

**THE ROLE OF PRODUCT INNOVATION, COMPETITIVE
ADVANTAGE, AND MARKETING PLAN IN IMPROVING MARKETING
PERFORMANCE**

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ABSTRACT

Product innovation, competitive advantage and marketing strategy are one of the indicators to measure the success and success of managing a business. Because product innovation and product excellence are variables that are believed to be able to improve marketing performance, especially for micro, small and medium enterprises (MSMEs). The type of research method used in this study is quantitative method. The research design was with a primer derived from a closed questionnaire. The method of collecting questionnaire data is by purposive sampling technique. The data collected in this study used questionnaires. The purpose of this study is to directly examine the variables of product innovation, competitive advantage and marketing strategy on marketing performance. To consumers. The number of samples included in this study was 82 and PLS3 was used as an analysis tool. The results showed that the influence of product innovation, competitive advantage, and marketing strategy has a positive effect on marketing performance.

Keywords: Product Innovation, Competitive Advantage, Marketing Strategy, Marketing Performance

I. INTRODUCTION

It is undeniable that micro, small and medium enterprises (MSMEs) face increasingly fierce competition in the business world. This condition requires companies to understand and adapt market changes in order to meet consumer desires. In the context of competitive advantage, innovation is indispensable. The company must be able to create a unique new product so that it is the only one to offer the product or become a pioneer in the market. In addition, companies also need to make improvements to existing products to maintain competitiveness.

Market orientation is a business culture that improves performance through value creation for customers. In addition, market orientation is also a company culture that can help improve marketing performance. By implementing a market orientation, companies can determine the steps to be taken both in the short and long term. For the short term, companies need to understand the strengths and weaknesses of existing competitors. As for the long term, companies must

plan actions to be taken in the future to achieve optimal marketing performance.

By choosing the right strategy to analyze the market, the company will more easily build a competitive advantage. In an effort to enter the market, companies must improve the capabilities necessary to maintain and win market share from competitors. Competitive advantage is a key factor that must be possessed by a company or product to achieve good performance and achieve success.

Marketing performance is a measure of company achievement related to the products produced and to assess the results of marketing activities. This performance is related to customer growth, which is an increase in the arrival of customers who make repurchases. Marketing performance measures the extent to which sales volume and sales growth increase. This study aims to evaluate the effect of product innovation, competitive advantage, and marketing strategy on marketing performance.

II. LITERATURE REVIEW

2.1 Product Innovation

Product Innovation is the entire process that starts from new ideas, new discoveries and the development of a new market that influences each other. The result of the introduction of a new way in the form of innovation has a huge change in comparing the use value test of the benefits of a product produced by the company and the price set by the manufacturer. (Kotler, 2016:454). Types of product innovations:

- a.) New Product Innovation is a product and service that has not yet ever,
- b). Product Development Innovation is the development of an existing product and service.

Factors influencing product innovation

There are several factors that affect product innovation, including:

- a. Adequate demand.
- b. Products in accordance with the existing marketing structure.
- c. New products are more important and more profitable.
- d. Existing financial capabilities.

- e. Ability not to violate the law.
- f. Adequate management skills to handle.

How to make a product distinctive

- a. Improve the usability of the product.
- b. Finding new product users.
- c. Dare to enter new markets.
- d. Changing brand positioning.
- e. Increasing the usefulness of the product
- f. Expanding products with the same brand to other products

2.2 Product Innovation Type

1. New from the company's perception

A product can be said to be new if the product produced is really new to the company and is not the same as the products that have been launched before. This perception is that consumer behavior is more influential in emphasizing the accessories in the product.

1. New from consumer perception
According to consumers, only if the goods offered have different use benefits and prices from

existing products. The important thing that companies pay attention to is the perspective of consumers because it can affect the number of purchases of the product. (Amin, Sudarwati, and Maryam 2019).

2.3 Competitive Advantage

According to Kotler (2005: 68) competitive advantage is an advantage over competitors obtained by delivering greater customer value, through lower prices or by providing more benefits that correspond to higher pricing. Competitive advantage can also be defined as the heart of a company's performance in a competitive market, but after decades of great expansion and prosperity, many companies have lost sight of competitive advantage in the struggle to further develop in the pursuit of differentiation.

According to Dirgantoro (2001:159), competitive advantage is the development of the value that a company is able to create for its buyers. Something that allows a company to earn higher profits

compared to the average profits obtained by competitors in the industry. The stronger the advantages you have, the higher the profits obtained by the company and vice versa.

Based on the two definitions above, competitive advantage cannot be understood by viewing the company as a whole. Competitive advantage comes from the many different activities that companies carry out in designing, producing, marketing, delivering, and supporting their products. Each activity can support the company's relative cost position and create a basis for differentiation (Haji 2017).

