Competitive Advantage as Intervening Variable on Marketing Performance of Songket Melayu MSM Enterprises

Fitri Yusnita[1], Maya Panorama[2], Maftukhatusolikhah[3]

[1,2,3]Universitas Islam Negeri Raden fatah Palembang, South Sumatera, Indonesia

ABSTRACT: This research departs from the problem that whether competitive advantage as an intervening variable has an influence on the marketing performance of Songket Melayu MSM Enterprises, Indonesia. The purpose of this study was to determine and analyze how much the effect of competitive advantage mediates the marketing performance of Songket Melayu MSM Enterprises, then to see whether competitive advantage can mediate digital marketing, product innovation and product quality on marketing performance. The primary data collection technique is in the form of distributing questionnaires using a Likert scale. The population in this study were of Songket Melayu MSM Enterprise that have innovated and carried out digital marketing. The sampling technique was purposive sampling, which is based on predetermined criteria. The criteria in this study are: a) Owner of Songket Melayu MSME's who have been doing digital marketing for at least the last 2 years, b) Songket Melayu MSMEs who innovate their products, c) Songket Melayu MSM Enterprises that have been established for at least the last 5 years. Based on these criteria, a sample of 68 Songket MSMEs was obtained. The data analysis technique uses quantitative analysis with path analysis. The analysis tool uses the SmartPLS 4 application. The results showed that: 1) competitive advantage has a positive and significant effect on marketing performance with a T-Statistic value of 2.066> 1.96 and a P-Value of 0.019 <0.05. 2) competitive advantage is able to mediate digital marketing on marketing performance with a T-statistic value of 2.359> 1.96 and a p-value of 0.047. 3) competitive advantage is able to mediate product innovation on marketing performance with a T-statistic value of 4.234> 1.96 and a p-value of 0.001 < 0.05. 4) competitive advantage is able to mediate product quality on marketing performance with a T-statistic value of 3.755> 1.96 and a p-value of 0.040 <0.05. Overall, the results of this study indicate that competitive advantage has a direct positive influence on marketing performance, and also serves as an important mediator in the relationship between factors such as digital marketing, product innovation, and product quality and marketing performance. These findings can provide important insights for business practitioners in optimizing their strategies to improve marketing performance.

KEYWORDS: Digital Marketing, Product Innovation, Product Quality, Marketing Performance, Competitive Advantage

I. INTRODUCTION

Micro, Small and Medium Enterprises (MSMEs) are productive business units that stand alone and are carried out by individuals or business entities in all economic sectors, as written in Law No. 20 of 2008 concerning Micro, Small and Medium Enterprises. In the structure of the Indonesian economy, MSMEs are one of the important pillars in supporting the economy, so the government must strive to encourage and strengthen MSMEs. Indonesian MSMEs in 2022 reached 64.2 million and contributed to the Gross Domestic Product by 61.07 percent or reached Rp. 8,573.89 Trillion. Furthermore, MSMEs are able to absorb 97% of the workforce and are able to increase the value of national investment. Furthermore, out of 64.2 million MSMEs, only 15.3 million MSMEs have been integrated with the digital ecosystem, meaning that 23.9 percent of MSMEs have entered the digital platform. The development of MSMEs continues to increase, especially in Palembang City. In Palembang city, the total number of Micro, Small and Medium Enterprises (MSMEs), based on a report from the Central Bureau of Statistics of Palembang , is 7,500 MSMEs. Among them are the culinary sector, fashion, crafts and so on. One sector that has also experienced development is Songket MSMEs. Based on the data, there are 105 Songket MSM Enterprises. Songket of Palembang has been recognized in various city districts in Indonesia and even abroad including Malaysia, Brunai Darussalam, Singapore, Japan and several consumers from Europe. Owner of Songket Melayu Enterprises continue to innovate according to the wishes of the times. Songket, which was originally only used for sacred events and noble circles, can now be reached by all groups, including millennials. Various derivative products have also

emerged so that they can be used daily. songket is one of the local wisdom. Based on several previous studies, the results show that there is a positive and significant influence between competitive advantage on marketing performance, where if the company has competitive advantage compared to other companies, it will create marketing performance (Rahmad Hudapi Purba, 2022) . However, there are also studies that state that competitive advantage has a negative and insignificant effect on marketing performance (Kurniawan & Mudiantono, 2018).

