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The Influence of Marketing Mix, Market Orientation and Product Innovation on Marketing Performance and Implication towards the Competitive Advantage Small and Medium Industry of Bangkanese Traditional Snacks in Pangkalpinang City, Indonesia

Nelly Astuti, SE. MM

Lecturer, STIE-IBEK Pangkalpinang, Indonesia

Abstract:

This research is intended to analyze the influences of Small and Medium industries on their Marketing Mix, Market Orientation, and Product Innovations on marketing performance and implication toward the competitive advantage Small and Medium Industry of Bangkanese Traditional Snacks in Pangkalpinang City.

The research method applied a survey of Quantitative Descriptive Research and Explanatory research. The sampling method technically used proportional stratified random sampling from 61 respondents. Partial Least Square was used to test the hypothesis with simultaneous Testing (F-Test) and Partial Testing (T-Test). Those tests were taken to find out the influence of the independent variables od dependent variables in the confidence level of 95% ($\alpha=0.05$).

The results showed that the marketing mix has a direct relationship, significant and positive and the greatest influence on marketing performance of 0.278, market orientation has a direct relationship, significant and positive and the second influence on marketing performance of 0.261 and product innovation has a direct relationship, significant and positive and third influence on marketing performance of 0.231. While marketing performance has a direct relationship, significant and positive to the competitive advantage of 0.487.

The result of the analysis shows that: Marketing Mix, Market Orientation, and Product Innovations have significant influences to the Marketing Performance and Competitive advantage of Bangkanese Traditional snack Industry in Pangkalpinang. The result of T-Test (partially): Marketing Mix, Market Orientation, Product Innovations, donated significant influences to Marketing Performance and Competitive advantage in the value of F Calculate = 12,614 and F Table = 2,76.

Keyword: Marketing mix, market orientation, and product innovations, marketing performance and competitive advantage

1. Introduction

ASEAN Economic Community (AEC) is a form of single market in the South East region to increase the competitiveness of ASEAN countries, to compete with China and India and to fascinate foreign investments. Foreign investments in this sector are needed to enhance job opportunities and prosperous. Indonesia occupies the first total population of ASEAN region and becomes the largest and promising target consumers. Noticing the opportunity of the total population that would become the active consumers in our own country as the prominent asset in promoting country's economy by being fond of handmade products and appreciating Indonesian's masterpieces. With the presence of AEC, it is the struggle point of Micro Small and Medium Enterprises (MSME) and people's economy is included as the doers of Small and Medium-Sized Enterprises (SME). Several trading easiness between countries such as import duty exemption and bureaucracy easiness would induce increasing commodity import to ASEAN countries. The trading climate would not only dominated by ASEAN countries but also needs to be considered the presence of China with its high competitiveness products perceived by its prices and technology contents. In the enforcement of AEC, Indonesia is demanded to encompass high competitiveness domestic products so that it does not only become neighboring countries market.

Bangka Belitung is one of the provinces which is favored with its attractive tourism destinations. It has seven districts/city, one of them is Pangkalpinang. Pangkalpinang city is one of the autonomous regions in Bangka Belitung province with its area of $\pm 118,408$ km² which consists of seven sub-districts and forty-two urban villages with the population of 180.250 and the population density of 1.955/km². Pangkalpinang is the central government which is located in Bukit Intan, also as central to the provincial government center and vertical institutions at Air Itam urban village. The central office of PT.

Timah Tbk is also here. Pangkalpinang is the business center of trades and commerces in Bangka Belitung. One of the ways to expand economic area which could be accomplished by the government of Pangkalpinang is to boost beach tourism destinations in Bangka Belitung. Pangkalpinang becomes the stopover place of visitors to purchase traditional snacks of Bangka Belitung. Placing SMEs at strategies positions to fasten structural changes in intensifying people's living standard, and as the place of business doings together with producers and consumers.

No	Sub-districts	Industries	Labors	Production Values
1	Bukit Intan	215	1.692	108.892.820
2	Gabek	156	615	41.992.406
3	Gerunggang	164	609	31.254.965
4	Girimaya	87	372	25.863.316
5	Pangkal Balam	162	556	91.255.748
6	Rangkui	235	754	38.880.345
7	Taman Sari	187	644	31.148.518
	Total	1.206	5.242	369.288.118

Table 1: Industry Spread, Labors, and Production Values of Pangkalpinang City

The expansion of SME is a strategic step in enhancing and strengthening the basic value of economic life, especially in the provision of job opportunities, diminishing gaps and poverty, leveling incomes, and increasing competitiveness and national economic resilience. One of the sectors that could become future support and still retain expansion prospect is food and beverage industries. Based on data industry updating of Pangkalpinang in 2013, food industry takes up the highest rank of industrial enterprises exists in Pangkalpinang. The priority table below shows the most food industries of SME of Pangkalpinang such as crackers industry (kerupuk), chips industry (keripik), dent (peyek), and so forth.

No	Description	Industries
1	Crackers, chips, dent industry	124
2	Cake industry	108
3	Other food industries	108
4	Wooden building industry	108
5	Industrial Drinking water and mineral water	101
6	Industrial goods of cement and lime for construction	95
7	bread and pastry products	93
8	General printing industry	56
9	Industrial goods of non-aluminum metal	53
10	Industrial soybean	40

Table 2: Priority Based on Industries

Food industries move along suitably and contributes positively in economic development in Pangkalpinang for the expansion of SME, then it is required a precise formulation expansion, directed by commodity expansion rooted in industrial center and Department of Trade Industry and SMEs criterion, which also directed to small industries which use simple technology, small industries which could absorb labors, small industries which rooted by local community art.

Bangka Belitung province is recognized by its well-known tourism destinations by domestic and foreign tourists. Pangkalpinang is a strategic city to advertise its traditional snacks which made from sea such as, getas (brittle), kerupuk/kemplang (crackers), keripik (chips), rusip (fermented small fish), terasi (shrimp paste), and so on. Table 3 below shows the total SMEs of food industries exist in Pangkalpinang.

Sub-Districts	Getas	Kerupuk	Keripik	Meals	Total
Bukit Intan	10	26	3	5	44
Gabek	2	4	1	3	10
Gerunggang	1	10	6	7	24
Girimaya	10	3	2	3	18
Pangkal Balam	1	9	6	3	19
Rangkui	2	7	3	9	21
Taman Sari	4	11	2	6	23
Total	30	70	23	36	159

Table 3: SME of Food Industries in Pangkalpinang

So, the prominent role of SME describes that SME should be more increased. It would be able to retain and compete if the management controls proceeds suitably. Management supervision generally includes marketing, production, human resources, and finance. Concepts and special designs in strategy level are the key to success. Marketing, customers, and products analyses are significant aspects to do. According to Purwanto (2009), strategy analysis consists of triangle strategy; customers, competitors, and companies. Most of the companies or business units carry out production movements only focus on the making of the product, which involve small and medium enterprises. A company should better notice business strategy to maintain and expand the present firms so that it could contend.

Mix marketing strategy is one of the techniques to prevail continuous competitive advantage either it produces goods or services. Mix marketing strategy is fundamental to compile companies planning thoroughly. Regarding of its huge problems within companies, hence systematically planning is needed to be a parameter for companies segment to move forward their activities. Another reason is that the competitive intensity among companies in general. Under that circumstance, there is no other a firm could sort out unless confronting the problems or leave the competitions. The firms keep enhancing competitive effectivity and company values in the eyes of customers. Marketing needs to be perceived severely by the SMEs. Moreover, in the process of marketing strategy determination which should be done thoroughly so that the chosen marketing strategy could go through the market.

