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Strategies to Improve Marketing Performance in Garment Companies

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Abstract:
The study begins with the controversy of the results of research on market orientation variables on marketing performance. The research objective is to analyze the effect of market orientation variables, product innovation, networking capabilities on marketing performance with competitive advantage as an intervening. Population of all clothing store distributors in Solo Garment companies for the period 2017-2018 with a sample of 100. Samples were taken by purposive sampling method. The analytical tool used by this research is Multiple Linear Regression. The results of the study show that market orientation has a significant effect on competitive advantage. Product innovation has a significant effect on competitive advantage and network capabilities have a significant effect on competitive advantage. Competitive advantage is able to mediate Market Orientation, Product Innovation and Network Capability in Marketing Performance.

Keywords: Market orientation, product innovation, network capability, competitive advantage and marketing

1. Introduction

Marketing performance is a factor that plays a role in maintaining the company's existence. Marketing performance can be improved through market-oriented strategies (Hussein, et al., 2018). Zhang, (2016) showed that market orientation is important for companies in line with increasing global competition and changes in customer needs where companies realize that they must always be close to their markets. The marketing rationale according to Kirca et al., (2005) originated from market orientation which is an organizational process of obtaining and implementing market-based information. Gruber and Hofer, (2015) mentioned that market orientation can achieve competitive advantage and better marketing performance. Gellynck et al. (2012) argued that marketing performance is influenced by the ability to develop the products offered. On the other hand, network capacity is also the company's ability to pursue new opportunities that can improve marketing performance (Wiklund and Shepherd, 2005; Yu, et al., 2016).

However, a review of previous studies showed that there is ambiguity in the conceptualization of the construct and the opposing view of the role and relationship. Yu, et al., (2016) proved that market orientation is the main concept of improving marketing performance, while Homburg, et al. (2012) and Froses et al. (2016) proved that market orientation is not able to improve marketing performance. The controversial findings need to be studied more deeply by placing competitive advantage as an intervening variable (De Villiers and Lekmat, 2017). This study examines more deeply the ability to develop products and network capacity to improve marketing performance with competitive advantage as a mediating variable.

2. Literature Review

2.1. Marketing Performance

Marketing performance is the ability of organizations to transform themselves in facing challenges from the environment with a long-term perspective (Forssen, 2016). Chris and Gerhard (2016) mentioned that marketing performance can be measured by financial measures, not on non-financial measurements.

2.2. Market Orientation

Kaya and Patton (2011) explained market orientation is an effective organizational culture to create important behaviors in order to create superior value for buyers and business performance. Zhang (2016) stated that market orientation is an overall activity in a consumer-focused company. This opinion is supported by Husein's findings (2018) that the philosophy of market orientation covers market development, information from the entire organization and

capabilities adapt to market changes. The consequences of organizations applying market orientation include marketing performance with support from in and outside the organization (Lekmat, 2018).

2.3. Product Innovation

Shu (2017) states that product innovation is an organization's effort to create new products, further explained that product innovation is expected to be able to produce products that have more use for consumers (markets). Product innovation is the development of a different type of product than before by adding to the shortcomings of previous inventions (Mulendar, 2017)

2.4. Network Capability

Fan and Wang (2011) mentioned that to get a competitive advantage, it can be initiated by network capabilities used by organizations, while Wang, (2015) showed that corporate network capabilities are organizational capabilities integrate and the ability to allocate internal network resources to improve network performance so as to gain competitive advantage . Network capabilities, both formal and informal, are considered as important variables for organizations that are related to a competitive economic environment and are defined as network links that connect actors with business partners such as suppliers, customers or intermediaries (Fang, 2018), therefore business network and communication are necessary to improve marketing performance

2.5. Competitive Advantage

Ning and Tanriverdi (2017) explained that competitive advantage is the result of strategy implementation that utilizes various resources owned by the company as the main capital. Achieve and maintain competitive advantage as an important matter and a strategic step to achieve superior marketing performance (Anna and Morgan, 2017).

2.6. Market Orientation and Competitive Advantage

Kaya and Patton, (2011); Zhang (2016); Husein (2018) explained that market orientation is an overall activity in a consumer-focused company to commit creating superior value for customers. Gruber and Hofer, (2015) proved that organizations that focus on consumers (markets) that are supported by organizational capabilities will be able to create competitive advantage, therefore the formulation of the first hypothesis is that if organizations are always market oriented, they will be able to create competitive advantage.