II. LITERATURE REVIEW

A. Resource Based View Theory (RBV)

Resource based view theory (RBV) is a theory used to describe an advantage for companies, competitive advantage is obtained by utilizing and managing its resources properly. Competitive advantage is something that is inherent in the company and difficult to imitate by other companies. In the resources owned by the company, the resource-based viewtheory believes that the company as a collection of capabilities is able to manage these resources. manage these resources.

B. Marketing Performance

Marketing performance is a measure of achievement obtained from the overall marketing process activities of a company or organization (Ferdinand, 2003). To achieve goals, companies must have a marketing strategy (Irham Fahmi, 2013). Marketing performance is an important element of a company's performance in the company in general because the performance of a company can be seen from the marketing performance that has been done so far (Wiyadi et al., 2021).

C. Competitive Advantage

Competitive advantage is anything that can be competitive advantage is everything that a company can do better than rival companies or a collection of strategies to determine the advantage of a company from competition among other companies (Fred R. David, 2017). Competitive advantage cannot be understood by looking at a company, but must be from the origin of competition, carried out by various companies designed by the company in designing, producing, marketing, searching and marketing. in designing, producing, marketing, sourcing and supporting its products. support its products (Hunger, 2003).

III. RESEARCH METHODS

The type of research used is using the quantitative method. Quantitative method is researching whose data is expressed in numbers and analyzed with statistical techniques. in numbers and analyzed with statistical techniques (Suryani & Hendryadi., 2015). In this research data source used is primary data. Primary data is data obtained or collected directly in the field by the person conducting the research or the person concerned who needs it (Bagas sunu pratama, 2017). doing research or concerned who need it. Primary data in this study This is the answer to the questionnaire distributed to respondents who are Palembang City Songket MSME actors. Palembang City Songket MSME players. To measure respondents' attitudes to this research question using a Likert scale. Population is the sum of all units or individuals whose characteristics are to be studied. The information (characteristics) collected from the unit of analysis forms statistical data. form a statistical data. The population that will be selected and The population that will be selected and used as objects in this study, namely Songket MSMEs. Palembang market their products digitally and innovate. The sample is part of the population whose characteristics are to be investigated, and is considered to represent the entire population (Sasmita, 2021). The sampling technique in this study was Purposive sampling (Sugiyono, 2019). Purposive sampling is the determination of samples based on predetermined criteria. The criteria in this study are: a). Palembang City Songket MSME players who have been doing digital marketing for at least the last 2 years, b). Palembang City Songket MSME players who innovate their products. product innovation c). Songket MSMEs that have been established for at least the last 5 years. Based on these criteria, a sample of 68 Songket MSM Enterprises.