Companies performances could be increased by orienting the market which is the firms' understanding towards consumers' desire to create superior value to costumers continuously. Market orientation helps the company to see long and short-term strengths and weaknesses, capacities, evaluations towards competitors' strategies, as well as responds and give better services to consumers later on. The firms need to complete a promotion program as a communication tool to inform the society by personal selling, advertisement, direct marketing, and sales promotion. The precise success and implementation of promotion program could positively influence in accelerating product marketing to gain market share in its business. Perfect product innovation, market orientation, and market strategy are needed in creating competitiveness. The salient role of product innovation applies new ideas and offers new interesting products as well as increasing satisfied services to customers. With keep accomplishing economic innovation, hence the firms could give excellence value or obtain competitive excellence. In consuming a product, not only the needs function that the consumers see but also its superiority compared to other similar products. The producers regard that desire as a reference to create innovative products. On the other hands, the companies necessitate to notice their market orientation if the SME's production increases, which is caused by the benefits of using those products.

2. Literature Review

2.1. Marketing Mix

Marketing mix is an important role in marketing that can contact consumers to buy products or services offered. Marketing mix defines a company's success in obtaining the profit. Some scholars describe marketing mix's understanding as follow:

According to Philip Kotler (2012), marketing mix is a set of tools that a company uses to continuously reach its goals in the target market. According to Dharmesta and Irawan (2011) "Marketing mix is a combination of four variables or a core activity of a firm's marketing system, namely: pruduct, price structure, promotion aactivity, distribution system."

Based on the definitions above, the writer concludes that mix marketing is a tool to determine a company's success rate which is aimed to provide satisfaction to selected market segments or consumers. According to Philip Kotler (2012), mix marketing is classified into 4P (product, price, place, and promotion).

2.2. Market Orientation

Market orientation is a behaviour measure and an activity that reflects the implementation of marketing concepts. According to Kohlil and Jawroski (1990) in Tjiptono (2008), market orientation is based on certain considerations which classify that the concept is not responsibility of marketing functions, but all departments should participate in collection, dissemination and foolow-up of market intelligence. So, the focus of market orientation on the market including the customers and the factors or power that affect it. It also can be defined by the implementation of organization culture which place customers at its axis of a company's management strategy process. Kohlil and Jawroski (1990) in Tjiptono (2008) defines market orientation as "The organization-wide generation of market intelligence, dissemination of the intelligence across departments and organization-wide responsiveness to it". It can be stated that the implementation of organization culture places the customers at the strategic alignment of a company management. Then, expanding the theory by placing market intelligence as the starting point of market orientation. Market orientation is based on customers' orientation, competitors' orientation, and coordinated between functions which aim to decision criterion that is long-term focus and profitability.

2.3. Product Innovation

Innovation is a process of creating new ideas and progressing it into practice. It is a new idea in products to get better result. In company's organization, innovation is divided by two forms, namely product innovation, which produces goods or services or the refinement of the previous things, and process which produces a new way in labouring the process. Marketing

innovation is the ways of better marketing in communicating ways with customers in education, setting of goods shipping and payments. This way would give more value to the company (Januar, 2007).

According to Hurley and Hult (1998) in Wahyono (2008), innovation is a firm's mechanism to adapt in a dynamic environment. Therefore, the company is required to be able to create new thoughts, new ideas and offer innovative products and improved services that satisfy the customers. Innovation has become major and routine activities for companies, as well as marketing and financial activities. Thus innovation is an important function of management because innovation determines a superior business work.

2.4. Marketing Performance

Marketing performance is a larger concept and meaningful changes which means based on users' needs and perspectives (Lebas, 1995, in Alrubaiee, 2013). Ferdinand (2000) in Suendro (2010) states that marketing mix is a factor which is used to measure the impact of a strategy applied by a firm. It is a concept to determine market prestige of a product. Every company is concerned to know the market prestige from its product, as a reflection of a the success of the business in business competition world. In addition, the company's performance can be done by two ways, namely internal and external. In external, company performance improvement is accomplished by using market oriented culture approach, that is how to understand requirement, desire and market demand. In its application, the effort turns into needs to optimize business performance. Market orientation is prominent role and could give contribution to company performance.

According to Sukma Bakti and Harniza Harun (2011), marketing performance is a concept to measure a firm's prestige in a market towards a product, concept to determine market prestige of a product. According to Tjiptono, *et.al* (2008), marketing performance is a overspent point and underdelivered. Every company is concerned to know the market prestige from its product, as a reflection of a the success of the business in market competition. Besides the success measure of marketing performance can also be seen from the success rate of new products that indicate that the company is performing better. Swasta (2007) urges that a good marketing performance is stated into three main quantities, namely; sales value, sales growth, market portion, which finally end to company profit. This research used sales growth, market growth, and profit growth as the indicators of marketing performance.

2.5. Competitive Advantage

Nowadays globalization era generates tense business competition in various sectors. If a firm can not preserve in a competition, the business would be displaced with the business competitors who have more quality competitiveness in the market. So, every entrepreneur should better increase the qualities and strategies to create competitive advantage in the market. Michael Porter (2008) indicates 5 strengths which define a market's long-term intrinsic attraction or market segment, namely; industry competitor, potential new comer, substituted product, buyer, and supplier. Porter (2008) states that all the five of competitive advantage can expand competitive strategy by influencing or changing the strength so that it could give favorable situation for the companies.

A competition can be perceived as managing resources in such a way so that it goes beyond the performance of competitors. Porter (2008) urges that competitive advantage relates to how a company choose and implement the strategy into practice properly.

