
THE ROLE OF SOCIAL MEDIA MARKETING, PRODUCT INNOVATION AND MARKET ORIENTATION ON MARKETING PERFORMANCE : AN EMPIRICAL STUDY ON SMEs in BANTEN

Hayu Kartika

Universitas Mercu Buana, Jakarta, Indonesia

Corresponding email : hayu_kartika@mercubuana.ac.id

Abstract - The purpose of this study is to analyze the influence of social media marketing, Product Innovation, market orientation on marketing performance. In this study using quantitative methods and data analysis techniques Structural Equation Modeling Equation Modeling using SmartPLS 3.0 software. The sample of respondents selection method used the snowball sampling method. Online questionnaires were sent to respondents as many as 410 SMEs in Banten Province, 390 returned questionnaires and 20 questionnaires did not return. The results of data analysis show that social media marketing has a significant effect on marketing performance, Product Innovation has a significant effect on marketing performance, market orientation has a significant effect on marketing performance.

Keywords: Social Media Marketing, Product Innovation, Marker Orientation, Marketing Performance, SMEs

Introduction

Small and Medium Enterprises in Indonesia are currently an alternative business to improve the welfare of business actors who have low risk and are profitable for creative business actors, because business is cultural preservation that cannot be eroded by product modernization. Before entering marketing in a global market environment, business actors must be able to identify competitors to overcome conflicts and challenges that are constantly changing . In addition, the business must develop products with innovations based on the objectives of business actors in marketing strategies and the successful application of techniques depends on the integration of business actors in marketing capabilities. According to Sanny et al. (2020) marketing strategy is designed to guide a company to use its resources to meet the requirements of target customers and realize marketing goals more efficiently than its competitors, as well as consider marketing strategies with social media support in product development, determining appropriate prices and wider communication in the marketplace. consumer market and communication media in marketing. According to Shaher et al. (2020), Thongsri et al. (2019) in improving the ability in marketing is a marketing strategy, being able to identify consumers and competitors and being able to compete with technology support to be able to market to the market faster than competitors. Entering the era of digitalization, the ability of SMEs to receive support from external parties in training to market products, expertise through the ability to use technology as a process/innovation of traditional food product marketing is very important to apply as a media for selling online, the results are significant. business in business performance is not significant for product development capabilities to a wider market can be more efficient and effective, can also differ results based on the scope of research.

According to Shaher et al. (2020) Technology with social media capabilities in increasing online marketing in several studies with learning orientation, the results were significantly positive with indicators of learning behavior development in view of products, learning in networks in marketing such as technology and learning in individual culture and collaboration. Technology in supporting marketing through social media as business communication as online marketing is more effective and efficient in terms of time and cost in research has indicators of service quality, promotion quality, responsibility in marketing relationships with consumers. According to Kristijono et al. (2020). The low ability to apply technology-based marketing such as social media in the digitalization era is the focus of research because of the great opportunity to get better profits and the development of SMEs can be better, because of the available resources and easy processing. According to the Resources Based View (RBV) theory, marketing is a circle of resources and resource capabilities that are the basis for businesses to get and manage businesses to develop better than competitors in the product market.

Hipotesis Development

The relationship between social media and marketing Performance

Social media theory by According to Kristijono et al. (2020) states that social media will have a positive influence on increasing Marketing Performance. According to research conducted by According to Hurley et al. (1998), Kristijono et al. (2020) stated that an increase in Social media will encourage an increase in the Marketing Performance variable. While the research conducted by According to Affandi et al. (2020), Aji et al. (2020) stated that an increase in the Social media variable will encourage an increase in the Marketing Performance variable. According to research conducted by According to Affandi et al. (2020), Aji et al. (2020), Han et al. (1998), Hurley et al. (1998), Kristijono et al. (2020) states that Social media has a significant influence on the Marketing Performance variable. Based on theoretical studies and previous studies, the following hypotheses are formulated:

