

The Effects of Digital Marketing, Entrepreneurship Orientation, and Product Innovation on Competitive Advantage and Its Impact on the Marketing Performance of Talas Bolu Sangkuriang in Bogor City

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Abstract

This research aims to investigate the effects of digital marketing, entrepreneurship orientation, and product innovation on competitive advantage and its impact on marketing performance of Talas Bolu Sangkuriang in Bogor city. Specifically, we focus on an analysis that improves the marketing performance and competitive advantage of Talas Bolu Sangkuriang in Bogor City. We utilize the Purposive Sampling technique, with as many as 100 respondents using a proportional random sample. The analytical method used is statistical-partial least squares using the SmartPLS 3.0 software analysis tool. The results showed that digital marketing had a positive and significant effect on competitive advantage. Similarly, product innovation generated a positive and significant result on competitive advantage. Meanwhile, entrepreneurial orientation produced an insignificant effect on competitive advantage. Similarly, digital marketing, entrepreneurial orientation, and product innovation had an insignificant effect on marketing performance. However, competitive advantage showed a positive and significant effect on marketing performance.

Keywords

digital marketing;
entrepreneurship innovation;
product innovation; competitive
advantage; marketing
performance



I. Introduction

The use of the internet will show the ease in promoting, transacting, reducing costs, and accelerating the transaction process. The internet used as a business strategy is commonly referred to as digital marketing. Some companies feel that digital marketing is more profitable than traditional marketing, so some companies are starting to switch to digital marketing. The use of digital marketing has several advantages. It can be done any time, is easy to transact, can be worldwide, and is economical in promotional activities (Amir et al., 2020).

The results of Amir et al. (2020) show the influence of digital marketing from the interaction between customers and entrepreneurs on the performance of flower traders in Sidomulyo Village, Batu City. The test results from the performance of flower traders, the value of T Statistics are all greater than 1.96. It means there is a positive influence on the existence of digital marketing on flowers in Sidomulyo Village, Batu City.

Entrepreneurial orientation emphasizes the spirit to create business innovation as a refresher from business bottlenecks, which often accompanies the initial steps of the invention (Rahmadi et al., 2020). The study concluded that market orientation and entrepreneurial orientation have a positive and significant effect on competitive advantage and marketing performance. Better market orientation and entrepreneurial orientation will

increase competitive advantage and marketing performance. Competitive advantage has a positive and significant effect on marketing performance (Rahmadi et al., 2020).

Based on the results of data analysis and discussion, it can be concluded that partially market orientation and entrepreneurial orientation have a positive effect, with the highest or dominant value being market orientation. Meanwhile, innovation has a negative effect on competitive advantage. Simultaneously market orientation, innovation, and entrepreneurial orientation together affect competitive advantage. It is terrific by increasing market orientation and entrepreneurial orientation, the company's competitive advantage will also increase. Therefore, the variables of market orientation and entrepreneurial orientation are constantly improved (Zuhdi et al., 2021).

The ability to increase creativity in finding new and unique ideas is needed to compete globally. Competitive advantage indicates that the firm acts better than competitors in the same respect. The invention in product innovation must be carried out continuously by consumer needs. The success of the creative industry in developing market-oriented products, creativity, and innovation is expected to create a competitive advantage. Innovation can be a critical success factor in achieving sustainable competitive advantage. The changing business environment encourages intense competition between companies in the global market (Zuhdi et al., 2021).

II. Review of Literature

2.1 Marketing

According to Kotler et al. (2016) Marketing is concerned with identifying and meeting the various needs of humans and society. In short, marketing is "meeting needs profitably," meaning that marketing is an activity to meet needs profitably.

2.2 Digital Marketing

Digital marketing is one of the efforts of a business/business to introduce products or services to the public or potential consumers via the internet, which usually conveys information in the form of exciting videos or photos, including using social media, websites, YouTube, e-commerce.

Digital marketing has several indicators, including:

1. The level of sales promotion. The level of sales promotion is an attempt to encourage the products or services they have. In conducting sales promotions, the company motivates consumers to increase customer satisfaction, such as special prices on certain events.
2. Public relation. Public relations constitute the existence of a good relationship between the company and the surrounding community. The company builds relationships to get positive opinions from various company publics to improve optimal performance and productivity.

2.3 Entrepreneurship Orientation

Entrepreneurial orientation plays a vital role in improving business performance. Miller & Friesen (1982), revealed that entrepreneurial orientation becomes an acceptable meaning to explain business performance. There are indicators of entrepreneurial orientation (Miller & Friesen, 1982):

1. Innovation is the willingness to introduce a style or something new through a process of creativity and experimentation aimed at developing new products and processes (Dess & Lumpkin, 2005).

