



The Effects of Market Orientation and Innovation on Marketing Performance: A Survey of 5 SMEs in the Creative Industry Sector in Makassar City

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ABSTRACT

This study aims to determine how the influence of market orientation and innovation on marketing performance. The number of samples used was 50 employees who were divided from 5 Creative Industry MSME Sectors in Makassar city. Data collection was carried out using interviews, observation and questionnaires. The data analysis technique used is multiple linear regression analysis using the Statistical Program for Social Science (SPSS). The results of this study indicate that market orientation (X1) partially has a positive and significant influence on marketing performance. Product Innovation (X2) partially has a positive and significant impact on marketing performance. And simultaneously the two independent variables have a significant influence on marketing performance.



INTRODUCTION

Marketing is part of company management and also a very important factor because marketing will directly affect the smooth running and success of the company in achieving the target goal. It is important for companies to know the marketing rights and strategies appropriate for the product to be sold in the market. With the right marketing and according to the strategy, the product will be easily accepted by potential consumers, so it will be sold to them.

Nasution (2004) A market-oriented company is a company that places customers at the center of its attention in order to conduct its business (customer orientation), thereby continuously focusing on customers. At the same time, the company must also be oriented towards competitors (competitor orientation). Both orientations can be achieved effectively if the company coordinates its functions well. The concept of the creative industry is an industry characterized by excellence in creativity in producing various creative designs that are inherent in the goods or services produced (Howkins, 2001).

According to Jaworski and Kohli (1993) as cited in Sosio Humaniora (2012), Market orientation is an organizational perspective that drives three main aspects: (1) efforts to systematically gather market intelligence from primary sources such as customers and competitors, (2) dissemination of market intelligence to all units or departments within the organization, and (3) coordinated and comprehensive organizational responses to market intelligence. Kohl and Jaworski (1990) as quoted by Adinoto (2013) state that for marketing concepts to be practical, they need to be bridged by operational understanding. Operational understanding, which is the implementation of marketing philosophy, involves implementing market orientation by company management. According to Naver and Slater (1990), a strong market orientation within a company will lead to better offerings and greater customer satisfaction, resulting in increased outcomes from the offerings provided.

From these definitions, it can be concluded that the researcher chooses the definition according to Narver & Slater as in Rosnawintang (2011), where the measure of orientation can be measured through customer orientation, competitor orientation, and inter-functional coordination. This definition contains indicators that are relevant to the research object.

According to Despande, Farley, and Webster (1993), customer orientation is of the highest priority in terms of providing superior value to customers, and in the conducted research, considering customer orientation is fundamental for the company. According to Tjiptono et al (2008), customers are the most crucial aspect of a company in determining its customer orientation.

According to Kotler (2009), this is the corporate culture that consistently seeks information about the strategies and products offered by competitors in order to win in competition. Competitor orientation encompasses: (1) responding swiftly to competitor 'attacks', (2) leaders discussing with employees about competitor strengths and strategies to face competition, (3) actively monitoring competitor strategies, (4) enhancing competitive advantage through target consumer focus. According to Kotler (2009), coordination among interconnected functions is demonstrated through disseminating market information to organizational members, as well as involving human resources in marketing and product development activities. Inter-functional coordination includes: (1) sharing consumer information with all functions within the scope of business, (2) ensuring all employees are knowledgeable about market information, (3) contributing to enhancing value for customers, (4) involving employees in new product development.

In the current landscape, numerous products are manufactured and offered by producers to the public, leading to intensified competition in the business world. Amidst this heightened competition, producers are required to generate and develop innovative product ideas that differentiate them from competitors or elevate existing products to become extraordinary in order to attract consumer interest. Product innovation holds significant benefits for company growth and development.

Based on several theories and experts, the definition of Product Innovation can be summarized according to Bukhori (2017) as the implementation of product updates adapted to consumer demands. Innovation is the process of undertaking novel activities that a company has not previously done. An idea that



emerges in the creation of a new product that holds a small size yet significant value. Hence, as per Riyanti (2019), innovation also represents the transformation or creative conversion of ideas into useful applications. According to Tjiptono and Chandra (2012), the product innovation process involves the following stages:

- a. Idea Generation Stage: The process of developing new products begins with searching for ideas or concepts that originate from various sources.
- b. Screening Stage: Intended to eliminate or evaluate new concepts.
- c. Business Analysis: Aims to obtain a comprehensive overview of the financial impact that could arise from introducing the new product.
- d. Development Stage: Several ideas that emerge need to be refined as much as possible, with their concepts tested by the company.
- e. Testing Stage: This stage provides a more detailed assessment of the chances of success for the new product, identifying any final adjustments required for the product, and determining the essential elements of the marketing program used to introduce the new product.
- f. Commercialization Stage: This stage relates to planning and executing the strategy for launching the new product, which involves various components, such as the appropriate timing for product launch, the new product's brand, and coordination with marketing programs that support the introduction of the new product.