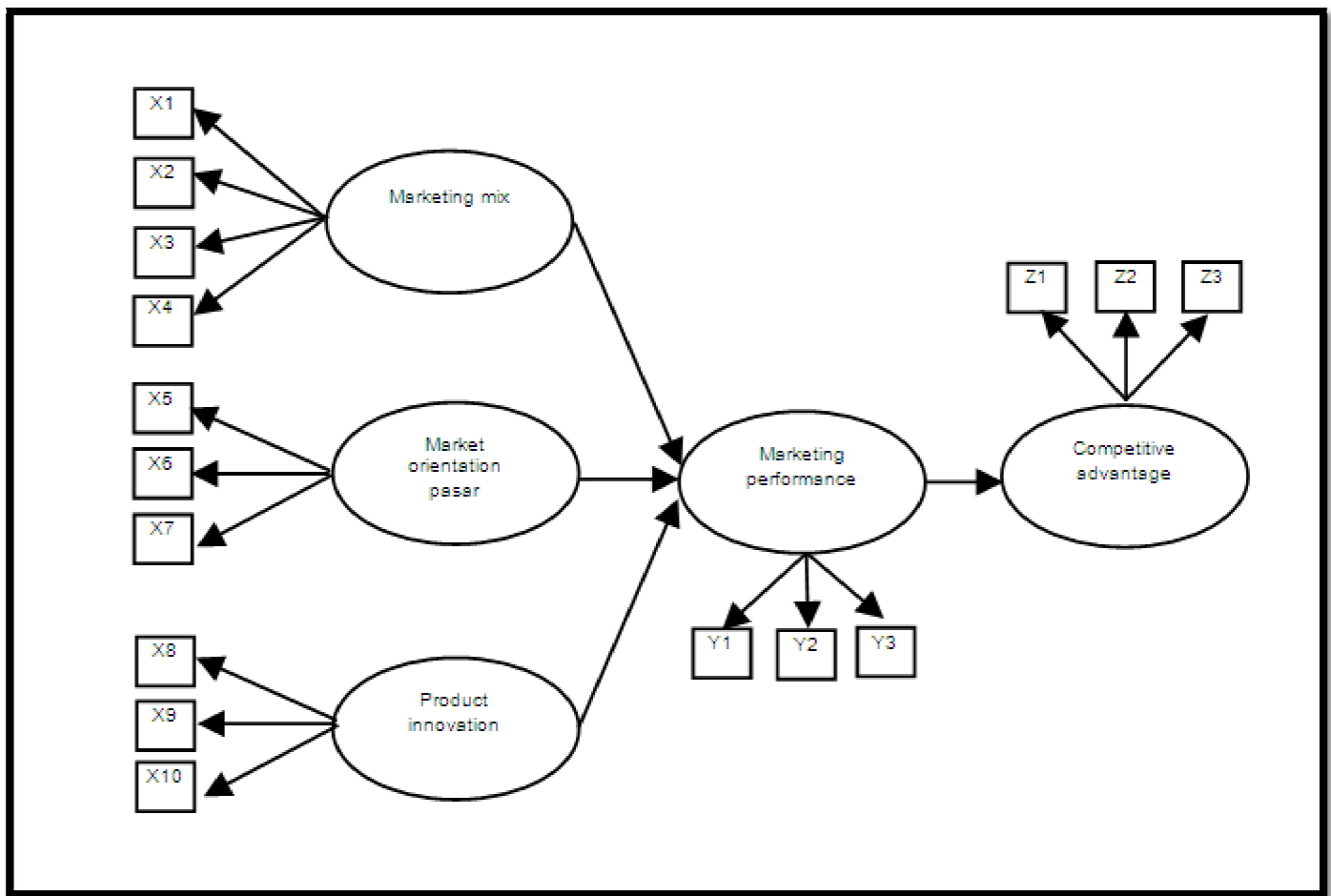


Figure 1: Conceptual Framework and Research Hypothesis

Based on the diagram of conceptual framework, the hypothesis submitted:

- H1: The influence of marketing mix towards marketing performance In a marketing planning program, business and marketing strategy for certain products are needed. The strategy of marketing mix includes some principles which are the fundamental for marketing management to reach business goals and the marketing in a target market. According to Kotler (2008), marketing strategy includes various basic decisions about the outcomes or marketing spending, marketing mix and marketing allocation.
- A study conducted by Zuari et.al (2013) entitled the Influence of Marketing Strategy towards Net Profit Acceptance of Omah Pincuk Restaurant uttered that the better the marketing strategy implementation then it will impact to the business acceptance value (marketing performance).
- H2: The influence of market orientation towards marketing performance Market orientation is a behavior measure and an activity that reflects the implementation of marketing concepts. According to Kohlil and Jawroski (1990) in Tjjiptono (2008), market orientation is based on certain considerations which classify that the concept is not the responsibility of marketing functions, but all departments should participate in the collection, dissemination, and follow-up of market intelligence. So, the focus of market orientation on the market including the customers and the factors or power that affect it. While Jaworski & Kohli (1993) in Tjjiptono (2008) state that market orientation potentially increases business performance. Maslucha (2013) affirms that the better market orientation the better marketing performance will be.
- H3: The influence of product innovation towards marketing performance According to Hurley and Hult (1998) in Wahyono (2008), innovation is a firm's mechanism to adapt to a dynamic environment. Therefore, the company is required to be able to create new thoughts, new ideas and offer innovative products and improved services that satisfy the customers. Innovation has become major and routine activities for companies, as well as marketing and financial activities. This innovation is an important function of management because innovation determines a superior business work. Suprapnoto (2009) conducted a study entitled "A Strategy of Product Competitive Advantage through Market Orientation, Innovation, and Entrepreneurship Orientation in order to Improve Marketing Performance" state that product innovation positively and significantly influences towards marketing performance.

- H4: The influence of marketing performance towards competitive advantage Porter (2014) states that competitive advantage is the heart of marketing performance to confront the competition. While, in order to create a sustainable competitive advantage, a firm needs to generate obstacles so that other competitors typically hard go into the market. Although these obstacles can be eroded by the increasing of competitors and competitions. So, a company is required to continuously improve its competence to maintain its competitive advantage.

3. Research Method

3.1. Population and Research Sample

Population means generalization region consists of: objects / subjects that have certain qualities and characteristics are determined by investigators to be studied and then drawn conclusions (Sugiyono, 2015). Population in this study is the industries entrepreneurs of Bangkanese traditional snacks, the total of food industries are 159 SMEs. Sample is part or the number and characteristic possessed by the population. The sampling quantity was calculated using the slovin formula with a set error tolerance limit of 10%. The size of the sample will be the response of the study as much as 61 SMEs.

Sub-districts	Getas	Kerupuk	Keripik	Meals	Total	%	Respondents
Bukit Intan	10	26	3	5	44	28	17
Gabek	2	4	1	3	10	6	4
Gerunggang	1	10	6	7	24	15	9
Girimaya	10	3	2	3	18	11	7
Pangkalbalam	1	9	6	3	19	12	7
Rangkui	2	7	3	9	21	13	8
Tamansari	4	11	2	6	23	15	9
Jumlah	30	70	23	36	159	100	61

Table 4: Total of Respondents

3.2. Research Instrument

The data were collected by using questions list which consists of questions about characteristic of respondents and research variables. Queries were described in opened-questions, statements and scale to assert responds. The statements in the questions list related to mix marketing, market orientation, product innovation towards marketing performances and competitive advantage on SME of Bangkanese traditional snacks sector in Pangkalpinang.

3.3. Analysis Technique

The technique analysis used is partial least square (PLS) to know the influence of mix marketing and product innovation towards marketing performances on competitive advantage. PLS is the analysis of structural equations modelling (SEM) with variants based which simultaneously could test measurements and equations models. Measurement model is used for validity and reliability test, while structural model is used to causality (hypothesis testing with prediction model).

3.4. Research Instrument Test

3.4.1. Validity Test

Validity is a measurement which shows instruments' validity levels (Arikunto, 2006). A valid instrument has a high validity and vice versa. It is said as valid if it can measure what to be measured and can reveal the exact data accurately. High and low of the instrument indicates the extent to which the data collected does not deviate from the description of the variable meant. The tool to measure the validity is Pearson product moment correlation. An indicator is valid if $r > 0,3$, if $(n=100$ and $\alpha=0,05$, then r table is $5\% = 0,195$) (Arikunto, 2006).

3.4.2. Reliability Test

Reliability is a fairly reliable instrument to be used as a data gathering tool because the instrument is already good. A good instrument will not be tendentious or direct respondents to choose specific answers. A trusted instrument if the data are based on the fact. So, however it takes, it will be the same. Reliability shows the level of trustworthiness. The data are the trusted things (Arikunto,2006). A reliable instrument means that the instrument must be good so that it can reveal the trusted object data. The tool to measure reliability is Alpha Cronbach (Arikunto, 2006:196). A reliable variable if the result of $\alpha \geq 0,60$ = reliable (Nurgiyantoro, 2004).

