Determination Of Marketing Performance Of SMEs In Bandar Lampung City

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abstract

The purpose of this research is to look at the implications of entrepreneurial orientation, product innovation, digital marketing, and competitive advantage on the marketing performance of culinary micro, small, and medium companies (SMEs) in Bandar Lampung. The sample for the study includes 53 culinary SMEs entrepreneurs from Bandar Lampung City. This research employs quantitative research methods and data analysis using IBM SPSS Statistics 26. According to the preliminary findings, digital marketing and competitive advantage have a positive impact on marketing performance, however entrepreneurial consideration and product innovation have no significant impact. Furthermore, concurrent testing show that entrepreneurial orientation, product innovation, and competitive advantage all have an impact on marketing performance. These findings will assist culinary SMEs in Bandar Lampung to strengthen their marketing performance. Increasing a competitive advantage can be an effective approach for increasing company competitiveness, although the value of entrepreneurial orientation and product innovation should also be taken into account in order to get better marketing results. In an era of rising business competitiveness, this inquiry can serve as a platform for managerial choices on how to advance and growth of the SMEs culinary industry in Bandar Lampung.

Keywords: **Entrepreneurial Orientation, Product Innovation, Digital Marketing, Competitive Advantage, Marketing Performance.**

1. INTRODUCTİON

The combined effectiveness of a company's marketing activities, as determined by indicates such as sales revenue, market share growth, and operational profit growth, can be described as SMEs marketing performance (Zahara et al, 2023). This represents the company's achievement or failure regardless of the outcomes of the company strategy undertaken in achieving the target market (Latifah et al, 2021). The marketing performance of SMEs can be influenced by various factors including product excellence, digital marketing, adoption of marketing with social media, performance assessment, entrepreneurial orientation, as well as marketing intentions and technological innovation (Purwanti et al, 2022; Latifah et al, 2021; Ikramuddin et al. , 2021; Johan et al, 2020). Marketing performance in SMEs is a significant aspect in evaluating firm performance, specifically in the SME industry (Johan et al, 2020). As a developing country, Indonesia does not only rely on large companies to support the nation's economy, therefore the involvement of SMEs is needed. SMEs have a very important influence on the nation's economic growth, therefore the majority of the Indonesian economy is supported by SMEs. In times of unstable economic conditions, the existence of SMEs has proven to be able to drive the Indonesian economy. There are a very large number of people who run SMEs in Indonesia, as well as competition between fellow SMEs players. Not only do SMEs play a vital part in the engagement of the nation's economy, but they also play an important role in decreasing Indonesia's high unemployment rate, one of which is in the city of Bandar Lampung.

Bandar Lampung has great potential for developing SMEs because it has abundant natural resources and attractive tourism potential. According to Ministry of Cooperatives and SMEs data, the number of SMEs in Bandar Lampung in 2021 is expected to be 131,236 units, with 69,117 micro companies, 38,888 small businesses, and 23,231 medium enterprises (Department of Cooperatives and UMKM). This number shows that the SMEs sector in Bandar Lampung has great potential to continue to develop, but still faces various challenges in improving its performance. This research was conducted to determine the factors in improving the marketing performance of SMEs in Bandar Lampung City.

2. LİTERATURE REVİEW

Entrepreneurial orientation refers to the extent to which much a corporation engages in entrepreneurship-related activities such as innovation, risk taking, and proactiveness. Innovative SMEs tend to have an entrepreneurial orientation (Yacob et al, 2022); SMEs that

are willing to take chances are more likely to be entrepreneurial. (Musthofa et al, 2017); SMEs that are proactive are likely to have an entrepreneurial orientation (Huang et al, 2023)

Product innovation in SMEs refers to the creation and marketing of new or considerably improved products or services. New product development is an indicator of product innovation; SMEs that launch new items to the market are more likely to have product innovation skills. (Saunila, 2020). The total number of new products introduced by the company can be used to measure new product development.; Product quality, SMEs that focus on product quality are more likely to have product innovation capabilities (Beynon et al, 2020). Product quality can be measured by customer satisfaction, product reliability, and durability; SMEs that perform market research are more likely to develop products that satisfy the demands and preferences of the consumers they serve. (Saunila, 2020). Market research can be measured by the extent to which a company uses customer feedback to inform product development.