Hypothesis 1: There is a positive influence between Social media and Marketing Performance

Relationship between Product Innovation and Marketing Performance

Product Innovation plays a major role in increasing marketing performance, this is in accordance with the statement according to Hurley et al. (1998), Kristijono et al. (2020) that the importance of Product Innovation will affect the effort required and ultimately can be seen from marketing performance. This study also supports research conducted by Hurley et al. (1998), Kristijono et al. (2020) who found that Product Innovation has an effect on marketing performance. Research results According to Affandi et al. (2020), Aji et al. (2020), Han et al. (1998), Hurley et al. (1998), Kristijono et al. (2020) states that Product Innovation has a positive influence on marketing performance. Based on theoretical studies and previous studies, the following hypotheses are formulated:

Hypothesis 2: There is a positive influence between Product Innovation and Marketing Performance

Relationship between Market Orientation and Marketing Performance

This is in accordance with the statement According to Salimi et al. (2019). that Market Orientation is a variable that affects market performance. According to Purwanto et al. (2021), Purwanto et al. (2019), Salimi et al. (2019). explained that Market Orientation is a rational behavior to achieve the required goals in accordance with the expected conditions. Market Orientation is one of the factors that affect employee performance. Research results According to Purwanto et al. (2019), Salimi et al. (2019). shows that Market Orientation has a positive effect on marketing performance. While research According to Nguyen et al. (2015), Purwanto et al. (2021), Purwanto et al. (2021), Purwanto et al. (2019), Salimi et al.

(2019) also shows the same thing that Market Orientation has an effect on marketing performance. Based on theoretical studies and previous studies, the following hypotheses are formulated:
 Hypothesis 3: There is a positive influence between Market Orientation and Marketing Performance

Method

In this study using quantitative methods and data analysis techniques Structural Equation Modeling Equation Modeling using SmartPLS 3.0 software. The sample selection method used the snowball sampling method. Online questionnaires were sent to respondents as many as 410 SMEs in Banten Province, 390 returned questionnaires and 20 questionnaires did not return. Based on theoretical studies and previous studies, the following research model was developed:

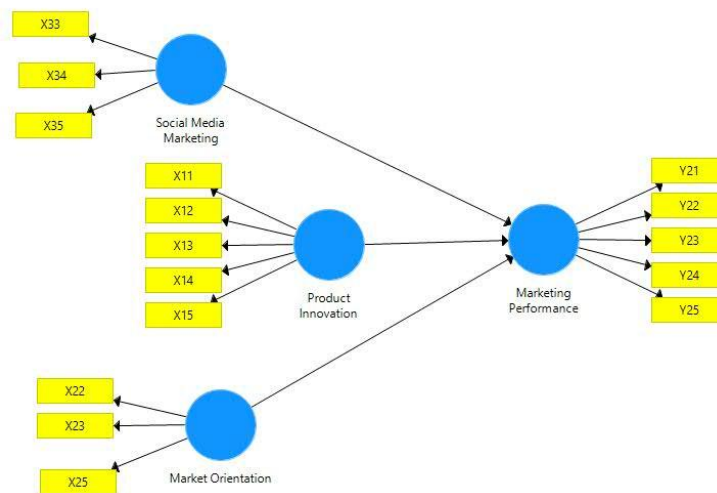


Fig 1. Research Model

In this study there are 10 hypotheses as follows:

- Hypothesis 1: There is a positive influence between Social media and Marketing Performance
- Hypothesis 2: There is a positive influence between Product Innovation and Marketing Performance
- Hypothesis 3: There is a positive influence between Market Orientation and Marketing Performance

Result and Discussion

According to Purwanto et al (2021) reliability is a measure of the internal consistency of indicators of a construct that shows the degree to which each indicator shows a general latent construct. According to Purwanto et al (2020) the reliability requirement is a measure of the stability and consistency of the results (data) at different times. To test the reliability of the construct in this study used the value of composite reliability. A variable is said to meet construct reliability if it has a composite reliability value > 0.7 and Cronbach's Alpha value > 0.6 has a good level of reliability for a variable (Purwanto et al, 2019). The composite reliability value of each indicator can be seen in table 1 below