IV. RESULTS

The number of respondents collected was 68 respondents which derive from Songket Melayu MSM Enterprise. Jumlah responden yang terkumpul sebanyak 68 responden yang berasal dari pelkauk UMKM Songket Kota Palembang Furthermore, measurements are carried out through processing and analyzing questionnaire data using the SmartPLS 4.0 application. The PLS algorithm is used to process data as follows.
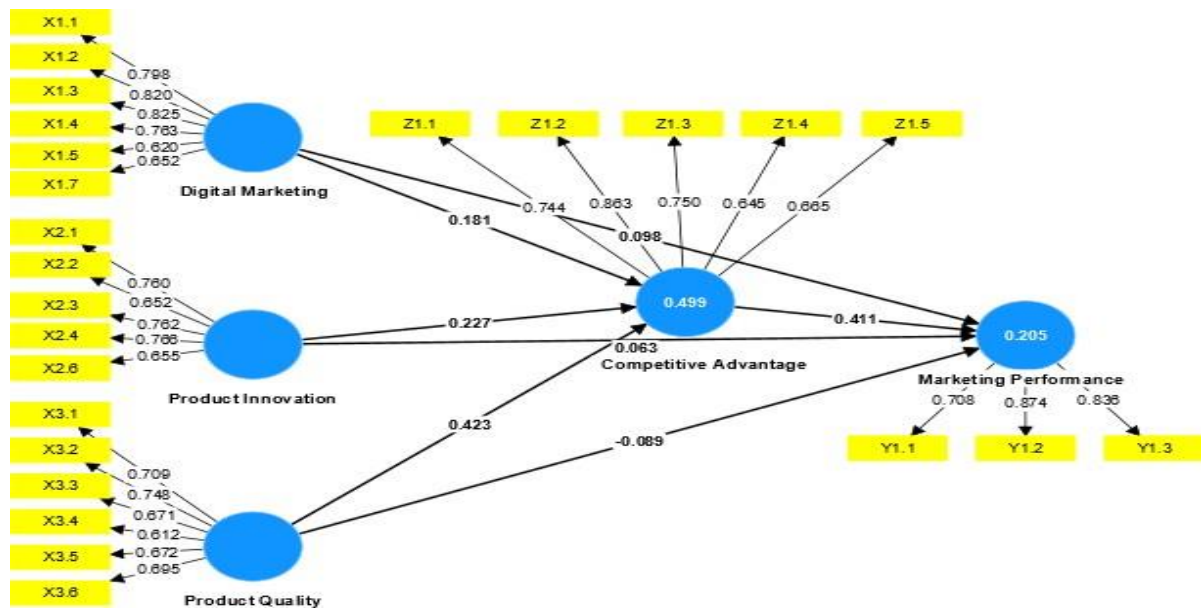
Figure 1: PLS Algorithm

Figure 1: Evaluation of the PLS algorithm model (external model) done by testing the validity of external loading. The purpose of the validity test to measure validity of the survey and shows the correlation or relationship between the indicators and the latent variables. This test is said to be valid if each indicator has a high correlation value, namely external loading> 0.6. If outer loading <0.6 then the question indicator on the questionnaire is invalid and can be removed (Chin w.w, 1998).

Table 1. Validity Test

Variable	Indicator	Loading Factor
Digital marketing (X1)	X1.1) With digital marketing, in a short time companies can reach consumers anywhere.	0.798
	X1.2) The company is more efficient in marketing products	0.820
	X1.3) Communication goes well between the company and consumers directly	0.825
	X1.4) With digital marketing, companies can communicate with consumers even without meeting face-to-face.	0.763
	X1.5) The company gives gifts to loyal customers	0.620
	X1.7) The company provides products according to what consumerswant	0.652
Product Innovation (X2)	X2.1) The company produces products that are different from other products	0.760
	X2.2) The company continues to innovate existing products	0.652
	X2.3) The products created follow the current trend	0.762
	X2.4) The company develops products that are created in the same business category as other competitors	0.766
	X2.6) The resulting product was modified in terms of appearance	0.655
Product Quality (X3)	X3.1) The product provided is in accordance with the specifications offered	0.709
	X3.2) The company provides products according to consumer desires so that consumers feel satisfied	0.748
	X3.3) The company provides products with good durability	0.671
	X3.4) The quality of the product provided can last long even if it has been used for a long time	0.612
	X3.5) Companies offer products with attractive designs so that consumers are interested in products	0.672
	X3.6) Products are offered with good features in order to attract consumers to buy products	0.695
Marketing Performance (Y)	Y1.1) Product sales at the company have increased from before	0.708
	Y1.2) The number of customers in the company continues to grow from time to time	0.874

	Y1.3) The company experiences profit from product sales	0.836
Competitive Advantage (Z)	Z1.1) The company always focuses on the products offered to consumers to be superior to others	0.744
	Z1.2) The company always prioritizes customer satisfaction	0.868
	Z1.3) Products are created differently from other competitors so that consumers choose the products offered	0.750
	Z1.4) The distinctive features of the products offered have their own appeal	0.645
	Z1.5) The company provides good products at a low price	0.665

Based on table 1 shows that all indicators on digital marketing variables (X1), product innovation (X2), product quality (X3), and marketing performance (Y) and competitive advantage (Z) are declared valid. In the table there are evidence of meeting the requirements, namely there is an external load value> 0.6.