3.4.3. Partial Least Square Analysis

The use of partial least square (PLS) is to confirm the theory and to explain whether or not the latent variables are related. The focus in PLS is to maximize the varians of dependent variables which are explained by independent variables as

the substitute in resulting empirical covariance matrix. Some steps were done in PLS model; 1) model specification, 2) model estimation, 3) model evaluation, 4) hypothesis test.

4. Research Result Analysis

4.1. Demography Analyses

Business data analyses result and respondents characteristics of SME performers were described in the first step of this demography analysis. Below is the Figure of SME business data:

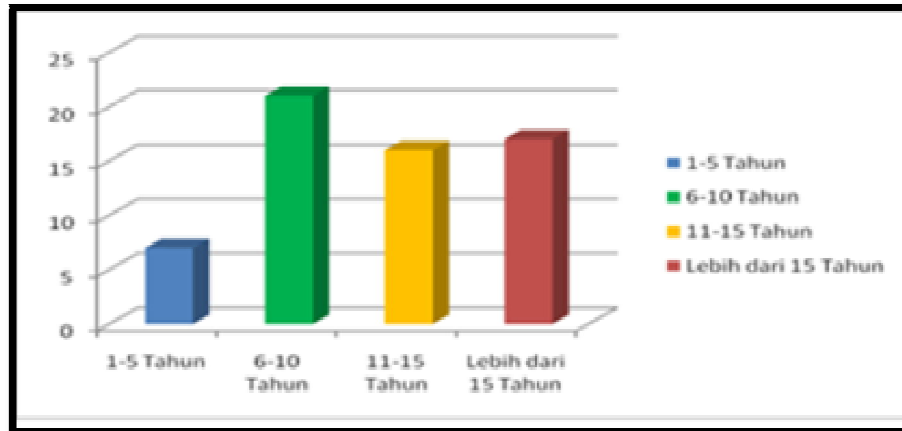


Figure 2: Age of Business

Survey result shows that the majority of the business have established the SMEs for 6-10 years, that is 21 SMEs or 34,4%

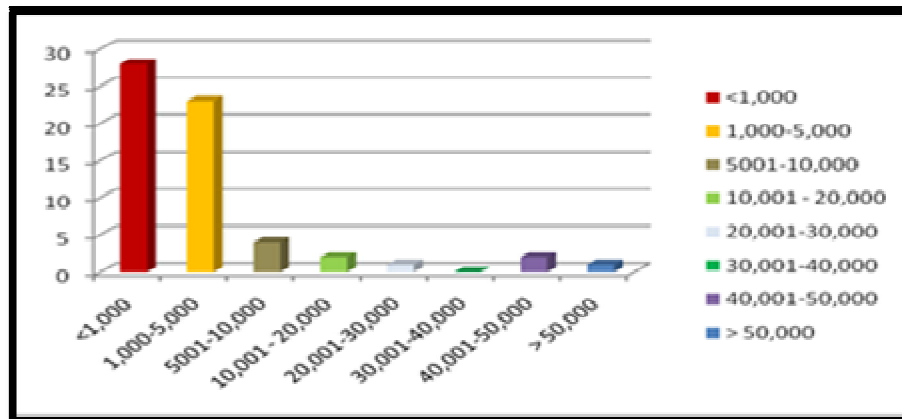


Figure 3: Initial Funding

Based on Figure 3 above, the majority of SME have initial funding \leq 10.000.000IDR, they are about 55 SME or 90.2%. Only 1 of SME which has with initial funding more than 50.000.000IDR

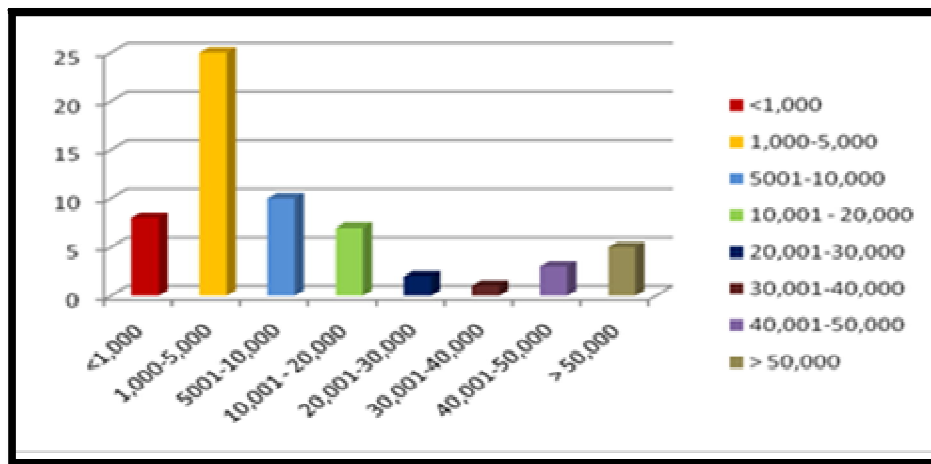


Figure 4: Asset

Based on the asset, the majority of SME own the asset less than 20.000.000IDR, as many as 50 of SME or 82% and 5 of SME or 8.2% own the asset more than 50.000.000IDR.

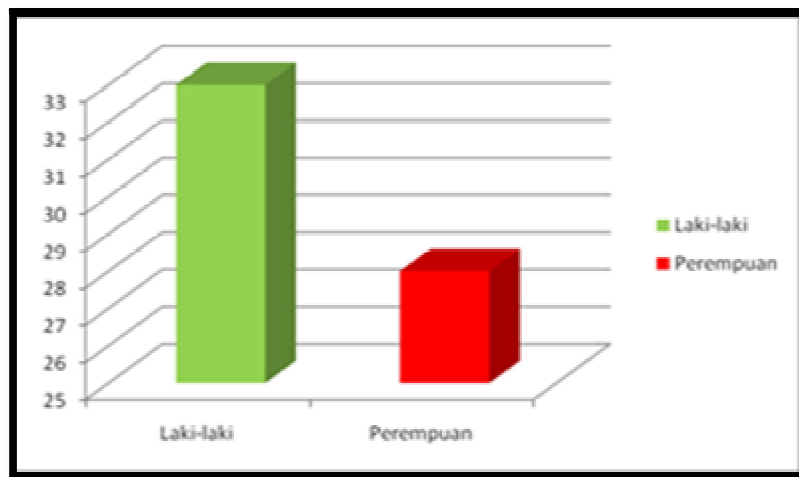


Figure 5: Respondents Characteristics Gender-based

The Figure above shows that male respondents are 33 or 54% and female respondents are 28 or 46%

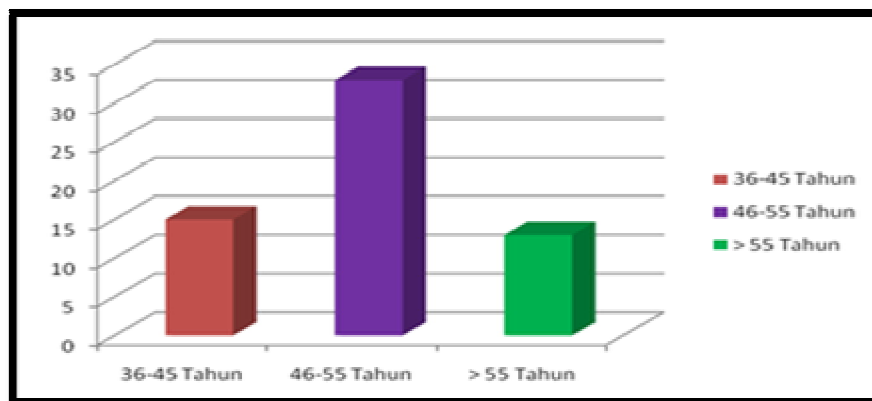


Figure 6: Respondents Characteristics Age-based

The Figure above shows that 33 respondents are 45-55 years old (54%), 15 respondents are 35-44 years old (25%) and 13 respondents are >55 years old (21%).