Company performance is a commonly used factor to measure the impact of corporate strategies. According to Ferdinand (2000), corporate strategies are always aimed at achieving strong performance in terms of marketing performance and financial performance. Marketing performance is based on profitability, where a company's ability to generate profit is related to sales, total assets, and equity. Thus, profitability represents the net outcome of a series of policies and decisions, and higher profitability signifies better performance (Weston Besley Bringham, 1996).

Marketing performance is a measure of the marketing strategies applied within a company, as stated by Ferdinand (2000). The indicators of marketing performance serve as measurement tools to attain marketing performance outcomes:

- a. Sales Growth
- b. Customer Growth
- c. Profit Growth

Considering the indicators proposed by various experts to measure marketing performance outcomes, the researcher chooses to measure marketing performance according to Ferdinand (2000).

METHOD

In this research, there are three variables used, consisting of:

- a. Independent variables comprising Market Orientation (X1) and Product Innovation (X2)
- b. The dependent variable is Marketing Performance (Y)

The population used in this study is Creative Industry SMEs in Makassar city, engaged in the fields of Fashion, Food and Beverage, Handicraft, Photography, and Film. The sample in this study, which represents the total population, is selected based on characteristics that align with the variables being investigated. To determine the sample size from a population of 5 Creative Industry SMEs, cluster sampling is used, with the following quantities:



Table 1. Cluster Sampling

MSME sector	Employee
Fashion	10
food and beverage	10
Handycrafts	10
Photography	10
Film	10

RESULT AND DISCUSSION

The research findings, as reflected in the previously described data analysis, indicate that there is a significant simultaneous influence of the two independent variables, namely market orientation (X1) and product innovation (X2), on marketing performance (Y) in 5 Creative Industry SMEs in Makassar city. This influence demonstrates a strong relationship, meaning that both independent variables are highly important in enhancing marketing performance.

- a. Influence of Market Orientation on Marketing Performance in 5 Sectors of Creative Industry SMEs in Makassar

Based on the results of partial hypothesis testing (t-test), the market orientation variable (X1) has a significance value of 0.005. This value is smaller than the significance level of 0.05. Hence, it can be concluded that market orientation significantly influences the marketing performance of SMEs, and thus the hypothesis in this research is accepted. The research findings indicate that market orientation significantly affects marketing performance in the 5 sectors of Creative Industry SMEs in Makassar. The partial results show that market orientation significantly influences marketing performance in these sectors. This aligns with the research conducted by Nadya Primanita (2017), where her findings explain that market orientation influences marketing performance in the 5 sectors of Creative Industry SMEs in Makassar.

- b. Influence of Innovation on Marketing Performance in 5 Sectors of Creative Industry SMEs in Makassar

Based on the results of partial hypothesis testing (t-test), the significance value of the Product Innovation variable (X2) is 0.000. This value is smaller than the significance level of 0.05. Therefore, it can be concluded that product innovation significantly influences marketing performance. Consequently, it can be inferred that there is a significant and positive influence between the product innovation variable and marketing performance of Creative Industry SMEs in Makassar, thus the hypothesis in this research is accepted. Based on the presented testing results, supporting theories, and prior research with similar outcomes, it can be concluded that with product innovation, a company can successfully respond to its environment and subsequently develop the capability to achieve competitive advantage, which impacts marketing performance.

Based on the research findings as previously explained, it can be concluded that:

- a. Partial hypothesis testing (t-test) yielded a significant value for the market orientation variable (X1) of 0.005. This value is smaller than the significance level of 0.05. Therefore, it can be inferred that market orientation has a significant influence on the marketing performance of SMEs, and thus the hypothesis in this research is accepted.
- b. Partial hypothesis testing (t-test) yielded a significant value for the Product Innovation variable (X2) of 0.000. This value is smaller than the significance level of 0.05. Therefore, it can be concluded that product innovation significantly influences marketing performance. Hence, it can be inferred that there is a significant and positive influence between the product innovation variable and the marketing performance of Creative Industry SMEs in Makassar, and thus the hypothesis in this research is accepted.



CONCLUSION

The recommendations that the researcher can provide to stakeholders based on the research findings are as follows:

- a. The 5 sectors of SMEs in Makassar should prioritize customer orientation as aspects of customer orientation are considered as control functions in upholding the role and marketing responsibility within the company.
- b. Besides focusing on customers, companies should also pay significant attention to their competitors, as this will support business vigilance.
- c. Companies should develop products that align with customer needs while also efficiently managing product development budgets to avoid losses arising from product development activities.

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