

Role of Competitive Advantage in Mediating the Effect of Market Orientation on Marketing Performance of Small Medium Enterprise (SME): Study on the Gold and Silver Jewelry Craft Industry in Singapadu Village, Gianyar, Indonesia

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ABSTRACT

Marketing “performance is sales growth based on the extent to which the company can maintain or add new customers. Companies or business owners must develop the products they offer to compete in the market, considering the increasing number of competitors with similar products and different levels of quality and excellence. This study aims to explain the role of competitive advantage in mediating the effect of market orientation on marketing performance. This research was conducted on small and medium enterprises (SMEs) crafting gold and silver jewelry located in Singapadu village, Gianyar district. The number of samples used was 64 SMEs. Collecting data using questionnaires and interviews, data were analyzed using the path analysis method. The study results can be concluded that market orientation has a positive and significant effect on marketing performance. market orientation has a positive and significant impact on competitive advantage. Competitive advantage has a positive and significant effect on marketing performance. Competitive advantage can mediate the impact of market orientation on the marketing performance of gold and silver jewelry handicraft SMEs in Singapadu village.

Keywords: Competitive Advantage, Market Orientation, Marketing Performance, SME.

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I. INTRODUCTION

The current Covid-19 pandemic has had an impact on almost all industrial sectors. What's more, the imposition of restrictions on community activities directly has a big impact on the whole community and also on developments in the field of business and business. This of course results in increasingly fierce competition between business owners and impacts the company's marketing performance which decreases. Not only large companies but also small and medium enterprises (SMEs) so that business owners are required to be more aggressive in managing their businesses (Vasconcelos & Oliveria, 2018).

Marketing performance is sales growth based on the extent to which the company can maintain existing customers or add new customers (Juliana & Kusuma, 2017). Marketing performance can be measured from data on sales levels, increased revenue, and the number of customers, or other data that describes the extent to which the success of marketing a product or service from a company (Akdoğan & Durak, 2016). Marketing performance is successful if the sales data shows that the number of product sales has increased, the number of customers has increased, income has increased, the market has become wider, and the product has become

increasingly known to consumers or the public. In the competition between producers, companies that can increase the company achievements both in terms of total revenue and the number of customers indicate that the performance of the company has been going well. However, if marketing performance decreases, income and expenses will become unbalanced and will result in the bankruptcy of the company (Dahana *et al.*, 2021). Apart from the intense competition amid this pandemic and the increasing scrutiny of customers, other possibilities that have caused a decline in marketing performance are companies that may be less adaptable to changing needs and trends, lack of market orientation, and lack of innovations in the products offered. To be able to maintain this marketing performance, companies must be able to adapt to changing trends by understanding market needs and orientation (Duwalang & Santika, 2020).

The process of implementing market orientation can be started by paying attention to customer needs or interests over a certain period. If a customer has a need or interest in a new type of item, the company must optimize the production of goods with these criteria as much as possible and minimize the production of goods that are no longer in demand or are no longer selling well in the market (Alhakimi & Mahmoud, 2020). Companies or business owners must develop the

products they offer to compete in the market, considering the increasing number of competitors with similar products and different levels of quality and excellence (Yaskun & Sudarmiatin, 2021). Competition is also becoming more competitive because buyers are becoming more careful and critical in choosing and comparing one product to another (Bhegawati & Yuliastuti, 2019).

In Bali, SMEs are scattered throughout the districts, and each district generally has an SME which is the hallmark of that area. such as in Gianyar which is famous for its arts and culture area where there are many SMEs related to arts such as silver jewelry crafting in the Celuk area. Not only that, adjacent to Celuk there is an area that is also known for its gold and silver crafts, namely an area called Singapadu. In the village of Singapadu, almost every Banjar (hamlet) has a gold and silver jewelry craft SME.

There are 64 gold and silver jewelry SMEs in Singapadu village that has been registered with the Gianyar Regency Industry and Trade Service. This made the silver and gold craftsmen in Celuk Village formulate a strategy to outperform the business competition. Currently, several gold and silver jewelry SMEs in the Gianyar district are facing several problems impacting their marketing performance. SME amid this pandemic situation, is experiencing problems with declining sales turnover due to low pricing competence and does not yet have a company profile. Other gold and silver jewelry SME owners in the Gianyar district, such as Putu Sudiadnyani, said that to develop their business and expand their wings, it is important to make crafts with distinctive and original designs and always make something different from competitors. Another SME owner, I Nyoman Rupadana, said that the decline in the accessories and jewelry market forced him to expand by producing other products that were still made of silver, so he tried to innovate by starting to produce pens made of silver (Yuesti *et al.*, 2021).