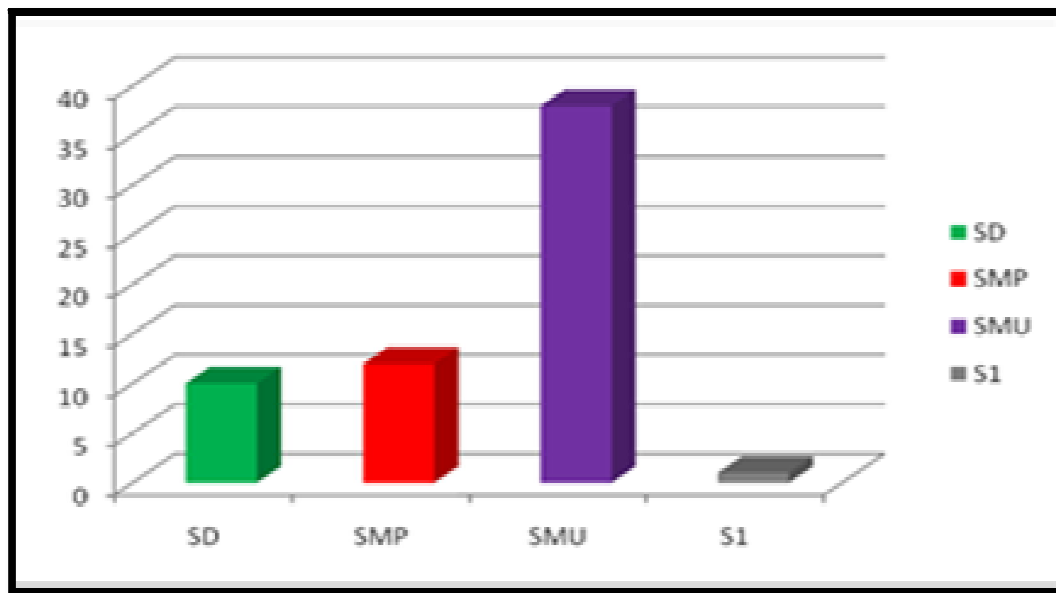


Figure 7: Respondents Characteristics Education-based

The Figure above shows that the majority of respondents' education background are high school-graduated with the total of 38 respondents (62,3%), 12 respondents are junior school-graduated (19,7%), 10 respondents are primary school-graduated (16,4%) and 1 respondent is higher education-graduated (1,6%).

4.2. Descriptive Analysis

Based on the data of SME performers above, the sample then were taken using proportional stratified random sampling method and 61 SMEs are obtained. The research analysis defines the best mix in increasing competitive advantage of SMEs of Bangkanese traditional snacks sector in Pangkalpinang, which would be describes in few explanations below:

4.3. Marketing Mix

The marketing mix is a set of tools that a company uses to continuously reach its goals in the target market. It has four elements which are the basic of creating marketing mix reach marketing performances effectively, the analysis result shown below:

Dimensions	Average	Deviation Standard
Products	4.30	0.56
Prices	4.34	0.48
Distributions	4.30	0.49
Promotion	4.16	0.47
Average	4.28	0.50

Table 5

Based on the analysis of marketing mix, it is found that the highest dimation is the price in the amount of 4,34. According to the majority of respondents, the mix marketing implementation of price dimension is the finest among other dimentions.

4.4. Market Orientation

Market orientation is an implementation of the marketing concept that is able to provide superior value to consumers, this variable is measured by three dimensions with descriptive analysis for each dimension is presented as follows:

Dimensions	Average	Deviation Standard
Customers Orientation	4.54	0.50
Competitors Orientation	3.97	0.39
Coordinated between Functions	4.02	0.49
Average	4.17	0.46

Table 6

A customer is a king, this proverb in business world that will always exist and the most influential factor in maintaining customer satisfaction and loyalty. The result of customer orientation dimension analysis found that customer orientation value of 4.54 and it is in very high category. This shows that the market orientation seen from the customer side has been very good. SME in general has an orientation on customer satisfaction.

4.5. Product Innovation

Product innovation is the company's ability to create new ideas, products, or processes. It is an important step that SMEs should take to anticipate competition in the food industry and in building good marketing performance. This variable is measured by three dimensions with descriptive analysis for each dimension is presented as follows:

Dimensions	Average	Deviation Standard
Innovation Culture	4.20	0.47
Technical Innovation	4.12	0.43
Administration Innovation	3.90	0.41
Average	4.07	0.44

Table 7

The result found that the variable value of innovation product is 4.07 and it is in good category, with innovation culture is the best implementation among the two others.

4.6. Marketing Performance

Marketing performance is used to measure the success of strategies used by the companies in marketing their products in the market. This variable is measured by three dimensions with descriptive analysis for each dimension is presented as follows:

Dimensions	Average	Deviation Standard
Sales Growth	4.02	0.39
Market Growth	4.09	0.31
Profit Growth	3.99	0.34
Average	4.03	0.35

Table 8

The result found that the market growth dimension is the highest, 4.09. It means that the majority of SMEs chase high market growth.

4.7. Competitive Advantage

Competitive advantage is the ability of a company to achieve economic benefits above the profit that can be attained by competitors in the market in the same industry. Competitive excellence is measured by 3 dimensions namely, product uniqueness, product quality, and competitive price.

Dimensions	Average	Deviation Standard
Product uniqueness	4.29	0.49
Product quality	4.38	0.49
Competitive price	4.07	0.25
Average	4.24	0.41

Table 9

Based on the three dimensions, competitive advantage variable obtains the highest score of 4.24 and in very high category. This result reflects that the achievement of competitive advantage of SMEs of Bangkanese traditional snacks sector in Pangkalpinang is very good, especially on product quality of 4.38.

- The Analysis of Marketing Mix Influence, Market Orientation and Products Innovation Towards Marketing Performance and Its Implication on Competitive Advantage of Small and Medium-Size Enterprises (SMEs) of Bangkanese Traditional Snacks Sector in Pangkalpinang

The analysis of marketing mix influence, market orientation and products innovation towards marketing performance and its implication on competitive advantage of Small and Medium-Size Enterprises (SMEs) of Bangkanese traditional snacks sector in Pangkalpinang used partial least square path modelling analysis. It used 2 models namely measurement model or outer model and structural model or inner model.

