

PRODUCT INNOVATION STRATEGIES AND MARKET ORIENTATION TO IMPROVE MARKETING PERFORMANCE AT MEATBALL MSMES IN BEKASI CITY

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Abstract

Fierce competition in the meatball industry encourages MSMEs to innovate in products and marketing strategies. Product innovations such as flavor variants, raw material quality, and unique presentation can increase consumer appeal. In addition, a market orientation that understands customer needs and preferences is a key factor in increasing satisfaction and market share. However, the relationship between product innovation, market orientation, and marketing performance still needs to be further researched to provide new insights for MSMEs in increasing their competitiveness. Research method: This study uses a qualitative approach with in-depth interviews with MSME meatball owners and actors in Bekasi City and observation of the marketing process applied. The results of the study show that, simultaneously and partially, the orientation of market orientation variables, product creativity, and product innovation innovation have a positive and significant effect on the marketing performance of Meatball MSMEs in Bekasi City. Therefore, the right product innovation strategy and market orientation that focuses on consumer needs and desires can be key factors in improving the competitiveness and marketing performance of MSMEs. that product innovation, such as the development of flavor variants, the quality of raw materials, and innovations in presentation, plays an important role in attracting consumers' attention. In addition, market orientation based on understanding consumer preferences and product adaptation to market trends has been proven to increase customer satisfaction and expand market share. This study shows that market orientation has a significant effect on the marketing performance of Meatball MSMEs in Bekasi, while product innovation has a smaller direct influence. However, innovation still plays a role in strengthening market orientation. Therefore, MSMEs are advised to focus more on understanding market needs while continuing to innovate in order to increase their competitiveness and business growth.

Keywords: Market Orientation, Marketing Performance, Product Creativity, Competitiveness

INTRODUCTION

The fierce competition from basko sellers today makes many Meatball MSMEs make more variants. With many variants of Meatballs, many consumers are curious and come to the meatball place. And by doing good marketing to customers to make meatballs a place to visit and have the tagline "Viral" makes consumers curious about the meatballs. Product innovation is one of the strategies that can be used to improve marketing performance. In today's industrial era, competition is no longer limited to the aspects of product price and quality, but also includes product innovation applied as a strategic marketing approach. This aims to improve marketing performance and open up opportunities for companies to grow and have a competitive advantage, as companies can better understand the needs of their target market.

Market orientation refers to the company's capacity to know its needs from customer demand. Knowing information about the market and what customers want is a key component in knowing the Company's environment (Nopriyantoro & Widodo, 2023). Marketing performance is the result of the overall marketing efforts and activities carried out by a company or organization. A company's achievements can be measured through the achievements achieved from the products produced. An important indicator of marketing performance is reflected in customer growth, in particular, an increase in the number of consumers making repeat purchases of the company's products. Marketing is one of the main

activities carried out by entrepreneurs in an effort to maintain survival and develop their business and get profits (Syahyono, nd).

This research was conducted to answer problems related to the influence of product innovation and market orientation on marketing performance, which until now still shows diverse and inconsistent research results. Some previous studies have found that product innovation has a significant influence on marketing performance, while others have shown the opposite result. In addition, the relationship between market orientation and marketing performance also needs to be explored further, especially in the context of meatball MSMEs in Bekasi City, which face fierce competition and challenges in maintaining competitive advantage. This research is expected to strengthen the existing gap by providing new insights and expanding understanding of the factors that affect marketing success in MSMEs.

LITERATURE STUDIES

Product innovation

Product innovation is the ideas, ideas, and thoughts that result from the adjustment of the Period that will result in a new product and different from the previous one (Duha & Siagian, 2023). Innovation is the ability to apply a company's creativity to solve problems and look for opportunities to improve business performance.(Anderson & Hidayah, 2023a). According to Kotler & Keller, there are three indicators that can be used to measure product innovation strategies: Increased Product Competitiveness, Customer Satisfaction and Loyalty, Sales and Revenue Growth

H1: Innovation has a positive and significant influence on marketing performance The relationship between Market Orientation and marketing performance:

Market orientation

Market orientation that includes an in-depth understanding of customer needs, competitor analysis as well as functional coordination that contributes to achieving superior results in a competitive business environment (Rizan & Utama, 2020). The ability of small-scale business actors to develop an entrepreneurial spirit can be seen from their orientation towards the market. This is reflected in their efforts to create various innovations to drive business growth and improve their business performance.(Virgia & Meirina, 2023). According to Kotler and Keller, there are four common indicators of a company's market orientation: Customer Orientation, Competitor Orientation, Inter-Function Coordination, Response to the Market.