Table2. Cronbach's alpha test, composite reliability test (rho_c), AVE test

	Cronbach'salpha	Composite Reliability (rho_a)	Composite Reliability (rho_c)	Average Variance Extracted (AVE)
Product Innovation	0.768	0.773	0.843	0.520
Competitive Advantage	0.786	0.794	0.855	0.544
Marketing Performance	0.736	0.762	0.850	0.655
Product Quality	0.780	0.787	0.842	0.521
Digital Marketing	0.845	0.868	0.884	0.564

Based on table 2, it can be concluded that all constructs meet the reliability criteria, this is indicated by the composite reliability value> 0.70 and AVE> 0.50, meaning that the statement shows the results of meeting the reliability test or consistent answers. One method used to test reliability is the Cronbach's alpha test which is often used (slamet and wahyuningsih, 2022).

The results of the R^2 test and hypothesis testing are shown in Figure 2. The bootstrap value is used to measure thelevel of influence between variables..
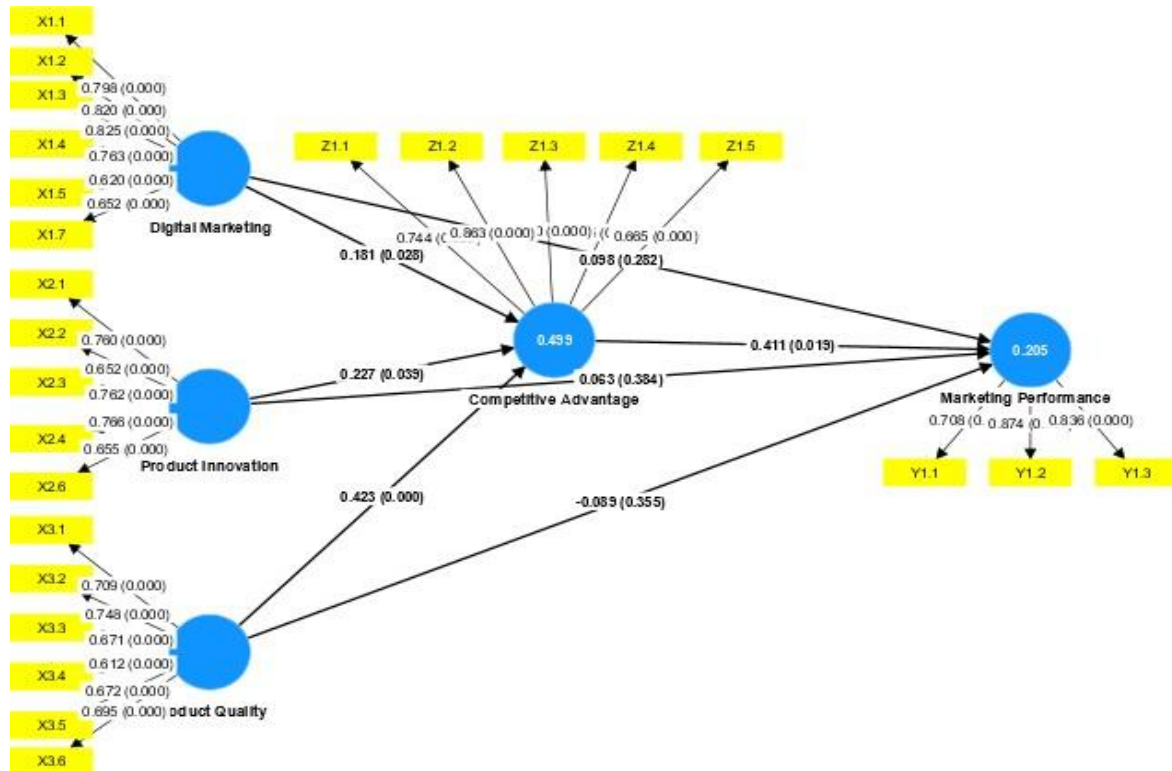