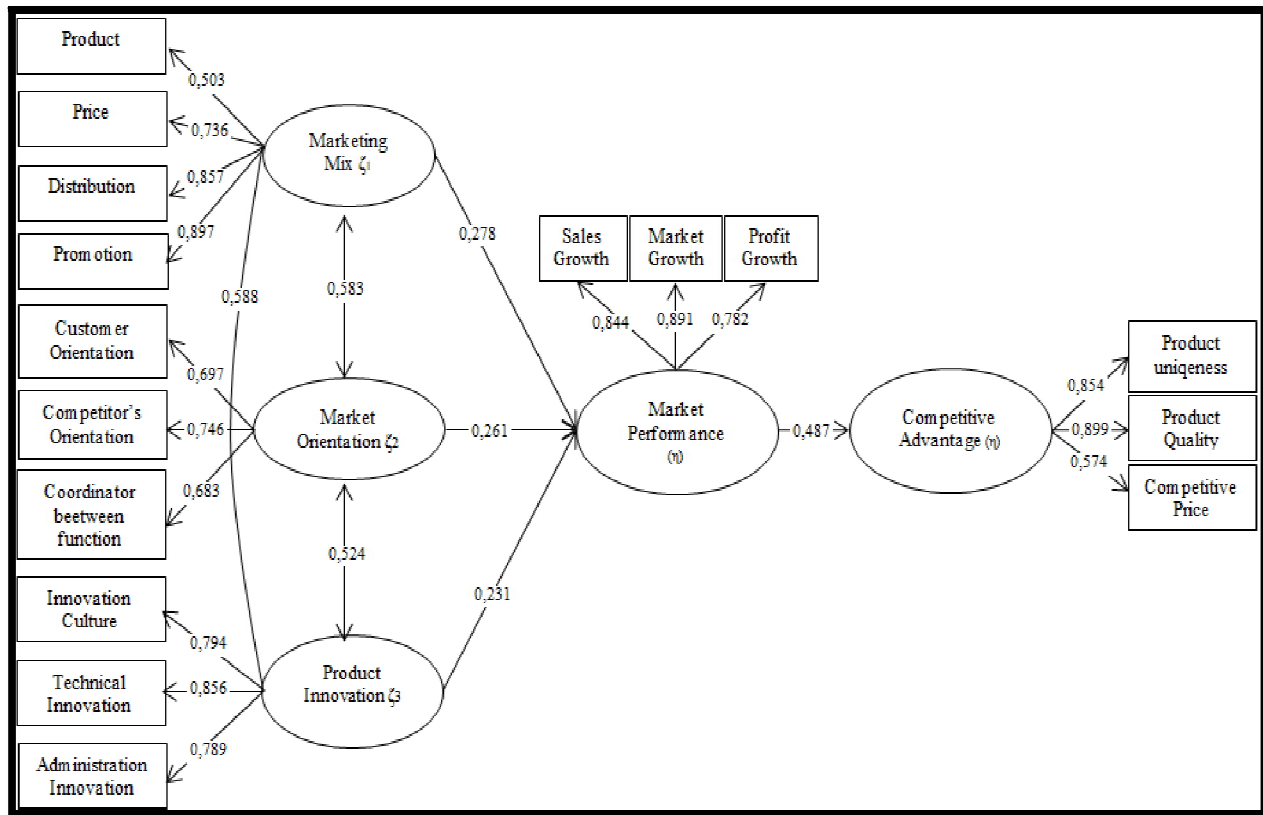


Figure 8: Model Parameter in Path Diagram

The counting result shows that all of dimensions has larger loading factor from 0.500 and it is said valid. The coefficient of marketing mix variable influence, market orientation and product innovation in structural model towards market performance mark positive with insignificantly different values from one another indicating that the three variables have the same level of importance in influencing marketing performance. Next, marketing performance variable has a positive influence towards competitive advantage on Small and Medium-Size Enterprises (SMEs) of Bangkanese Traditional Snacks Sector in Pangkalpinang.

4.8. Measurement Model Analysis

The measurement model analysis is an analysis that explains the validity and reliability of the indicators in measuring the dimensions and research variables. This research involves second order measurement model. The item or dimension is said valid and reliable if the validity coefficient (loading factor) is bigger than 0.50 and composite reliability coefficient is bigger than 0.700, and Average Variance Extracted is bigger than 0.50. the description of measurement model is described below:

4.9. Marketing Mix

Marketing mix is measured by four dimensions namely product, price, distribution, and promotion.

Manifest Variables	Standardized Loadings	R2	Variance Error	Critical Ratio (CR)
Product	0.503	0.253	0.747	3.916
Price	0.736	0.542	0.458	12.195
Distribusi	0.857	0.734	0.266	19.029
Promosi	0.897	0.804	0.196	35.548
CR	0.843			
VE	0.583			

Table 10: Analysis of Marketing Mix Variable Measurement Model

The counting result of validity coefficient shows that all the four dimensions have bigger validity coefficient (standardized loading) of 0.50 and t-table value at the significant level of 5% for one direct test (1.671). This result proves that all the dimensions are valid. The promotion is the dimension with the highest loading factor. It means that promotion dimension is the most prominent aspect of SMEs majority in the marketing mix. The four dimensions have bigger Composite Reliability (CR) than 0.700 and Average Variance Extracted (AVE) bigger than 0.500. It denotes that in measuring marketing

mix all the dimensions are reliable. The CR value is 0.843 which states that all dimensions could elucidate marketing mix variable as much 84.3%. The AVE value is 0.583 which demonstrates that of 58.3% information from all four dimensions are well summarized by marketing mix variable.

4.10. Market Orientation

Market orientation is measured by three dimensions namely customer, competitor and coordinated between functions.

Manifest Variables	Standardized Loadings	R2	Variance Error	Critical Ratio (CR)
Customer Orientation	0.697	0.485	0.515	9.225
Competitors Orientation	0.746	0.557	0.443	8.917
Coordinated between Functions	0.683	0.466	0.534	6.037
CR	0.831			
VE	0.503			

Table 11: Analysis of Market Orientation Variable Measurement Model

The counting result of validity coefficient shows that all the three dimensions have bigger validity coefficient (standardized loading) of 0.50 and t-table value at the significant level of 5% for one direct test (1.671). This result proves that all the dimensions are valid. The promotion is the dimension with the highest loading factor. It means that competitor orientation dimension is the most prominent aspect of SMEs majority in market orientation. The three dimensions have bigger Composite Reliability (CR) than 0.700 and Average Variance Extracted (AVE) bigger than 0.500. It denotes that in measuring market orientation all the dimensions are reliable. The CR value is 0.843 which states that all dimensions could elucidate market orientation variable as much 83.1%. The AVE value is 0.503 which demonstrates that of 50.3% information from all three dimensions are well summarized by market orientation variable.

4.11. Product Innovation

Product innovation is measured by three dimensions namely culture, technical and administration.

Manifest variables	Standardized Loadings	R2	Variance Error	Critical Ratio (CR)
Innovation Culture	0.794	0.630	0.370	11.532
Technical Innovation	0.856	0.733	0.267	16.175
Administration Innovation	0.789	0.623	0.377	15.783
CR	0.895			
VE	0.662			

Table 12: Analysis of Product Innovation Variable Measurement Model

The counting result of validity coefficient shows that all the three dimensions have bigger validity coefficient (standardized loading) of 0.50 and t-table value at the significant level of 5% for one direct test (1.671). This result proves that all the dimensions are valid. The technical is the dimension with the highest loading factor. It means that technical dimension is the most prominent aspect of SMEs majority in product innovation. The three dimensions have bigger Composite Reliability (CR) than 0.700 and Average Variance Extracted (AVE) bigger than 0.500. It denotes that in measuring market orientation all the dimensions are reliable. The CR value is 0.895 which states that all dimensions could elucidate product innovation variable as much 89.5%. The AVE value is 0.662 which demonstrates that of 66.2% information from all three dimensions are well summarized by market orientation variable.