H2: Market orientation has a positive and significant effect on marketing performance

Marketing performance

Marketing performance is a measure of achievement obtained from the overall marketing activity process of an organization.(Suyatno et al., 2023). The concept used measures the marketing effectiveness of the marketed product in the entire business marketing process. (Citizen & Ardila, 2023). Here are four commonly used marketing performance variable indicators: Satisfaction, Customer Loyalty, Market Share, Profit (Profitability)

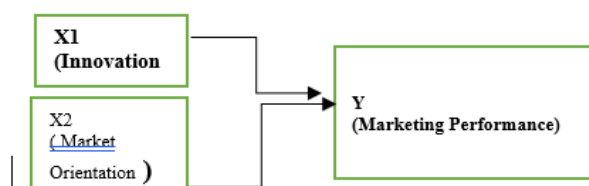


Figure 1 Conceptual Framework

The relationship between Innovation and marketing performance:

According to research conducted by (Nasir, 2017) Product innovation affects marketing performance. Research conducted by (Karinda et al., 2018) Product innovation has a significant influence on marketing performance. Research conducted by (Rizan & Utama, 2020) product innovation affects the marketing performance of food MSMEs in Bogor City.

According to research conducted by (Harini et al., 2022b) Market orientation has a positive influence on marketing performance. Research conducted by (Manek, nd 2018) Market orientation has a positive effect on marketing performance. Research conducted by (Ulya, 2019) Market orientation directly has a positive and significant effect on marketing performance.

According to research conducted by (Fauzan, et.al 2023) there is no influence of product innovation on marketer performance, while in other research conducted by (Revelation & Sustainability, 2023) Product innovation has a positive and significant effect on marketing performance. According to research conducted by (Ishaq, 2020) Market orientation does not have a positive impact on the marketing performance of e-money card products. Meanwhile, according to research. (Falakhussyiaifusoni et al., 2022) Market orientation has a positive impact on marketing performance.

Research Methods

The methodological approach applied in this study is quantitative. According to "V.Wiratna Sujarweni (2014: 39) the quantitative research method is a scientific approach that produces findings through statistical analysis or other numerical measurement techniques. This approach relies on data quantification to obtain objectively verifiable results. The individual groups researched in this study include all Meatball MSMEs in Bekasi City. The sample is part of the entire population. A sample of 30 respondents was taken at the Bekasi Meatball Seller. According to (Sugiono: 2009) the validity of the test was carried out using 30 respondents because the test results were close to the normal curve. Data were collected using questionnaire distribution.

The formula for calculating the research questionnaire using the Likert scale is $TxPn$. In the formula, T is the number of respondents who voted, and Pn is the choice of Likert score number. Questionnaire distribution is one of the data collection techniques in quantitative research. Questionnaires are used to find complete information about an issue and respondents. In this study, the data source used is primary data in the form of data obtained through a questionnaire in the form of respondents' answers to the question items contained in the research instrument, namely Accountability, Independence, Competence and Professionalism which are given directly to the respondents based on the answers contained in the questionnaire, then data describing the attitude and involvement of the respondents will be obtained. This study uses a data analysis model based on the Structural Equation Model (SEM) with Partial Least Square (PLS), using 2 stages, namely validity and reliability evaluation. The analysis uses a tool that is SmartPLS4 software in the data analysis process.

Result

Table 1. RESULTS OF Outer Loading

	X1	X2	X3
X1.1	0,959		
X1.2	0,920		
X1.3	0,966		
X1.4	0,947		
X1.5	0,935		
X1.6	0,964		

	X1	X2	X3
X1.7	0,942		
X1.8	0,933		
X1.9	0,899		
X2.1		0,807	
X2.2		0,950	
X2.3		0,950	
X2.4		0,936	
X2.5		0,821	
X2.6		0,931	
X2.7		0,954	
X2.8		0,939	
X2.9		0,953	
X2.10		0,928	
X2.11		0,895	
X2.12		0,954	
Year 1			0,895
Year 2			0,872
Year 3			0,805
Y4			0,933
Year 5			0,888
Y6			0,923
Year 7			0,869
Year 8			0,864
Year 9			0,953
Year 10			0,913
Year 11			0,942

Source: SmartPLS4 2024 data processing

Validity of Discrimination

Extracted Average Variance (AVE)

Table 2. Extracted Average Variance (AVE)

	Alfa Cronbach	Rho_A	Composite Reliability	Extracted Average Variant (AVE)
Innovation	0,984	0,984	0,986	0,885
Market orientation	0,983	0,984	0,985	0,846
Marketing Performance	0,975	0,977	0,977	0,784

Source: SmartPLS4 2024 data processing

Fornell-Larcker Criteria

Table 3. Fornell-Larcker Criteria

Fornell Larcker Criteria	Innovation	Market Orientation	Marketing Performance
Innovation	0,941		
Market Orientation	0.862	0,990	
Marketing Performance	0.858	0.886	0.995

Source: SmartPLS4 2024 data processing

F square

Table.4. F square

	Innovation	Market Orientation	Orinetation Marketing Performance
Innovation		2.884	0.009
Market Orientation			8,707
Marketing Performance			

Source: SmartPLS4 2024 data processing

Table. 5 Specific Indirect Effects

	Original sample (O)	Average sample (M)	Standard deviation (STDEV)	T Statistics (O/STDEV)	P value
X1 -> Y	0.827	0.795	0.103	8.041	0.000

Source: SmartPLS4 2024 data processing

Table .6 Path Coefficients

	Original sample (O)	Average sample (M)	Standard deviation (STDEV)	T Statistics (O/STDEV)	P value
X1 -> X2	0.862	0.865	0.102	8.449	0.000
X1 -> Y	0.030	0.065	0.104	0.289	0.772
X2 -> Y	0.960	0.924	0.103	9.292	0.000

Source: SmartPLS4 2024 data processing

DISCUSSION

Convergent Validity

The validity of convergence can be determined through testing using outer loading values. An indicator can be considered to have met adequate quality standards when it reaches an outer loading value exceeding 0.7, according to the research of Hair et al (2022).