Figure 2. Bootstrapping values

Table 3. Coefficient of Determination

R-square is used to measure the predictive power of the structural model. R-Square explains the effect of certain exogenous latent variables on endogenous latent variables whether they have a substantive effect. R-square values of 0.67, 0.33 and 0.19indicate

strong, moderate and weak models.

Variable	R-Square	R-square adjusted
Competitive Advantage	0.779	0.776
Marketing Performance	0.605	0.655

Table 3 shows that the Adjusted R-Square value is 0.0.776. These results explain that the percentage of competitive advantage (Z) is 77.6% and for the marketing performance variable (Y) with a value of 0.655 or 65.5%. This shows that 77.6% of the competitive advantage variable (Z) is influenced by digital marketing (X1), product innovation (X2) and product quality (X3) and 65.5% of the marketing performance variable (Y) is influenced by digital marketing (X1), product innovation (X2), product quality (X3) and competitive advantage (Z)..

Table 4. Hypothesis Testing

	Original sample (O)	Sample mean (M)	Standartd Deviation (STDEV)	T Statistics (O/STDEV)	P Values
H1. digital marketing->competitive advantage -> marketing performance	0.074	0.075	0.055	2.359	0.047
H2. product innovation -> competitive advantage -> marketing performance	0.093	0.091	0.075	4.234	0.001
H3. product quality -> competitive advantage -> marketing performance	0.174	0.175	0.099	3.755	0.040

V. DISCUSSION

Based on table 4, the test results with bootstrapping in this study from PLS analysis are as follows:

1. The effect of digital marketing on marketing performance through competitive advantage in Songket Melayu MSM Enterprises.

The effect of digital marketing on marketing performance through competitive advantage. Songket Melayu MSM Enterprises is indicated by a T-statistic value of 2.359> 1.96 and a p-value of 0.047. this means that hypothesis is accepted. This means that indirectly digital marketing through competitive advantage has a positive and significant effect on the marketing performance of MSMEs. This means that if a business maximizes digital marketing, it will create a competitive advantage. So that if a business is able to excel in competing with other businesses, it will create marketing performance. This result is supported by the RBV theory, where by utilizing existing resources such as maximizing digital marketing, it will create a competitive advantage. utilizing existing resources such as maximizing digital marketing, is able to compete with other similar companies, so that it will make the company have good marketing performance.The results of this study are in line with the results of research conducted by Berti Yuliana Sekardwiwangi and Maria Augustine Graciafernandy with the research title of the effect of competitive advantage as a mediating variable on the relationship between digital marketing and marketing performance. The results of the study resulted in a significance value stating that competitive advantage plays a role in mediating the relationship between digital marketing and marketing performance (Sekardwiwangi et al., 2023). These results contradict research conducted by Noor Hudha, Marjam Desma Rahadhini and Aris Eddy Sarwono with the research title competitive advantage as a mediator between digital marketing and marketing performance (survey on lurik weaving MSMEs in village, cawas, klaten) with the results of this study showing that digital marketing has no effect on marketing performance through competitive advantage. The higher digital marketing does not guarantee an increase in marketing performance through competitive advantage (Hudha et al., 2022).

2. The effect of product innovation on marketing performance through competitive advantage in Songket Melayu MSM Enterprises.