2.4 Marketing Strategy

A marketing strategy is a series of planning to reach the target market and turn them into consumers of the products produced by a company. In addition to serving to deliver you to the right consumers, marketing strategies are also useful to facilitate your coordination with your team. There are many types of marketing strategies themselves and what we

will discuss in this article is online marketing strategies.

2.5 Marketing Strategy Objectives

Understanding what a marketing strategy is may not be enough to convince you that this is a very important thing. Therefore, you need to know the purpose of the marketing strategy. Why? The reason is, a marketing strategy will take your company in the right direction. Here are some marketing strategy objectives.

- Accelerate the growth of the company;
- Build a reputation;
- Increase brand awareness;
- Aiming for the right market share;

- Ensure the company maximizes its resources.

2.6 Marketing performance

Marketing dynamics is a factor that is often used to measure the impact of the strategy set by the company as product market performance, where every company is interested in knowing the market performance of its products. Good marketing performance is expressed in three main quantities, namely sales value shown by the value of money or unit profit, sales growth shown by an increase in product sales, and market portion shown by product contribution in dominating the product market compared to competitors which ultimately boils down to company profits.

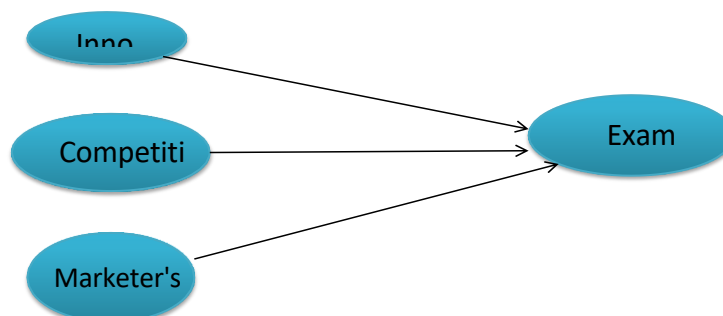


Figure 1. Research Design

III. RESEARCH METHOD

The research method applied in this study is quantitative method. This study used a primary design by adopting a closed questionnaire as the main instrument. The data collection approach is carried out through purposive sampling techniques. Data is collected through questionnaires, which are data collection tools that require respondents to answer a series of questions or written statements (Han and Goleman, Daniel; Boyatzis, Richard; McKee, 2019). The primary data applied in this study came from the results of filling out questionnaires by respondents. Meanwhile, the secondary data used are taken from theories taken from

various previous research journals available on the internet. The data analysis method applied in this study is Partial Least Square (PLS), a multivariate statistical technique that is able to handle a large number of explanatory variables simultaneously. PLS is an effective alternative to multiple regression and major component regression analysis methods due to its higher reliability. "Reliability" in this case refers to the relatively stable parameters of the model when new samples are taken from the total population (Geladi and Kowalski, 1986).

IV. RESEARCH RESULTS AND DISCUSSION

People's characteristics of the questionnaire regarding this journal From the characteristics of 82 respondents in this study, the results showed that 74.8% of them were women and 25.4% were men, with an age range between 19 to 35 years, and the majority were still students. It found that 96.5% of respondents consider product innovation

important, but they also agree that innovating too often is ineffective, and quality must be maintained in order for companies to remain competitive. In addition, 66.4% of respondents stated that good product innovation but poor service can cause losses or a decrease in company turnover. As many as 86.8% of respondents also agreed that asking

customers for innovation input is the right step. However, there are doubts among respondents about the success or profitability of business innovation that are not always guaranteed.

Respondents in this study significantly agreed (97.7%) that marketing is important for a company. They also agreed that the use of discounts (84.4%) is one way to attract visitors in marketing activities. In addition, the majority of respondents (88%) feel that marketing after product innovation is very important. Location is also considered crucial in marketing success by most respondents (81.9%). On the other hand, they showed disapproval of a pushy marketing approach after being rejected (85.6%). In addition, respondents agreed that it is important for consumers to be able to try the product rather than just hearing the explanation (84.4%).

Respondents indicated that convenience when shopping is strongly influenced by the facilities provided (91.7%). However, there were doubts among respondents as to whether cheaper product prices than