2. Proactivity is a characteristic of a forward-looking perspective and foresight to anticipate demand and look for future opportunities (Dess & Lumpkin, 2005).
3. Courage to take risks is taking decisive action by exploring the unknown, borrowing large amounts, or allocating funds for businesses in an uncertain environment (Dess & Lumpkin, 2005).

2.4 Product Innovation

According to Hamzah (2018), product innovation is any activity that cannot be produced with just one trial but is a long and cumulative process. It covers a wide range of decision-making processes, from idea discovery to implementation in the marketplace.

Product innovation indicators are as follows:

1. Develop new products with totally different techniques from before
2. Develop products with raw materials that are different from before
3. Modify existing products
4. Modify existing raw materials

2.5 Competitive Advantage

Bharadwaj et al. (1993) explain that competitive advantage results from implementing strategies that utilize various resources owned by the company. Measurement of competitive advantage indicators is based on Bharadwaj et al. (1993), which are unique, competitively priced, rarely found, not easy to imitate, not easy to replace.

2.6 Marketing Performance

Performance is a fairly broad concept, and changes are meaningful according to the perspective and needs of users (Alrubaiee, 2013). Ferdinand (2000) states that marketing performance is a factor that is often used to measure the impact of the strategy implemented by the company. Business performance measurement indicators used in this study are the following: 1. Profit growth; 2. Growth in the number of customers; 3. Sales; and 4. Growth in total assets (Feranita & Setiawan, 2019).

2.7 Conceptual Framework

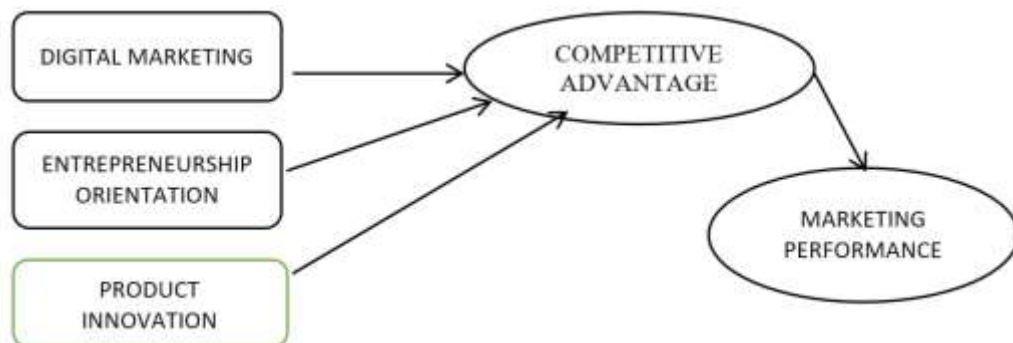


Figure 1. Conceptual Framework

2.8 Hypothesis

The hypotheses in this study include:

- H1. There is a significant effect of digital marketing on competitive advantage
- H2. There is a significant effect of entrepreneurial orientation on competitive advantage
- H3. There is a significant effect of product innovation on competitive advantage
- H4. There is a significant effect of digital marketing on marketing performance
- H5. There is a significant effect of entrepreneurial orientation on marketing performance
- H6. There is a significant effect of product innovation on marketing performance
- H7. There is a significant effect of competitive advantage on marketing performance

III. Research Method

The population used is consumers who buy Bolu Talas Bogor, and the sample in this study was 100 people. For the current research, the researcher uses a purposive sampling technique which is a non-probability sampling technique where the opportunity for each individual to become a sampling is not the same. Questionnaires will be given to customers of culinary products, in this case, who are considered Millennials.

According to Ferdinand (2014), data analysis was carried out for presenting empirical findings in the form of descriptive statistical data that explained the characteristics of respondents. Primarily about research variables used in hypothesis testing and inferential statistical analysis used to test research hypotheses proposed, and on that basis, a conclusion is drawn. The data analysis method used is the descriptive analysis method, and the researcher uses the Structural Equation Modeling (SEM) technique using SmartPLS 3.0 software for Windows.

IV. Results and Discussion

4.1 Inner Model Evaluation

The evaluation of the inner model in the partial least square analysis is carried out to determine the suitability of the structural model that has been prepared. The evaluation of the inner model will describe the value of R-squared (R^2) and test the research hypothesis.

a. R-square

Based on data processing with PLS, the value of the coefficient of determination (R^2) is generated in Table 1.

Variable	R-Square
Competitive Advantage	0.510
Marketing Performance	0.718

Source: Data processed, SmartPLS3.0

The R-squared is used to determine the goodness of fit model of the effect of exogenous variables on endogenous variables, where the higher the R-squared value, the more significant the effect will be (Ferdinand, 2000). It is known that the R-squared value for the competitive advantage variable is 0.510, which means that digital marketing, entrepreneurial orientation, and product innovation can explain 51% competitive advantage. For the R-squared value of the marketing performance variable, a value of

0.718 is obtained, which means that digital marketing, entrepreneurial orientation, and product innovation can explain marketing performance of 71.8%.