In addition, to survive amid a pandemic, the Chairperson of the Bali Regional National Crafts Council, is to apply two strategies. The first strategy is to manage the regularity of production by maintaining a limited design (limited edition). The second strategy is that craftsmen must be able to preserve their work and creativity in producing unique works with increased quality.

Based on these data, it seems that the problem of decreasing sales turnover which has an impact on marketing performance can be overcome by understanding and implementing a market orientation on how the situation and customer needs are so that they can adjust prices and enter new markets. By knowing the needs of customers, the company will stand out and remain superior in the eyes of customers.

II. LITERATURE REVIEW

A. Market Orientation

Market oriented companies will focus on understanding current customer wants and needs and future and focuses on understanding its competitors' short-term strengths and weaknesses, their long-term capabilities, and their competitors' current and future strategies (Sukartini *et al.*, 2019). Market orientation is present or future customer needs

related to gathering market surveillance, as well as building commitment to all parts of the company that will serve buyers in market information (Ichwan & Nursyamsiah, 2018).

B. Competitive Advantage

Competitive advantage is the company's ability to offer benefits that are different from competitors. the notion of competitive advantage has two different but interrelated meanings. The first definition emphasizes superiority in terms of the superiority of the company's resources and expertise. Companies that have marketing, manufacturing, and innovation competencies can use these resources to achieve a competitive advantage (Nuryakin, 2018). Competitive advantage is a sustainable competitive advantage, meaning the ability of an organization to learn faster than its competitors. Competitive advantage is a unique position that the company develops in facing competitors, and maybe the company can outperform them consistently (Kuncoro & Suriani, 2018).

C. Marketing Performance

Marketing performance can be measured from data on sales levels, increased revenue, and several customers, or from other data that illustrates the extent to which the success of marketing a product or service from a company (Salim *et al.*, 2020). The success of marketing performance is determined by how the company manages its products and anticipates competition with its competitors. Marketing performance is successful if the sales data shows that the number of product sales has increased, the number of customers has increased, income has increased, the market has become wider, and the product has become increasingly known to consumers or the public (Soekotjo *et al.*, 2021). Marketing performance is sales growth based on the extent to which the company can maintain existing customers or add new customers (Juliana & Kusuma, 2017). Marketing performance is an important element for every company to measure the results of implementing the strategy that has been set by the company to determine marketing achievements through sales volume, sales growth rate, and company profit (Primanita, 2017). Given the globalization era with many advances in science and technology today, as well as increasingly intense competition between businesspeople, companies need to pay attention to and monitor their company's marketing performance and try to implement effective strategies to be successful. To see the level of success of a company's marketing performance, several indicators can be considered (Tristianito & Pandjaitan, 2020).

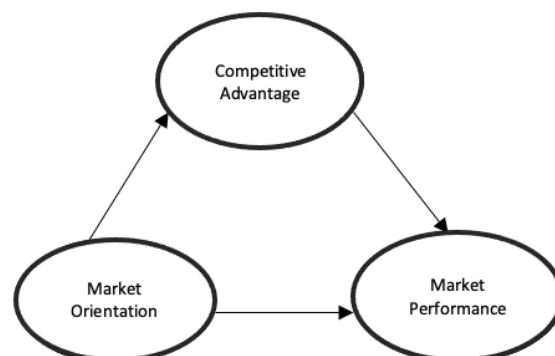


Fig 1. Conceptual Framework.

The Conceptual Framework shown in Fig 1. Following Fig. 1, hypothesis can be formulated as follows;

- H1: "Market orientation has a positive and significant effect on marketing performance."
- H2: "Market orientation has a positive and significant effect on competitive advantage"
- H3: "Competitive advantage has a positive and significant effect on marketing performance"
- H4: "Competitive advantage significantly mediates the effect of market orientation on marketing performance"

III. RESEARCH METHOD

This research is classified into the type of associative research, that is, research that has the aim of finding out the effect of two or more variables. This research was conducted on small and medium enterprises (SMEs) crafting gold and silver jewelry located in Singapadu village, Gianyar district. The reason for choosing this location is because Singapadu village is already known as a village with gold and silver jewelry crafts, where most of the residents work as gold and silver jewelry craftsmen. The indicators to measure the variable can be seen on Table I.