4.12. Marketing Performance

Marketing performance is measured by three dimensions namely sales growth, market growth and profit growth.

Manifest Variables	Standardized Loadings	R2	Variance Error	Critical Ratio (CR)
Sales Growth	0.844	0.712	0.288	18.284
Market Growth	0.891	0.794	0.206	12.057
Profit Growth	0.782	0.612	0.388	5.415
CR	0.920			
VE	0.706			

Table 13: Analysis of Marketing Performance Variable Measurement Model

The counting result of validity coefficient shows that all the three dimensions have bigger validity coefficient (standardized loading) of 0.50 and t-table value at the significant level of 5% for one direct test (1.671). This result proves that all the dimensions are valid. The market growth is the dimension with the highest loading factor. It means that market growth dimension is the most prominent aspect of SMEs majority in marketing performance. The three dimensions have bigger Composite Reliability (CR) than 0.700 and Average Variance Extracted (AVE) bigger than 0.500. It denotes that all the dimensions are reliable in measuring marketing performance. The CR value is 0.920 which states that all dimensions could elucidate marketing performance variable as much 92.0%. The AVE value is 0.706 which demonstrates that of 70.6% information from all three dimensions are well summarized by marketing performance variable.

4.13. Competitive Advantage

Competitive advantage is measured by three dimensions namely product uniqueness, product quality and competitive price.

Manifest Variables	Standardized Loadings	R2	Variance Error	Critical Ratio (CR)
Product Uniqueness	0.854	0.730	0.270	25.239
Product Quality	0.899	0.809	0.191	35.326
Competitive Price	0.574	0.330	0.670	4.698
CR				0.891
VE				0.623

Table 14: Analysis of Competitive Excellence Variable Measurement Model

The counting result of validity coefficient shows that all the three dimensions have bigger validity coefficient (standardized loading) of 0.50 and t-table value at the significant level of 5% for one direct test (1.671). This result proves that all the dimensions are valid. The market growth is the dimension with the highest loading factor. It means that product quality dimension is the most prominent aspect of SMEs majority in competitive advantage. The three dimensions have bigger Composite Reliability (CR) than 0.700 and Average Variance Extracted (AVE) bigger than 0.500. It denotes that all the dimensions in competitive advantage are reliable. The CR value is 0.891 which states that all dimensions could elucidate competitive advantage variable as much 89.1%. The AVE value is 0.623 which demonstrates that of 62.3% information from all three dimensions are well summarized by competitive advantage variable.

- The Influence of Marketing Mix, Market Orientation and Products Innovation Towards Marketing Performance and Its Implication on Competitive Advantage of Small and Medium-Size Enterprises (SMEs) of Bangkanese Traditional Snacks Sector in Pangkalpinang

Partial least square path modeling (PLS-PM) is used to estimate the influence of marketing mix, market orientation, and product innovation towards marketing performance and its implication on competitive advantage of Small and Medium-Size Enterprises (SMEs) of Bangkanese traditional snacks sector in Pangkalpinang. The counting of coefficient influence used software XLSTAT-2017. After counting the coefficient influence, hypothesis test was done. It has two model sub-structure namely, 1) the influence of marketing mix, market orientation, and innovation towards marketing performance, and 2) the influence of marketing performance towards competitive advantage on Small and Medium-Size Enterprises (SMEs) of Bangkanese traditional snacks sector in Pangkalpinang.

- The Influence of Marketing Mix, Market Orientation and Products Innovation Towards Marketing Performance of Small and Medium-Size Enterprises (SMEs) of Bangkanese Traditional Snacks Sector in Pangkalpinang

The calculation result of marketing mix influence to marketing performance equal to 0.278 deviation standard, the influence of market orientation to marketing performance equal to 0.261 deviation standard, and the influence of product innovation to marketing performance equal to 0.231 deviation standard. While determination coefficient of sub model of 39.9% diversity of marketing performance could be described by marketing mix, market orientation, and product innovation variables. The marketing mix is the biggest effect towards marketing performance followed by market orientation and product innovation. However, the influence difference of the three variables is insignificant which means that the other three variables have similar importance towards marketing performance.

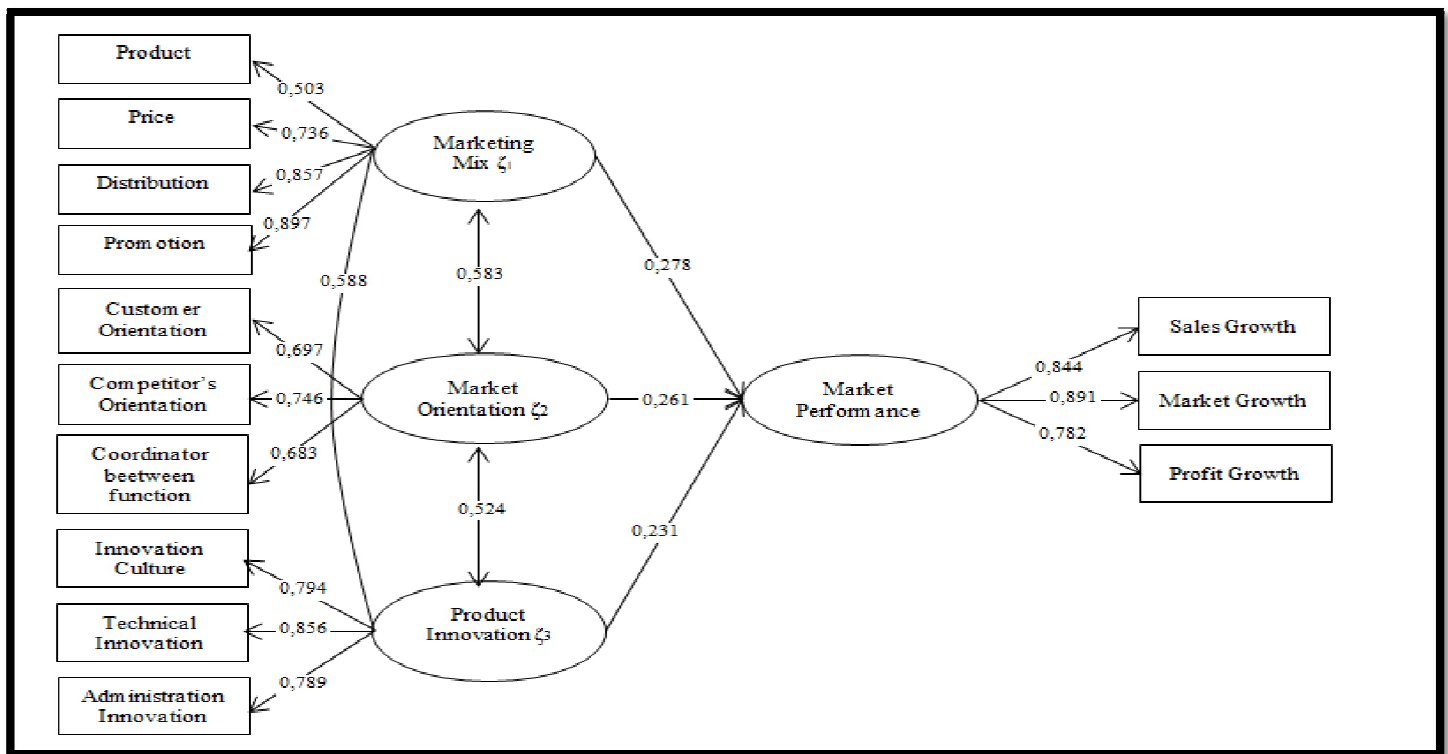


Figure 9

The hypothesis test of the first sub model includes simultaneous test and partial test as follows: The statistic F-test is used to test the hypothesis, as follows:

The counting result gives F value count as much 12.614 with F value table at the significant level of 5% = 2.766. The F value count is bigger than F value table so it can be concluded that the null hypothesis is rejected which means that there is the least influence of three variables of the marketing mix, market orientation or product innovation on marketing performance.

