPSS Output, 2019

Based on table 2 it can be concluded that the entire variable in this study can be declared reliable, since the entire variable's Cronbach alpha value is above 0.60.

Classic Assumption Test

Test normality

Test the normality by using graph analysis is done by looking at the normal probability plot.

al P-P Plot of Regression Standardized Resid

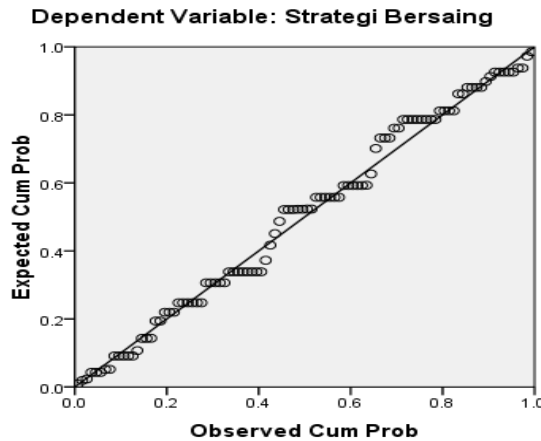


Figure 1. P-Plot curve

In the Normal view of the P-P Plot of Regression Standardized Residual It is apparent that the points displayed approaching a line or spread of data tend to form a straight line. It indicates that the assumption is not violated (normal distributed data)

Multicollinearity Test

To test the multicollinearity in this study is to look at the value of Variances in Inflation Factor (VIF). According to Ghazali (2009), a common Cut off value is used to indicate the presence of multicollinearity is tolerance < 0.10 or equal to the value of VIF > 10.

Table 3. Multicollinearity Test

		Collinearitay Statistics	
		Tolerance	VIF
1	(Constant)		
	Marketing Performance	509	1.963
	Product Innovations	509	1.963

Source: SPSS Output, 2019

The tolerance testing criteria has a figure approaching 1 and the value of VIF (Variace Inflation Factor) is less than 10, so the regression model is identified as being freed from Multicollinearity.

Heteroskedastisity Test

Based on the Scatterplot curve as shown in Figure 2 proves that plotting points spread above and below zero (0) on the Y axis, it can be concluded that regression models meet heterokedastisity assumptions.

Scatterplot

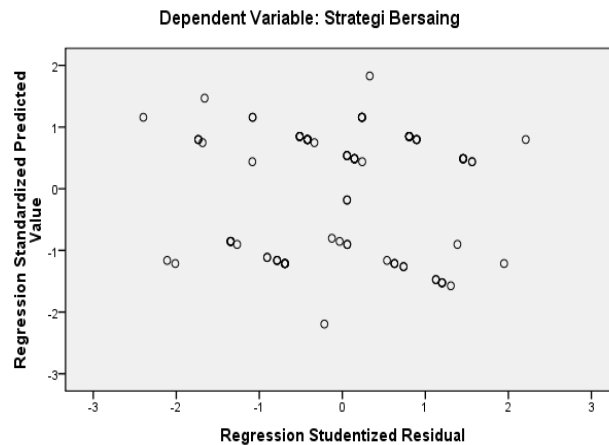


Fig. 2 Curves Scatter Plot

D. Discussion

Descriptive statistics of respondents' answers about the statement items of marketing performance variables, product innovations and competing strategies can be seen in the following table 4:

Table 4 Descriptive statistics

No		Mean	Std. Deviation	N
1	Competing strategies	3.0700	.52821	100
2	Marketing Performance	3.0567	.53822	100
3	Product Innovations	3.1300	.53997	100

Source: SPSS Output, 2019

According to table 4 above, it is known that the mean value of the respondent's response to the marketing performance variable is 3.0567 or rounded to 3. This means that in general respondents argued that the marketing performance of the SMES Dodol workshop of the Perbaungan Serdang Regency Bedagai is still at a moderate level. This is because the workshop Dodol is only selling in the workshop area but less to harping other markets such as the village and the surrounding town. Coupled with the newly built toll road leads to fewer customers passing through the workshop market. So, this led to the decline in marketing performance from Dodol Workshop itself.

According to table 4 It can also be noted that the mean value of respondents' responses to product innovation variables is 3.1300 or rounded to 3. It contains the meaning that the product innovations from SMES Dodol workshop Perbaungan Serdang Regency Bedagai is still at a moderate level. The way of making dodol and the way of packaging that is still traditionally become one of the obstacles for SMES perpetrators Dodol workshop to create product innovations to be able to attract more consumers again.

Based on table 4 It can also be known that the mean value of the respondent's answer to the competing strategy variable is 3.0700 or rounded to 3. It contains the meaning that the competing strategy of the UKM Dodol workshop of Perbaungan Serdang Regency Bedagai is still at a moderate level. This indicates that the actors Dodol Workshop should further improve the strategy of the competition in order for SMES Dodol workshop can be a typical culinary of North Sumatra high competitiveness.

Regression equation

To find out the regression test results can be seen in the following table 5:

Table 5 Regression Test

	Unstandarddized Coefficients		Standardized Coefficients	t	Sig
	B	Std. Error	Beta		

1	(Constant)	.190	.162		1.171	.244
	Marketing Performance	.501	.067	.510	7.471	.000
	Product Innovations	.431	.067	.441	6.453	.000
a. Variable dependent strategy competing						

Source: SPSS Output, 2019

According to table 5, regression test results can be written as follows:

$$Y = 0.190 + 0.501 X_1 + 0.431 X_2$$

Test T

Based on table 5, it can be explained that value of marketing performance regression coefficient is 0.501 with significance of 0.000. This proves that the marketing performance effect is positive and significant against the competing strategy of SMES Dodol workshop of Serdang Regency Bedagai.

Furthermore, it can also be explained that the value of product innovation regression coefficient is 0.431 with significance of 0.000. This proves that the product innovations are positive and significant effect on the competing strategy of SMES Dodol workshop in Serdang Bedagai regency.

Test Determinations

Further results will be presented as test determinations in table 6 below:

Table 6 Test determinations

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.877 ^a	.770	.765	.25618
a. Predictors: (Constant), product innovation, marketing performance				
b. Dependent variables: Competing strategies				

Source: SPSS Output, 2019

From table 6 It is known that the adjusted value of R Square is 0.765 which can be interpreted that 76.5% of competitive strategy of SMES Dodol Workshop Perbaungan District Serdang Bedagai is influenced by the marketing performance and product innovation. The remaining 23.5% is influenced by other variables outside of this study.

E. Conclusion

Based on the discussion can be concluded that: 1) customers from UKM Dodol Workshop of Perbaungan Serdang Regency Bedagai still consider that the marketing performance and product innovation still need to be improved so that the strategy of the competition can also Increased 2) Equation of regression acquired: $Y = 0.190 + 0.501 X_1 + 0.431 X_2$; 3) The marketing performance positively and significantly affect the competing strategy of SMES Dodol workshop of Serdang Regency Bedagai; 4) Product innovation is positive and significant to the competing strategy of SMES Dodol workshop of Serdang District Bedagai.

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