The use of digital media and technology to promote items or services to clients is known as digital marketing for SMEs. Social media marketing, search engine optimization (SEO), email marketing, mobile marketing, and website analytics are just a few of the tactics and techniques involved (Kawira et al, 2019). Digital marketing indicators according to Rahmi et al (2019) are convenience, with online marketing consumers can order products at any time and do not need to go to the shop to buy the desired product; Customers can obtain a wealth of comparable information about organizations, goods, and competitors without disrupting their daily activities. Consumers may also concentrate their attention on item factors including price, quality, performance, and availability.; There is less persuasion and persuasion, with online services customers do not need to face or deal with persuasion and emotional factors.

According to Rompis et al (2022), a competitive advantage is a specialized activity developed by a corporation to be superior to its competitors. There are several indicators of competitive advantage according to Nizam et al (2020), Specifically, product uniqueness refers to the originality of a company's product that distinguishes it from competitors' or general market offerings.; Product quality, the quality of the company's effectively manufactured items. Choose high-quality raw materials wisely in order to make products of higher quality than competitors.; Competitive Prices, the company's capacity to adjust the prices of its products to market prices.

Marketing performance is a factor that is frequently used to assess the influence of a company's strategy, as is product market performance, where every firm is interested in

knowing the market performance of its products (Djodjobo et al 2014). According to Nizam et al (2020), the indicators used to measure marketing performance include customer growth, customer growth is an increase or decrease in the number of customers which can increase or decrease each year which will increase profits or losses for the business; Sales volume, a measure that shows the number or size of goods or services sold. The condition and ability of the seller greatly determines a person's confidence in buying the product being marketed; Profitability refers to the company's ability to produce profits and the possibility for future income.

3.   RESEARCH METHOD

This investigation adopts a quantitative technique based on multiple regression analysis. Primary data collection techniques use questionnaires. The questionnaire contains 10 statement items for the Entrepreneurial Orientation variable, 11 for the Product Innovation variable, 10 for the Digital Marketing variable, 10 for the Competitive Advantage variable, and 9 for the Marketing Performance variable. Respondents, namely MSME actors, were asked to provide responses according to their perceptions of statement items related to Entrepreneurial Orientation, Product Innovation, Digital Marketing, Competitive Advantage and Marketing Performance on a Likert scale of 1 to 5. The population of this research is culinary SMEs actors in the city Bandar Lampung. Purposive sampling was utilized with 53 respondents.
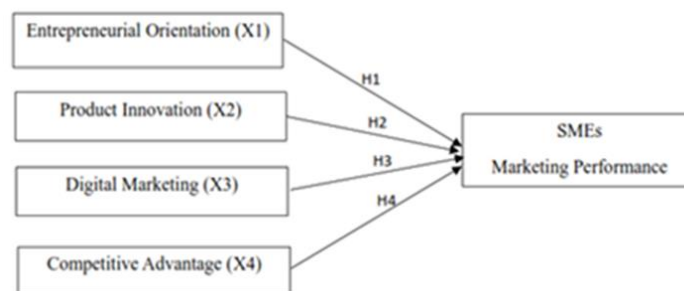
Thinking Framework

Figure 1. Thinking Framework

3.1   Hypothesis

Apart from the theoretical basis and framework of thinking, the hypotheses in this research are as follows:

H1: Entrepreneurial orientation determines SMEs' marketing performance.

H2: Product innovation determines SMEs' marketing performance.

H3: Digital Marketing determines SMEs' marketing performance.

H4: Competitive Advantage determines SMEs' marketing performance.