To know which variables influence the marketing mix, it would be conducted a partial test. The statistic student-t test is used to test the hypothesis, the calculation is as follows:

Variabel	Pengaruh	Standard Error	T-Hitung
Marketing Mix	0.278	0.054	5.123
Market Orientation	0.261	0.057	4.584
Product Innovation	0.231	0.080	2.904

Table 15: The Result of Partial Hypothesis Testing of Sub Model 1

The counting result gives large t value count for every variable, marketing mix variable has t value count of 5.123, market orientation variable has t value count of 4.584 and product innovation has t value count of 2.904. The three t values count are larger than the t-table value at the level of significance of 5% = 2.002. This hypothesis test concludes that there is an effect of the marketing mix, market orientation and products innovation towards marketing performance on Small and Medium-Size Enterprises (SMEs) of Bangkanese traditional snacks sector in Pangkalpinang.

- The Influence of Marketing Performance towards Competitive Adavantage on Small and Medium-Size Enterprises (SMEs) of Bangkanese Traditional Snacks Sector in Pangkalpinang

The calculation result of marketing mix influence test towards competitive advantage on SMEs of Bangkanese traditional snacks sector in Pangkalpinang gives influence of 0.487 deviation standard, the Figure is as follows:

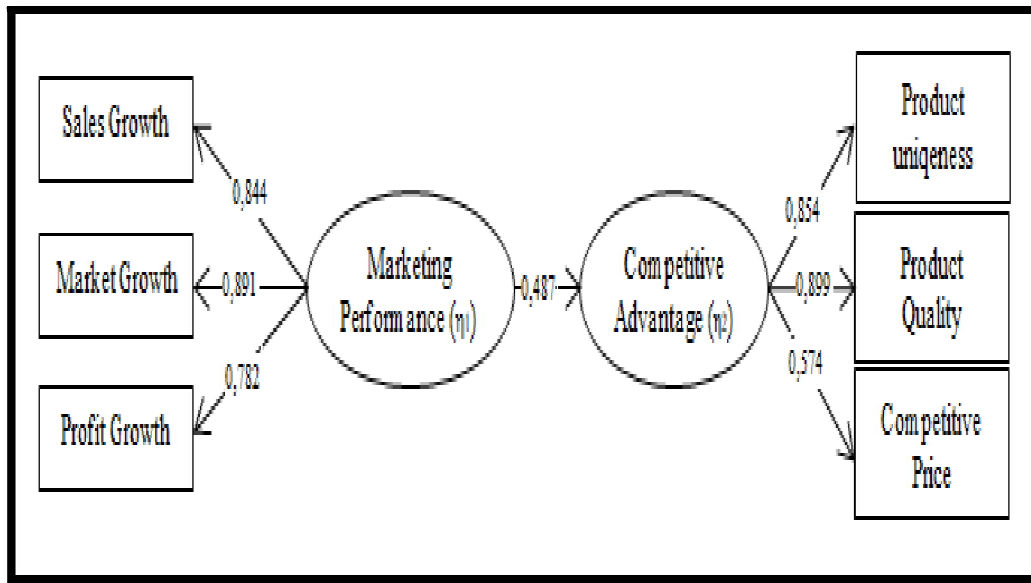


Figure 10

The statistic t-test is used to test the hypothesis, as follows:

Variable	Effect	Error Standard	t-count
Performance marketing	0.487	0.145	3.356

Table 16: The Result of Partial Hypothesis Testing of Sub Model 2

The calculation of hypothesis test of submodel 2 gained t value count of 3.356 bigger than t-table at the level of significance of 5% = 2.002. This result concludes that there is a significant effect of marketing performance towards competitive advantage on SMEs of Bangkanese traditional snacks sector in Pangkalpinang with the effect of 0.487 deviation standard.

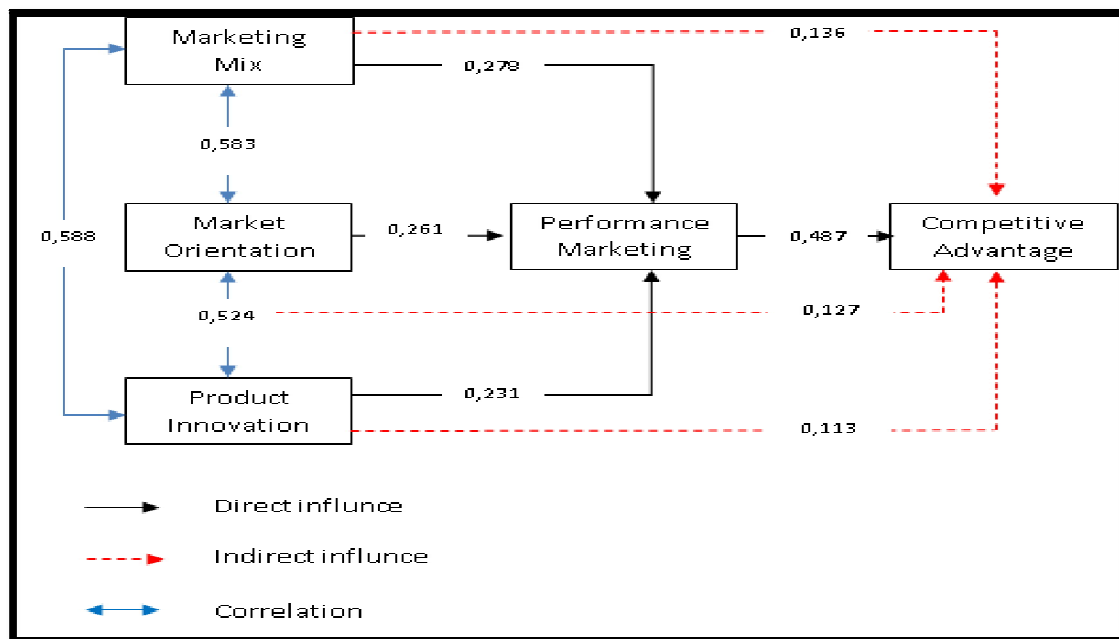


Figure 11

The Figure above describes the direct and indirect effect of marketing mix variable, market orientation, and product innovation. Analysis result examines that marketing mix variable has the biggest effect on marketing performance and has an indirect effect towards competitive advantage on SMEs of Bangkanese traditional snacks sector in Pangkalpinang.

5. Conclusion

Based on descriptive analysis result found that competitive advantage is categorized as very high with the biggest score of 4,24 which means that SMEs of Bangkanese traditional snacks sector in Pangkalpinang has a good competitive ability. It is similar to marketing mix with an average of 4,28 and is categorized as very good, orientation market with an average of 4,17, while product innovation is also categorized as very good with an average of 4,7. It supports marketing performance as good-categorized with an average of 4.03.

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