TABLE I: RESEARCH VARIABLE INDICATORS

	1. Customer Orientation 2. Competitor Orientation 3. Inter-functional Coordination	Tulenan <i>et al.</i> (2016)
Market Orientation		
	1. Price Quality 2. Product Quality 3. Product Uniqueness	Aprizal (2018)
Competitive Advantage		
	1. Sales Growth 2. Customer Growth 3. Profit Growth	Primanita (2017)
Marketing Performance		

This study uses saturated sampling, with 64 people as a sample. Data collection in this study used primary sources through a survey using a Google form questionnaire. The data analysis technique used are path analysis and sobel test.

IV. RESULTS AND DISCUSSION

A. Respondents' Characteristics

Respondents with male gender were 56 people or 87.5 percent and respondents' female gender was 8 people or 12.5 percent. The second characteristic is age, 32 respondents (50 percent) aged 41-50 years dominate more among the others. The third characteristic is the level of education, respondents with a high school degree are 38 people or 59.4 percent, are more dominant among the others.

B. Description of Research Variables

Distribution of respondents' answers to market orientation with the highest score of 4.17 for the statement "I understand what the customer needs" and the lowest scores of 3.88 for the statement "I seek information about competitor activities". The average value for the market orientation variable is 4.07 meaning that small and medium businesses in gold and silver jewelry in Singapadu village have a high market orientation by always trying to understand customer

needs and involve all members to contribute to advancing the company.

Distribution of respondents' answers to competitive advantage with the highest scores of 4.25 in the statement "The price offered is by the product quality and can compete in the market" and the lowest scores of 3.66 in the statement "The product offered is by the needs or wants of consumers. The average value for the competitive advantage variable is 3.89, meaning that small and medium enterprises (SMEs) crafting gold and silver jewelry in Singapadu village have a highly competitive advantage.

Distribution of respondents' answers to marketing performance with the highest scores of 4.23 in the statement "The profitability of my business has increased in the last 3 years" and the lowest scores is 4.06 in the statement "The number of sales of my business has increased in the last 3 years". The total scores for the marketing performance variable are 4.15, meaning that the marketing performance of small and medium enterprises (SMEs) of gold and silver jewelry crafts in Singapadu village is currently classified as high.

C. Path Analysis and Sobel Test

Based on Table II, the effect of market orientation (X) on marketing performance (Y) is 0.568 with a sig.t value ratio of 0.000 greater than the significant value used (0.000 > 0.05). This figure shows that market orientation has a significant positive effect on marketing performance in small and medium enterprises (SMEs) of gold and silver jewelry crafts in Singapadu village. This means that the level of market orientation has a significant effect on the marketing performance of gold and silver jewelry craft SMEs in Singapadu village. In this study, it can be explained that gold and silver jewelry craft SMEs in Singapadu village have tried hard to improve their market orientation and are supported by their already high marketing performance. These results supported by Herman *et al.* (2018), market orientation had a positive and significant effect on the marketing performance of SMEs in the city of Batam. These results also support the research of Harjadi *et al.* (2020) where market orientation is also said to have a positive and significant influence on the marketing performance of food SMEs in the city of Kuningan, West Java.

TABLE II: TEST RESULTS

Model	Unstandardized Coefficients		Standardized Coefficients		t	Sig.
	B	Std. Error	Beta			
1	(Constant)	5.849	0.995	-	5.877	0.000
	Market orientation	0.558	0.080	0.663	6.971	0.000
Dependent Variable: Competitive advantage R square: 0,439 Sig.F: 0,000						
2	(Constant)	2.429	0.919	-	2.643	0.010
	Market orientation	0.564	0.116	0.568	4.876	0.000
	Competitive advantage	0.269	0.107	0.293	2.512	0.015
Dependent Variable: marketing performance R Square: 0,666 Sig.F: 0,000 R2m = 0.813 Z = 2.583						