4.   RESULT

41.   Descriptive Analysis

a.   Entrepreneurial Orientation

Table 1. Data Distribution Per Entrepreneurial Orientation Indicator (X1)

Statement	Class Intervals	Frequency	Percentage
Very good	42 – 50	28	52,8%
Good	34 – 41	23	43,3%
Pretty good	26 – 33	2	3,7%
Not good	18-25	0	0
Very Not Good	10-17	0	0
Total		53	100%

Source: Processed data, 2023

According to the table above, of the 53 respondents who responded generally regarding entrepreneurial orientation (X1), 28 (52.8%) were in the very good group, 23 (43.3%) were in the good category, and 2 others were in the reasonably pretty good category. The percentage of 3.7% falls within the pretty good category.

b.   Product Innovation

Table 2. Data Distribution Per Product Innovation Indicator (X2)

Statement	Class Intervals	Frequency	Percentage
Very good	42 – 50	27	51%
Good	34 – 41	22	41,5 %
Pretty good	26 – 33	4	7,5 %

Not good	18 – 25	0	0
Very Not Good	10 – 17	0	0
Total		53	100 %

Source: Processed data, 2023

According to the table above, of the 53 respondents who stated generally regarding product innovation (X2), 27 people (51%) were in the very good category, 22 people (41.5%) were in the good category, and 4 other people (7.5%) were in the pretty good category.

c. **Digital Marketing**

Table 3. Data Distribution Per Digital Marketing Indicator (X3)

Statement	Class Intervals	Frequency	Percentage
Very good	42 – 50	29	54%
Good	34 – 41	21	40%
Pretty good	26 – 33	3	6 %
Not good	18 – 25	0	0
Very Not Good	10 – 17	0	0
Total		53	100 %

Source: Processed data, 2023

According to the table above, of the 53 respondents who stated in general regarding product innovation (X2), 29 people (54%) were in the very good category, 21 people (40%) were in the good category, and 3 other people (6%) were in the pretty good category.

d. **Competitive Advantage**

Table 4. Data Distribution Per Competitive Advantage Indicator (X4)

Statement	Class Intervals	Frequency	Percentage
Very good	42 – 50	37	69,9%
Good	34 – 41	16	30,1%
Pretty good	26 – 33	0	0

Not good	18 – 25	0	0
Very Not Good	10 – 17	0	0
Total		53	100 %

Source: Processed data, 2023

According to the chart above, of the 40 respondents who indicated generally about competitive advantage (X3), 37 (69.9%) were in the very good category, while 16 (30.1%) were in the good category.

d.   **Marketing Performance**

Table 5. Data Distribution Per Marketing Performance Indicator (Y)

Statement	Class Intervals	Frequency	Percentage
Very good	42 – 50	31	58,5%
Good	34 – 41	21	39,6%
Pretty good	26 – 33	1	1,9%
Not good	18 – 25	0	0
Very Not Good	10 – 17	0	0
Total		53	100 %

Source: Processed data, 2023

According to the table above, of the 53 respondents who answered that typically regards marketing performance (Y), 31 (58.5%) were in the very good group, 21 (39.6%) were in the good category, and 1 (1.9%) was in the pretty good category.

4.2   Multiple Linear Regression Analysis

To assess the impact of the independent variables Entrepreneurial Orientation (X1), Product Innovation (X2), Digital Marketing (X3), and Competitive Advantage (X4) on Marketing Performance (Y).

Table 6. Partial Significant Test Results (t Test)

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	3.423	4.401		.778	.440		
	Entrepreneurial Orientation (X1)	.185	.174	.199	1.067	.291	.202	4.959
	Product Innovation (X2)	.286	.194	.301	1.473	.147	.169	5.920
	Digital Marketing (X3)	.526	.164	.328	2.995	.002	.472	2.087
	Competitive Advantage (X4)	.434	.147	.378	2.957	.005	.431	2.318
a. Dependent Variable: Marketing Performance								

Coefficients[a]

Source: Processed data, 2023

According to the table above, the dependent variable in this regression is marketing performance (Y), while the independent variables are entrepreneurial orientation (X1), product innovation (X2), digital marketing (X3), and competitive advantage (X4), so the equation for the multiple linear regression model above is:

Y= a + b1X1 + b2X2 + b3X3 + b4X4 + e

Y = 3,423 + 0,185X1 + 0,286X2 + 0,516X3 + 0,434X4 + e

The interpretation of this equation is as follows:

1. The value of a constant is 3.423, suggesting that the variable values of entrepreneurial orientation (X1), product innovation (X2), digital marketing (X4), and competitive advantage (X3) are constant, resulting in a marketing performance value (Y) of 3.423 units.