Table 1. Reliability

Variables	Cronbach's Alpha	Composite Reliability
Social media	0.862	0.935
Product Innovation	0.976	0.948
Market Orientation	0.933	0.829
Marketing Performance	0.898	0.982

In table 1, it can be seen the results of the reliability test analysis using the SmartPLS tool which states that all composite reliability values are greater than 0.7, which means that all variables are reliable and have met the test criteria. Furthermore, the value of cronbach's omission also shows that all cronbach's 'alpa' values are more than 0.6 and this indicates the level of reliability of the variable has also met the criteria.

Convergent Validity

Measurement Measurement can be categorized as having convergent validity if the loading factor value is > 0.7 (Purwanto et al, 2021). Figure 2 shows that all loading factors have a value of > 0.7, so it can be concluded that all indicators have met the criteria for convergent validity, because indicators for all variables have not been eliminated from the model.

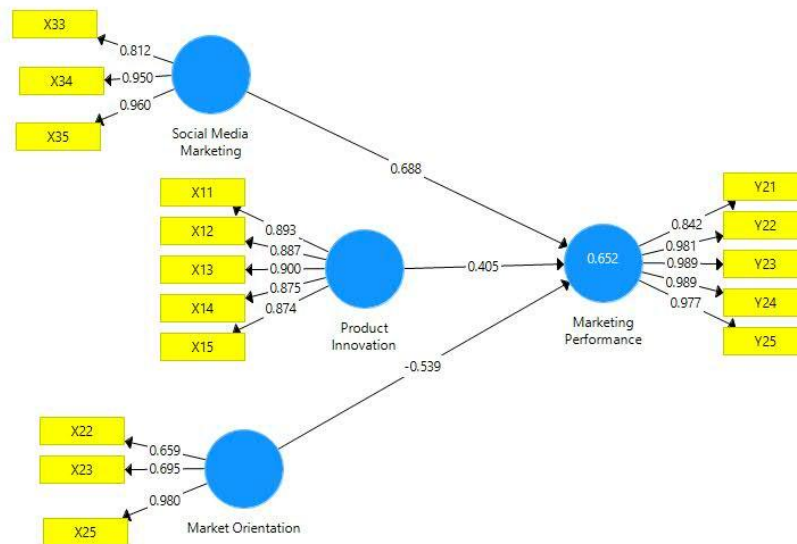


Fig 2. Convergen Validity

2. Discriminant validity

Based on table 2, the AVE value for all variables is > 0.50. So it can be said that the measurement model has been valid with discriminant validity. In addition, discriminant validity was also carried out based on the Fornell Larcker criteria measurement with the construct. If the construct correlation in each indicator is greater than the other constructs, it means that latent constructs can predict indicators better than other constructs (Purwanto et al, 2019).

Table 2 . AVE

Variables	AVE
Social media	0.827
Product Innovation	0.626
Market Orientation	0.918
Marketing Performance	0.916

Structural model (inner model)

The structural model (inner model) is a pattern of research variable relationships. Evaluation of the structural model is by looking at the coefficients between variables and the value of the coefficient of determination (R2). The coefficient of determination (R2) essentially measures how far the model's ability to explain variations in the dependent variable is. In this study, the adjusted r-square value (adjusted R2) is used, because it has more than two independent variables.

Table 3 . R-square adjusted

Variables	r-square adjusted
Marketing Performance	0.652

In table 3 it can be explained that the adjusted R2 value of the independent variables Social media marketing, Product Innovation and market orientation to the dependent variable Marketing Performance is 0.652. This value is categorized as strong. The independent variables Social media, Product Innovation and market orientation contributed to the dependent variable Marketing Performance of 65.2% while the remaining 35.8% was influenced by other variables not discussed in this study.