2.7. Product innovation and competitive Advantage

Shu (2017) and Mulendar (2017) mentioned that product innovation is an organization's effort to create new products that are expected to produce products with more use for consumers (markets).
One of the factors contributing to competitive advantage is the success of organizations developing products that produce new products which have more value than competitors (Nihat, 2016 and Shu, 2017). Based on these findings, the second hypothesis formulated is if company is capable to do product innovation it will result in the creation of competitive advantage.

2.8. Network Capability and Competitive Advantage

Network capabilities, both formal and informal, are considered as important variables for organizations related to a competitive economic environment and are defined as network links that connect actors with business partners such as suppliers, customers or intermediaries (Wang, 2015 and Fang, 2018). Network capability is an important development activity for the company, which represents organizational skills efficiently, building and using opportunities through relationships within and between networks (Vesalainen and Hakala 2014). Khadhraoui, et al., (2016) proved that network success is related to the ability of the organization to find the appropriate specific network. The success of the organization in identifying the capabilities of relevant organizations can create competitive advantage (Parida, 2017). Based on these findings the third hypothesis formulated is if a company is able to improve its network capabilities it will affect the creation of competitive advantage.

2.9. Competitive Advantage and Marketing Performance

Ning and Tanriverdi (2017) stated that competitive advantage is the result of strategy implementation that utilizes various resources owned by the company as the main capital. Competitive advantage is something that needs to be created and maintained as a strategic step to achieve superior marketing performance (Anna and Morgan, 2017) and Chuwiruch, et al., (2015) proved that competitive advantage is able to support the success of marketing performance. Based on these findings, the fourth hypothesis formulated is if the company is able to realize competitive advantage will support marketing success.

3. Research Methods

3.1. Population and Sample Determination

The object of this research is clothing shop distributor in Solo, with a population of all clothing store distributors in Solo in the period of 2017-2018. Distributor growth rates are high every month, resulting in difficulty determining the population, therefore the population in this study is not known with certainty. The sample is determined 100 based on Ferdinant, (2014), which is 25 times the number of independent variables. Sampling uses a non probability sampling

method which is purposive with a simple random sampling approach that is taking sample members from the population carried out randomly regardless of the strata that exist in that population.

3.2. Analysis Method

3.2.1. Instrument Test

Validity test is done to show something measured by the questionnaire. (Gozhali, 2016). Significant value> 0.05 means there is no significant relationship, and if the significance value <0.05 then there is a significant relationship. Reliability Test is a tool to measure questionnaire indicators from variables or constructs. Questionnaires are called reliable if the respondent's answers are consistent with the variable p value <0.01 (1%) (Gozhali, 2016).

3.2.2. Classic Assumption Test

3.2.2.1. Normality test

Aiming to test whether in the regression model, confounding variables or resudual have a normal distribution Ghozali, (2013). By comparing the kolmogorov smirnov value> 0.05, it can be said that the data for each variable is normally distributed.

3.2.2.2. Multicollinearity Test

Multicollinearity test is used to regression model which found a correlation between the independent variables Ghozali (2013). If the tolerance> value is 0.1 and the VIF value is <0.1, there is no multicollinearity, whereas if the tolerance value is <0.1 and the VIF value is> 0.1 then multicollinearity is found.

3.2.3.3. Heteroscedaticity test

The Glesjer test is used to show if the significance probability value is> 0.05, it can be concluded that the regression model does not contain any symptoms of heteroscedasticity.

3.2.3.4. Two Phase Multiple Linear Regression Analysis

Stage 1 shows the influence of market orientation, product innovation, network capability on marketing performance, and in stage 2 to find out the effect of competitive advantage as an intervening variable on marketing performance (Ghozali, 2013).

3.2.3. Mediation Effect Test

Mediation test is used to determine the ability of the mediating variable in mediating between other independent variables on the dependent variable

3.2.4. Coefficient of Determination (R2)

The coefficient of determination (R^2) to measure the ability of the model in explaining the dependent variables.

3.2.5. Hypothesis Test (t test)

According to Ghozali (2016), the hypothesis is tested by t test, if the probability value is ≤ 5%, then Ho is rejected and Ha is supported, whereas if the probability value is ≥ 5%, Ho is supported and Ha is rejected.