2. The entrepreneurial orientation coefficient value is 0.185, indicating that entrepreneurial orientation improves marketing performance by 0.185 points.

3. Product innovation has a coefficient value of 0.286, which means that it will improve marketing performance by 0.286.

4. The digital marketing coefficient value is 0.526, which means that digital marketing will improve marketing performance by 0.526 points.

5. The competitive advantage coefficient value is 0.434, which means that competitive advantage will improve marketing performance by 0.434 points.

5.   DİSCUSSİON

The results of partial hypothesis testing suggest that Entrepreneurial Orientation has a minor influence on the Marketing Performance of SMEs in Bandar Lampung City. The results of partial hypothesis testing suggest that Entrepreneurial Orientation has a minor influence on the Marketing Performance of SMEs in Bandar Lampung City. Based on the Partial Test (t Test), the results of the t test obtained a value for the entrepreneurial orientation variable (X1) t-count of 1.067 with a t-table of 2.009 and a sig of 0.291 while alpha is 0.05, indicating that the t-count value is less than the t-table value (1.067 2.009) and the sig value is greater than alpha (0.291 > 0.05). As a result, it may be argued that entrepreneurial orientation (X1) has no effect on marketing performance (Y). This supports the outcomes of Djodjobo et al (2014) and Sari et al (2020), who discovered that an entrepreneurial approach has a considerable impact on marketing performance. However, this finding contradicts the findings of Purba et al (2023), who found that entrepreneurial attitude in the fashion industry had a considerable impact on marketing performance. The results of partial hypothesis testing show that there is no significant influence of Product Innovation on the Marketing Performance of Culinary SMEs in Bandar Lampung City. Because the t-calculated value is smaller than the t-table value (1.473 < 2.009) and the sig value is greater than alpha (0.147 > 0.05). So it can be concluded that the influence of product innovation (X2) is not significant on marketing performance (Y). The outcomes of this study contradict those of Nasir (2017), who found that product innovation had a major impact on marketing performance.

According to the findings of partial hypothesis testing, digital marketing has an impact on the marketing performance of culinary SMEs in Bandar Lampung City. Because the t-count value exceeds the t-table value (2.995> 2.009) and the sig value is less than alpha (0.002 0.05). As a result, it is possible to deduce that Digital Marketing (X3) effects Marketing Performance (Y). According to the findings of the hypothesis testing in the partial significant test (t test) in this study, the Digital Marketing variable (X3) has a positive and significant effect on the Marketing Performance of Culinary MSMEs in Bandar Lampung City. These

findings agree with those of Effendi et al. (2023), who discovered that digital marketing enhances marketing performance.

According to the findings of partial hypothesis testing, competitive advantage effects the marketing performance of SMEs in the culinary industry in Bandar Lampung City. Because the t-calculated value exceeds the t-table value (2.957> 2.009) and the sig value is less than alpha (0.005 0.05). As a result, Competitive Advantage (X4) effects Marketing Performance (Y). According to the findings of the hypothesis testing in the partial significant test (t test) in this study, the Competitive Advantage variable (X4) has a positive and significant effect on the Marketing Performance of Culinary SMEs in Bandar Lampung City. This is consistent with Nofrizal's (2021) research, which found that competitive advantage had a considerable favorable effect on the marketing performance of SMEs.

6. CONCLUSİON

Based on what has been found, Digital Marketing and Competitive Advantage can propel a company to the top of the Marketing Performance of Culinary SMEs in Bandar Lampung City. Digital marketing is currently the right step that can be taken by SMEs players, especially culinary SMEs, in order to market their products, because apart from being the most effective, digital marketing is also more efficient in terms of costs. Besides from digital marketing elements, competitive advantage is the ability earned through a company's qualities and resources to outperform competitors in marketing performance. According to Djodjobo et al. (2014), competitive advantage has a favorable and considerable influence on marketing performance. This study's findings are congruent with those of Arbawa et al (2018), who discovered that competitive advantage has a positive and significant effect on marketing success.

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