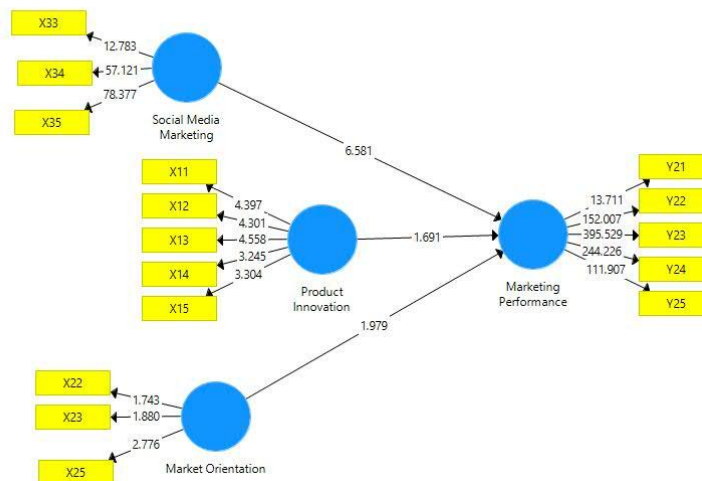


Fig 3. Hypotheses Testing

Hypothesis test

According to Purwanto et al (2021) After a research model is believed to be fit, a hypothesis test can be performed. The next step is to test the hypothesis that has been built in this study. The following are the results of the data test using bootstrapping. Hypothesis testing in this study can be known through regression weight by comparing the p-value with a significance level of 5% ($\alpha=5\%$). The hypothesis is said to be significant if it has a probability value (p-value) < 5%.

Table 4. Hypotheses Testing for Direct Effect

Hypotheses	P - Value	Result
Social media -> Marketing Performance	0.000	Significant
Product Innovation-> Marketing Performance	0.091	Not Significant
Market Orientation -> Marketing Performance	0.048	Significant

Relationship between Social media and Marketing Performance

Based on the results of data analysis using SmartPLS obtained p value $0.000 < 0.050$ so it can be concluded that Social media has a significant effect on Marketing Performance, increasing social media variables will have a significant effect on increasing Marketing Performance variables and decreasing Social media variables will have a significant effect on decreasing Marketing variables. Performance . These results are not in line with the research conducted by According to Nguyen et al. (2015), Purwanto et al. (2021), Purwanto et al. (2021), Purwanto et al. (2019), Salimi et al. (2019). that Social media has a positive and significant effect on Marketing Performance. Marketing with technology media that is easiest to learn and apply by SMEs to expand traditional marketing functions, can be an efficient and effective business opportunity and product development is through social media such as using Facebook. According to Salimi et al. (2019). Digital marketing with social media can concentrate on all traditional marketing which states that marketing is like "interactive marketing", "one-to-one marketing" and "e-marketing" closely related to "digital marketing". According to Nguyen et al. (2015), Purwanto et al. (2021) In this digital era, technological developments occur an evolution in media technology, or people also often call it online media or people are more familiar with calling it the term internet, this media is certainly familiar because nothing has matched the growth in the number of users.

Relationship between Product Innovation and Marketing Performance

Based on the results of data analysis using SmartPLS obtained p value of $0.091 > 0.050$ so it can be concluded that Product Innovation has no significant effect on Marketing Performance, an increase in the Product Innovation variable will have an insignificant effect on increasing the Marketing Performance variable and a decrease in the Product Innovation variable will have a significant effect on the decrease in the variable. Marketing Performance. These results are not in line with the research conducted by According to Affandi et al. (2020), Aji et al. (2020), Han et al. (1998), Hurley et al. (1998), Kristijono et al. (2020) that Product Innovation has a positive and significant impact on Marketing Performance.