4. Results and Discussion

Validity Test uses Confirmatory Factor Analysis (CFA) which is a test with the aim of determining the ability of indicators to measure these latent variables (Ghozali, 2016). The indicator is said to be valid if the significance level of all indicators is <0.05, therefore all indicators of market orientation variables, product innovation and network capabilities are valid, because it produces a significance level of <0.05. Test Reliability produces a composite reliability of> 0.6, so it is concluded that the indicator on all variables is reliable. Normality test can be seen on the output of normal probability, the overall model has shown the fulfillment of the normality assumption. This is because the value of c.r. from skewness and kurtosis are between -1.96 - 1.96 (Z at 0.05).

The results of the calculation of Multiple Regression analysis as in Table 1 shows that the Multiple Linear Regression Equation $Y1 = 0.330X1 + 0.244X2 + 0.240X3 + e$, meaning (1) increasing market orientation will increase competitive advantage. (2) Product innovations that are always carried out will increase competitive advantage (3) optimal network capabilities will enhance competitive advantage.

variabel	Unstandardized coeficients		Standardized coeficient	t	sig	Colinearity Statistic	
	B	Std. Error				Tolerance	VIF
(constant)	2.899	1.085		2.673	0.009		
Market orientation	.277	.075	.330	3.706	.000	.801	1.248
Product innovation	.219	.080	.244	2.753	.007	.807	1.239
Network capability	.254	.097	.240	2.632	.010	.761	1.315

Table 1: Phase 1 Multiple Linear Regression
Dependent Variable: Competitive Advantage

4.1. Effect of Market Orientation on Competitive Advantages

Based on the significance value as in Table 1 it can be shown that there is an effect of market orientation on competitive advantage at a significant level of 0,000. Hypothesis 1 which stated that Market Orientation has an effect on Competitive Advantage is supported. This result is supported by the findings of Kaya and Patton (2011); Gruber and Hofer, (2015); Zhang (2016); Husein (2018) which stated that Market Orientation affects Competitive Advantage.

4.2. Effect of Product Innovation on Competitive Advantages

Based on the significance value, as in Table 1 it can be shown that there is an effect of product innovation on competitive advantage at a significant level of 0.007. Hypothesis 2 which stated that Product Innovation has an effect on Competitive Advantage is supported. This result is supported by the findings of Nihat, 2016; Shu (2017); and Mulendar (2017) which stated that Product Innovation affects Competitive Advantage.

4.3. Effect of Product Innovation on Competitive Advantages

Based on the significance value, as in Table 1 it can be shown that there is an influence of network capability on competitive advantage at a significant level of 0.010. Hypothesis 3 which stated that Network Capability has an effect on Competitive Advantage is supported. This result is supported by the findings of Vesalainen and Hakala (2014); Wang, (2015); Khadhraoui, et al., (2016); Parida, (2017) and Fang, (2018) which stated that network capability has an effect on Competitive Advantage.

The results of the calculation of Phase II Multiple Linear Regression are as follows

variabel	Unstandardized Coeficients		Standardized Coeficient	t	sig	Colinearity Statistic	
	B	Std. Error				Tolerance	VIF
(constant)	.807	1.019		.792	.430		
Competitive advantages	.353	.092	.345	3.822	.000	.609	1.641

Table 2: Phase 2 Multiple Linear Regression
Dependent Variable: Marketing Performance

4.5. Effect of Competitive Advantage on Marketing Performance

Based on the significance value, as in Table 2 it can be shown that there is an effect of competitive advantage on Marketing Performance at a significant level of 0,000. Hypothesis 4 which stated Competitive Advantages has an effect on Marketing Performance is supported. This result is supported by the findings of Chuwiruch, et al. (2015); Ning and Tanriverdi, (2017); and Anna and Morgan, (2017) who mentioned that Competitive Advantages have an effect on Marketing Performance.

4.6. Mediation Test

The magnitude of the role of the mediating variable (Competitive Advantage) as a mediator is tested by the Sobel test, using the z test. The Sobel Test test results as shown in Table 3 show that t statistics = 2.9086> p value = 0.0036, meaning that Competitive Advantage variables are able to mediate the Market Orientation variable Marketing Performance, meaning that Marketing Performance is increasing if the company is able to create competitive advantage with market orientation.