Validity of Discrimination

Extracted Average Variance (AVE)

Evaluation of convergent validity can be done through Average Variance Extracted (AVE) analysis. The construction can be stated to have the ability to explain more than half of the indicator variants if it obtains an AVE value above 0.5, as revealed in Study Of Hair et al. (2022). Convergent validity analysis using Average Variance Extracted (AVE) showed satisfactory results for all variables. The highest AVE value was found in the Innovation variable of 0.885, then the market orientation variable with a value of 0.846, and the marketing performance variable of 0.784. All of these values are above the minimum standard of 0.5 set by Hair et al. (2022), indicating that each construction can account for more than 78% of its indicator variance. Strengthened by Cronbach's high Alpha value and composite reliability exceeding 0.9 on all variables, this reflects a very adequate level of internal consistency in the measuring instrument.

Fornell-Larcker Criteria

According to Hair et al. (2022), the Fornell-Larcker criterion is used to test the validity of discrimination by comparing the square root of the AVE of each construction with the

correlation value between other constructions Construction can be said to have different validity (discrimination) if the root value of the AVE of the construction exceeds its correlation value with other constructions. with other constructions, which shows that each construction is completely different from each other. Based on the Fornell-Larcker criterion, this model has good discriminatory validity because of the square root value of AVE at the diagonal (innovation 0.941; market orientation 0.990; Marketing Performance 0.995) is greater than the correlation between other constructs. Although the correlation between constructions is high (>0.8), each construction still measures a different and valid concept.

F square

The results of the analysis show that the relationship between innovation and market orientation has a very strong impact, indicating that innovation makes a meaningful contribution to market orientation. On the other hand, the effect of innovation on marketing performance is minimal, suggesting that the practical impact is almost imperceptible. Meanwhile, the relationship between market orientation and marketing performance performance shows a very dominant influence, illustrating that market orientation is a determining factor in improving marketing performance.

Specific Indirect Effects

The results of the analysis showed that there was a significant indirect effect of the variable X1 on Y. The original sample value (O) of 0.827 showed that the observed indirect effect was quite strong. The sample average (M) of 0.795 is close to the original sample value, which indicates that the results of the analysis are relatively consistent. The standard deviation (STDEV) of 0.103 indicates a low level of data deviation, which indicates the reliability of the forecast. The t-statistical value of 8.041 is well above the significant threshold (e.g., 1.96 for a 5% significance level), thus supporting the significance of the relationship. In addition, a p-value of 0.000 indicates that this indirect relationship is statistically significant, as it is well below the general significance level of 0.05. This shows that the X1 variable has a significant influence on Y through an indirect path in the tested model.

Path Coefficient

The results of the analysis show that X1 has a very strong and significant direct influence on X2 with a coefficient value of 0.862 (T-statistic = 8.449, P-value = 0.000). However, the direct influence of X1 on Y was very weak and insignificant, with a coefficient value of 0.030 (T statistic = 0.289, P value = 0.772). In contrast, X2 has a very strong and significant direct influence on Y, with a coefficient value of 0.960 (statistically-T = 9.292, P-value = 0.000). Thus, although X1 does not have a direct influence on Y, its influence on Y occurs through X2 as a mediator variable, which plays an important role in this relationship

CONCLUSION

The results of validity and reliability analysis showed that all research instruments had an excellent level of validity and reliability, which was very good, with the composite reliability value of Cronbach Alpha and Reliability above above 0.9 for all variables. The Average Variance Extracted (AVE) value for all variables was above the minimum standard standard of 0.5, with the highest value in the Innovation variable variable (0.885), followed by Market Orientation (0.846), and Marketing Performance (0.784).

Based on the analysis of F-square, it was found that market orientation had a very strong influence on marketing performance with a score of 8,707, showing that market orientation is a key factor in improving the marketing performance of MSME Meatballs.

Meanwhile, product innovation has a relatively small influence on direct marketing performance (0.009), but has a strong influence on market orientation (2.884).

These findings imply that to improve marketing performance, Meatball MSMEs in Bekasi must focus on strengthening market orientation while maintaining product innovation as a marketing support for the overall marketing strategy. This shows the importance of understanding and responding effectively to market needs for effective market needs, as well as continuing to innovate products that meet consumer demand.

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