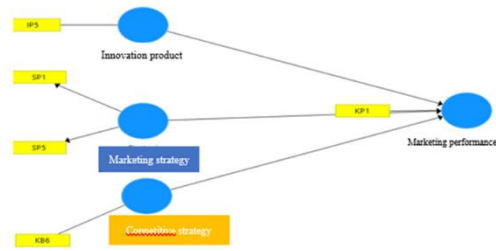
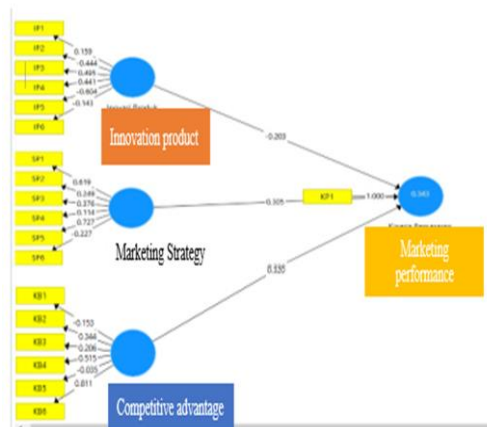
competitors would increase competitive advantage (54.3% said yes and 30.2% said it could). The concept of competitive advantage is considered a unique characteristic of the company's products that is difficult to replicate (78.4%). In addition, the use of modern technology is also considered to increase competitive advantage (77.2%). The majority of respondents (62.8% said yes and 21.8% said it could) believe that competitive advantage is realized when companies offer products of higher quality than competitors. Lastly, competitive advantage is also understood as a company's ability to develop new products faster than competitors (72.4%).

Analysis of Product Innovation, Competitive Advantage, and Marketing Strategy on Marketing Performance

a. Loading factor

The initial stage in validating a model is to ensure that the loading factor of the indicator must be greater than 0.6 to be considered valid. If it does not meet the conditions of validity, then the indicator must be

removed from the model. Information related to outside model analysis can be found in the figure below.



If composite reliability and Cronbach's alpha exceed 0.70, then the measurement is considered reliable. Both of these metrics measure reliability between indicator blocks in the research model.

If you look at the picture above, it can be seen that the banuak that must be written off because the loading factor value is < 0.6 , namely

From the diagram, it can be seen that Cronbach's composite reliability and alpha for all constructs have values below 0.70, indicating a lack of reliability.

The effect of product innovation on marketing performance

The variable of product innovation has a significant impact on marketing performance, a finding that is in line with research by Tawas and Djodjobo (2014), which concluded

Validitas dan Reliabilitas Konstruk

	Cronbach's Alpha	rho_A	Reliabilitas Komposit	Rata-rata Variansi Diskriminasi (AVE)
Marketing performance	0.809	0.809	0.809	0.809
Marketing strategy	0.508	-0.008	0.417	0.197
Innovation product	0.104	-0.020	0.902	0.175
Competitive strategy	0.682	0.153	0.280	0.159

that product innovation affects marketing performance. This statement is also in line with Dewanto's (2014: 56) view, which describes product innovation as the result of product development efforts by companies or industries. From existing products on the market, innovation is needed to produce new products or update existing products, which has the potential to increase consumer buying interest and

encourage the growth of new product marketing (Hajj 2017).

The effect of competitive advantage on marketing performance

This study found that previous findings by Tawas and Djodjobo (2014) support the concept that competitive advantage has a positive and significant impact on marketing performance. The uniqueness of product attributes, guaranteed taste quality, and prices that are in accordance with consumer capabilities are important factors that encourage consumers to visit and make purchases, which in turn generates profits for businesses. Without having a different value or uniqueness, the level of sales, profits, and consumer visits in a business may

not increase significantly.

The influence of marketing strategy on marketing performance

The results showed that marketing strategy variables have a positive and significant impact on marketing performance. This indicates that the better the marketing strategy implemented, the better marketing performance can be achieved. This is due to the focus of marketing strategies on understanding and continuous fulfillment of customer needs and wants. This finding is in line with a previous study by Christian and Mananeke (2016), which underlined that marketing strategies have a positive and significant effect on marketing performance.

V. CONCLUSION AND RECOMMENDATIONS

5.1 Conclusion

The conclusion of this study is that product innovation partially has a positive and significant impact on marketing performance. In addition, competitive advantage also partially has a positive and significant effect on marketing performance, while

marketing strategy has a partial positive influence on marketing performance. Future research may broaden the scope by exploring direct relationships that have not yet been revealed in this study, such as the impact of product innovation on competitive advantage. It is expected

that researchers in the future can expand the range of research by including diverse variables.

5.2 Recommendation

Based on the findings of this study, several recommendations can be made for businesses seeking to enhance their marketing performance. First, companies should prioritize product innovation by investing in research and development to create unique, high-quality offerings that meet evolving customer needs. Second, firms must focus on building and sustaining competitive advantages through strategies such as differentiation, cost leadership, or

niche targeting. Third, it is crucial to develop and implement effective marketing strategies that align with the organization's goals, target market, and value proposition. By integrating these elements into a cohesive approach, businesses can optimize their marketing performance and achieve long-term success in their respective markets. Furthermore, future research should explore the interrelationships between these variables and consider additional factors that may influence marketing outcomes, providing a more comprehensive understanding of the complex dynamics at play.

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