Input:		Test statistic:	Std. Error:	p-value:
a	0.34	Sobel test: 2.90862559	0.04325067	0.00363021
b	0.37	Aroian test: 2.86734844	0.04387329	0.00413927
s_a	0.0768	Goodman test: 2.95173828	0.04261895	0.00315991
s_b	0.0959	Reset all	Calculate	

Table 3: Sobel Variable Test Results X1-Y1-Y2

Table 4 shows that t statistics = 2.33813> p value = 0.0172, meaning that the Competitive Advantage variable is able to mediate the Product Innovation variable on Marketing Performance, meaning that Marketing Performance increases if the company is able to create competitive advantages by always innovating the product. Competitive Advantage variables are able to mediate the Product Innovation variable
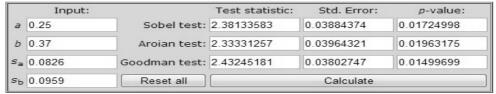
Input:		Test statistic:	Std. Error:	p-value:
a	0.25	Sobel test: 2.38133583	0.03884374	0.01724998
b	0.37	Aroian test: 2.33331257	0.03964321	0.01963175
s_a	0.0826	Goodman test: 2.43245181	0.03802747	0.01499699
s_b	0.0959	Reset all	Calculate	

Table 4: Sobel Variable Test Results X2-Y1-Y2

Table 5 shows that t statistics = 1.9756> p value = 0.0482, meaning that the Competitive Advantage variable is able to mediate the Network Capability variable on Marketing Performance, meaning that Marketing Performance increases if the company is able to create competitive advantage by optimizing competitive capabilities.
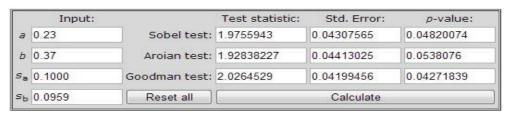
Input:		Test statistic:	Std. Error:	p-value:
a	0.23	Sobel test: 1.9755943	0.04307565	0.04820074
b	0.37	Aroian test: 1.92838227	0.04413025	0.0538076
s_a	0.1000	Goodman test: 2.0264529	0.04199456	0.04271839
s_b	0.0959	Reset all	Calculate	

Table 5: Variable Sobel Test Results X3-Y1-Y2

4.7. Coefficient of Determination

Coefficient of Determination test as shown in Table 6 shows the value of Adjusted R Square is equal to 0.372, meaning that variations in competitive advantage can be explained by market orientation, product innovation and netwok, amounting to 37.2% while the remainder is explained by other variables outside the variables studied.

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.625[a]	.391	.372	1.278	.391	20.512	3	96	.000

Table 6: Coefficient of Determination Stage 1
a. Predictors: (Constant), Network, Product Innovation, Market Orientation
b. Dependent Variable: Competitive Advantage

Table 7 shows that the Adjusted R Square value is equal to 0.508, meaning that the Marketing Performance variation is able to be explained by Competitive Advantages of 50.80% while the rest is explained by other variables outside the variables studied.

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.727[a]	.528	.508	1.158	.528	26.556	4	95	.000

Table 7: Coefficient of Determination Stage 2
a. Predictors: (Constant), Competitive Advantage
b. Dependent Variable: Marketing Performance

5. Finding

5.1. Conclusion

Based on the results of analysis and discussion, conclusions can be taken as follows:

- Market orientation has a positive and significant effect on competitive advantage. This shows that if the company is always market oriented, the higher the competitive advantage will be.
- Product innovation has a positive and significant effect on competitive advantage. This shows that if the company always carries out product innovation, the higher the competitive advantage will be.
- Network capability has a positive and significant effect on competitive advantage. This shows that if the company is able to optimize the capabilities of its network, the higher the competitive advantage will be.
- Competitive advantages can mediate between Market Orientation, Product Innovation and Network Capability at Competitive Advantages.

5.2. Theoretical Implications

The theoretical implications in research are that competitive advantage in garment companies can be realized by a market-oriented corporate strategy, always creating product innovation and optimizing network capabilities. The marketing performance of a garment company can be improved if the company is able to create competitive advantage. Companies that are always market-oriented will be more successful in responding to their environment and developing new capabilities that lead to competitive advantage. Product innovation that is always done by the company means that the company is ready to face competition with superior products. The number of product innovations carried out by the company makes it easier for companies to create competitive advantages. Optimal marketing networks are very helpful for companies in marketing their products even faster to recognize the market and form a distribution channel so as to facilitate the realization of competitive advantage. The ability to realize competitive advantage through market orientation, product innovation and competing capabilities realize high marketing performance.

5.3. Managerial Implications

The managerial implication in this research is that garment companies must always identify market desires so they can provide clothes according to market trends. Companies must be able to make clothes with designs that are always new, have distinctive characteristics, motifs and colors.

5.4. Research Limitations

The coefficient of determination is 37.2%, this means that the results of this study cannot be generalized to all clothing distributors.

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