The effect of product innovation on marketing performance through competitive advantage is indicated by a T-statistic value of 4.234> 1.96 and a p-value of 0.001. this means that hypothesis is accepted. This means that indirectly product innovation through competitive advantage has a positive and significant effect on the marketing performance of MSMEs. This means that if a business is able to create products according to consumer desires then it will make the company superior in competition. So that with competitive advantage it will have a positive impact on improving marketing performance.This results are supported by the RBV theory, where by utilizing the resources owned such as the creation of new products is a strategy in creating competitive advantage. is a strategyin creating competitive advantage so that it will have a positive impact on competitive advantage so that

it will have a positive impact on the marketing performance of a company. This research conducted by Achadyah prabawati and Melia handayani with the title market orientation and product innovation their effect on marketing performance with intervening variables of competitive advantage in umkm kaliwates sub-district. With the results of the study where the product innovation variable has a positive but insignificant effect on marketing performance through competitive advantage (Achadyah prabawati dan Melia handayani, 2019).

3. The effect of product quality on marketing performance through competitive advantage in Songket Melayu MSM Enterprises

The effect of product quality on marketing performance through competitive advantage is indicated by a T- statistic value of 3.755> 1.96 and a p-value of 0.040. this means hypothesis is accepted. This means that indirectly product quality through competitive advantage has a positive and significant effect on the marketing performance of MSMEs. This means that indirectly product quality through competitive advantage has a positive and significant effect on MSME marketing performance. These results are supported by the RBV theory, where by utilizing the resources owned, namely by providing quality products, a company will achieve competitive advantage.

quality products will make a company achieve a competitive advantage with other similar companies so that it will create good marketing performance for the company. This research is in line with research conducted by Findi Arista Dyah Arumsari with the research title The Effect of Product Quality on Business Performance Through Competitive Advantage (study on umkm batik in Yogyakarta). With the results of the study, product quality has a positive and significant effect on business performance through competitive advantage in songket melayu MSM Enterprises (Arumsari, 2020).

Implications of the research results: 1)Implications in the field of marketing, with regard to RBV theory. This study proves that there is a significant influence of digital marketing, product innovation and product quality that is carried out or implemented by owner Songket melayu MSM Enterprise in Implications in the field of marketing, with regard to RBV theory. This study proves that there is a significant influence of digital marketing, product innovation and product quality that is carried out or implemented by Owner Songket Melayu MSM Enterprises in run or applied. This is in line with RBV theory which discusses regarding the utilization of company-owned resources. Where to achieve good marketing performance, Songket melayu MSM Enterprise have applied or maximized their resources. 2)In deciding to make purchases at songket melayu MSM Enterprises, consumers pay attention to matters relating to how marketing is done, the novelty of the products offered and whether existing products have good quality and their own advantages over other products. its own advantages from other products. So that this is So that this is something that must be the focus of a business in order to improve the marketing performance of its songket melayu MSM Enterprises. 3) Based on the conclusions that have been stated, the results in this study shows that digital marketing, product innovation, product quality, competitive advantage are factors that affect the improvement of marketing performance. The implication of this research is Songket melayu MSM Enterprises can further maximize digital marketing, product innovation and product quality. maximize digital marketing, product innovation and product quality products so as to maximize marketing performance in order to have a good impact on the company's progress. 4) Based on the research results, for the songket melayu MSM Enterprises . This research can be used as evidence of how important digital marketing digital marketing, product innovation and product quality for the company's marketing performance. the company so that it must continue to pay attention to and apply the existing resources in order to prevent the failure of a business.

VI. CONCLUSION

Based on the results of the research and discussion of the test, it can be concluded that Competitive Advantage (Z) is able to mediate digital marketing (X1) on marketing performance (Y) in Songket Melayu MSM Enterprises, Competitive Advantage (Z) is able to mediate product innovation (X2) on marketing performance (Y) in Songket Melayu MSM Enterprises and Competitive Advantage (Z) is able to mediate product quality (X2) on marketing performance (Y) in Songket Melayu MSM Enterprises. Overall, the results of this study indicate that competitive advantage has a direct positive influence on marketing performance, and also serves as an important mediator in the relationship between factors such as digital marketing, product innovation, and product quality and marketing performance. These findings can provide important insights for business practitioners in optimizing their strategies to improve marketing performance.

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