The effect of market orientation (X) on competitive advantage (M) is 0.663 with a sig.t value of 0.000 less than the significant value used (0.000 < 0.05). This figure shows that market orientation has a positive and significant effect on the competitive advantage of small and medium enterprises (SMEs) in gold and silver jewelry crafts in Singapadu village. This means that the more a business understands the market orientation it wants to reach, the superior the company will be in competing in the market. In this study, it can be explained that gold and silver jewelry craft SMEs in Singapadu village have a high market orientation followed by a highly competitive advantage. This is evidenced by the results of the average score of respondents' answers on the market orientation variable which is relatively high where gold and silver jewelry craft SMEs in Singapadu village always try to understand customer needs and involve all members to contribute to advancing the company. This is supported by the average answer score of the competitive advantage variable which is included in the high category and the price offered is by the product quality and being able to compete in the market. These results supported by Aristiyo & Murwatiningsih (2018), market orientation has a positive and significant effect on competitive advantage.

The effect of competitive advantage on marketing performance (Y) is 0.293 with a sig.t value of 0.015 which is smaller than the significant value used (0.015 < 0.05). This figure shows that competitive advantage has a positive and significant effect on marketing performance in small and medium enterprises (SMEs) crafting gold and silver jewelry in Singapadu village. This means that the level of competitive advantage exercised by the company has had a significant effect on the marketing performance of gold and silver jewelry craft SMEs in Singapadu village in the last 3 years. In this study, it can be explained that gold and silver jewelry craft SMEs in Singapadu village have tried hard to continue to innovate to create new products and followed by their maximum marketing performance. These results supported by Oktavinus *et al.* (2019) show that competitive advantage has a positive and significant effect on the marketing performance

$Z = 0.2,583 > 1.96$, which means that the competitive advantage variable is declared capable of mediating the relationship between market orientation and the marketing performance of small and medium enterprises (SMEs) of gold and silver jewelry crafts in Singapadu village. This means that the high or low competitiveness of a product by research and target market orientation has been able to improve the marketing performance of gold and silver jewelry craft SMEs in Singapadu village in the last 3 years. These results supported by Aristiyo and Murwatiningsih (2018), competitive advantage mediates the indirect effect of market orientation on the marketing performance of SMEs

D. Research Implications

This research has been able to explain the theoretical model used as the basis for preparing the hypothesis, namely the role of competitive advantage in mediating the effect of market orientation on marketing performance. The results of the theoretical model explain that the factors that influence marketing performance are competitive advantage and market orientation. This research raises practical implications

for small and medium enterprises (SMEs) in gold and silver jewelry crafts in Singapadu village and other companies so they can use this research as a learning reference.

E. Research Limitations

The number of respondents was only 64 owners of small and medium enterprises (SMEs) crafting gold and silver jewelry in Singapadu village, so the results of this study cannot be generalized to other corporate environments. A pandemic situation makes it difficult to collect respondents due to strict health protocols. Other variables can affect marketing performance beyond the model described in this study.

V. CONCLUSION

Market orientation has a significant positive effect on marketing performance in small and medium enterprises (SMEs) of gold and silver jewelry crafts in Singapadu village. This means that the clearer the market orientation of a product, the marketing performance will increase. Market orientation has a positive and significant effect on the competitive advantage of small and medium enterprises (SMEs) in gold and silver jewelry crafts in Singapadu village. This means that the more a business understands the market orientation it wants to reach, the more competitive the product will be. Competitive advantage has a significant positive effect on marketing performance in small and medium enterprises (SMEs) of gold and silver jewelry crafts in Singapadu village. This means that the superior the competitiveness of a product, the marketing performance will increase. Competitive advantage mediates the relationship between market orientation and marketing performance of small and medium enterprises (SMEs) of gold and silver jewelry crafts in Singapadu village. This means that the more a business understands the market orientation it wants to reach, the more superior the products offered will be in competition and the marketing performance will also increase.

Gold and silver jewelry craft SMEs in Singapadu village should reach out or promote more actively to community groups who already have sufficient income to buy gold and silver jewelry or people whose income has not been affected by the pandemic. Always try to follow market trends and update products with old designs to make them more modern and attractive to consumers while still maintaining the quality of the products offered. Remain aware and pay attention to market conditions, not only consumers and the products offered, but also competitors with similar businesses so as not to be left behind.

For future researchers, it is necessary to consider examining variables, factors, and other indicators beyond market orientation and competitive advantage to determine marketing performance. Such as price discount variables, social media marketing, brand image, celebrity endorsers, and others.

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