According to Hurley et al. (1998), Kristijono et al. (2020) innovation ability is the ability to accept and implement new ideas, processes, products and services and is one of the main resources that drive the company's success in the market. The capability of innovation enables the company to apply the technological innovations needed in order to develop new products and fulfill the needs as well as one of the strategies to survive in the competition. According to Hurley et al. (1998), Kristijono et al. (2020)

Indicators of the innovation ability variable include the constant generation of product ideas, being able to introduce new products or services, being creative in the company's methods, constantly looking for new ways to do things and being a pioneer in the market.

Relationship between Market Orientation and Marketing Performance

Based on the results of data analysis using SmartPLS obtained p value of $0.048 < 0.050$ so it can be concluded that Market Orientation has a significant effect on Marketing Performance, an increase in the Market Orientation variable will have a significant effect on increasing the Marketing Performance variable and a decrease in the Market Orientation variable will have a significant effect on the decrease in the Marketing variable. Performance . These results are not in line with the research conducted by According to Affandi et al. (2020), Aji et al. (2020), Han et al. (1998), Hurley et al. (1998), Kristijono et al. (2020) that Market Orientation has a positive and significant effect on Marketing Performance. Marketing capabilities include the ability to build and differentiate products and services from competitors with product innovation with customer-oriented, competitor-oriented and the capacity to apply knowledge, skills, and coordination of internal resources for market-related business needs. MO can identify the necessary conditions and the basis for business development as marketing capabilities and marketing strategies that are oriented to needs as business opportunities and challenges. MO is defined as market intelligence, the process of creating and offering customer oriented value, further enabling organizations to make better use of resources so that the value of the product can be conveyed properly to consumers and MO can have an important role as a marketing capability in business, because the company market-oriented capabilities have a tendency to develop more useful capabilities conceptualized as antecedents that can improve some of the capabilities of MC in SMEs for the development of old and new products and become an important market-based asset as a strategy in improving direct marketing capabilities or through marketing innovations that can increase marketing ability. According to Hurley et al. (1998), Kristijono et al. (2020) MO and marketing resources as key drivers in the process whereby product development with customer orientation develops a company's ability to identify customers, respond to consumer needs as new product ideas and competitor orientation can be understood as a company-wide effort to understand the market as a key marketing concept organizational success through determination and satisfaction of the needs, wants and target markets of SMEs. According to Affandi et al. (2020), Aji et al. (2020) MO as a business endeavor in a marketing culture can seek to create superior value for the business through customer orientation by focusing on customer needs and long-term profitability, closely related to the business emphasis on creating and maintaining superior customer value while remaining focused on stakeholder interests. other major interests in the market

Conclusion

The results of data analysis show that social media marketing has a significant effect on marketing performance, Product Innovation has a significant effect on marketing performance, market orientation has a significant effect on marketing performance SMEs . Social Media has a significant positive result in improving marketing capabilities as a marketing medium (development of product sales, expanding market networks, marketing communications) as a SME business strategy for sales that requires creativity with a wider/open knowledge of information and being able to see a change in the marketing system for sales ideas such as utilizing audio-visual social media with ease of communication, appropriate pricing and more effective and efficient service quality. Significant and positive Market Orientation in improving marketing capabilities in SMEs can excel based on research results can be a

reference for business actors to identify consumers and competitors with interfirm coordination in business, making it easier for business actors to see product segments and expand markets. This research in the literature on the application of technology as a marketing strategy in small businesses is mostly taken from international articles, because there are still limited SME research related to the application of technology in the country. This limitation can be a reference/suggestion for further research in enriching research on the capabilities and knowledge of SMEs supported by social media and adding results to knowledge in other SME sectors as marketing capabilities for business actors. The critical success factor in the product life cycle can survive in small and medium businesses is that learning orientation cannot directly affect marketing ability, this can be influenced by the limitations of business actors in developing business related to regulations or policies of external parties and can be a reference in future research .

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