The measure of goodness of the PLS structural model is known from the value of Q^2 generated by the model and also its parameter estimates. The higher Q^2 , the model can be said to be more fit with the data (Ferdinand, 2000). The following is the calculation of Q^2 on the structural model:

$$\begin{aligned} Q^2 &= 1 - (1-R_1) (1-R_2) \\ &= 1 - (1-0.510) (1-0.718) \\ &= 1 - (0.138) \\ Q^2 &= 0.862 \end{aligned}$$

Based on the calculation results obtained the value, that the value of Q^2 is 86.2%. The value of Q^2 shows that the preparation of the PLS model has explained 86.2% of the diversity of competitive advantage and marketing performance.

b. Inner Weight

Evaluation of the inner weight is used to see the magnitude of the influence on each path of the structural model, where the values obtained are the bootstrapping results from the existing sample. Evaluation of the inner weight is used to see the magnitude of the influence on each path of the structural model, where the values obtained are the bootstrapping results from the existing sample.

Table 2. Influence Between Variables in Structural Equations & Hypothesis Testing

Hypothesis	Relations	Original Sample	t Statistics	p-value	Results
H ₁	Digital marketing → Competitive advantage	0.186	1.976	0.049	Accepted
H ₂	Entrepreneurial orientation → Competitive advantage	0.083	0.817	0.414	Rejected
H ₃	Product Innovation → Competitive advantage	0.508	6.376	0.000	Accepted
H ₄	Digital marketing → Marketing performance	0.107	0.958	0.339	Rejected
H ₅	Entrepreneurial orientation → Marketing performance	-0.032	0.169	0.866	Rejected
H ₆	Product innovation → Marketing performance	0.045	0.291	0.771	Rejected
H ₇	Competitive advantage → Marketing performance	0.347	2.339	0.020	Accepted

4.2 Discussion

1. Digital marketing for competitive advantage

The study results indicate that there is a significant and significant effect of digital marketing on competitive advantage. Digital marketing affects competitive advantage in MSMEs in Bojong Rangkas Village, Bogor Regency (Zuhdi et al., 2021).

2. Entrepreneurial orientation towards competitive advantage

The results showed that entrepreneurial orientation had a positive but not significant effect on competitive advantage. Based on the study results, it was concluded that market orientation had a positive and significant effect on competitive advantage (Dewi, 2019).

3. Product innovation for competitive advantage

The results showed that product innovation had a positive and significant effect on competitive advantage. Product innovation has a positive and significant impact on competitive advantage (Dewi, 2019). Meanwhile, innovation activities, both product innovation, process innovation, marketing innovation, and organizational innovation carried out by Bakso companies in Tasikmalaya City, do not affect competitive advantage (Bahren et al., 2018).

4. Digital marketing on marketing performance

The results showed a significant and significant effect of price perception on digital marketing performance from the interaction between customers and entrepreneurs on the performance of flower traders in Sidomulyo Village (Amir et al., 2020).

5. Entrepreneurial orientation towards marketing performance

The results showed that entrepreneurial orientation had a positive but not significant effect on marketing performance. Based on the study results, it was concluded that entrepreneurial orientation had a positive and significant effect on marketing performance (Dewi, 2019).

6. Product innovation on marketing performance

The results showed that product innovation had a positive but not significant effect on competitive advantage. Product innovation has a positive and significant effect on marketing performance (Dewi, 2019).

7. Competitive advantage on marketing performance

The results show that competitive advantage has a positive and significant effect on competitive advantage. The competitive advantage of the Bakso company in Tasikmalaya City has no effect on the company's performance (Bahren et al., 2018).

V. Conclusion

The conclusions in this study are:

1. Digital marketing for competitive advantage

The study results indicate that there is a significant and significant effect of digital marketing on competitive advantage.

2. Entrepreneurial orientation towards competitive advantage

The results showed that entrepreneurial orientation had a positive but not significant effect on competitive advantage.

3. Product innovation for competitive advantage

The results showed that product innovation had a positive and significant effect on competitive advantage.

4. Digital marketing on marketing performance

The results showed that there was a significant effect of price perception on marketing performance.

5. Entrepreneurial orientation towards marketing performance

The results showed that entrepreneurial orientation had a positive but not significant effect on marketing performance.

6. Product innovation on marketing performance

The results showed that product innovation had a positive but not significant effect on competitive advantage.

7. Competitive advantage on marketing performance

The results show that competitive advantage has a positive and significant effect on competitive advantage.

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