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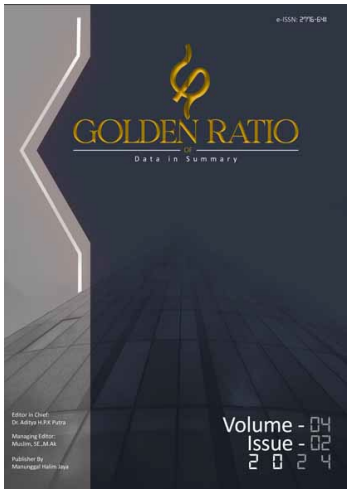

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DESCRIPTIVE OF QUANTITATIVE DATA | RESEARCH ARTICLE

The Effect of Product Innovation and Entrepreneurial Marketing on SME Competitive Advantage

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Abstract: This study aims to determine the effect of product innovation and entrepreneurial marketing on the competitive advantage of SME in Medan Tuntungan District, North Sumatra. This type of research uses quantitative methods. The population of this study were all SME in Medan Tuntungan District, totaling 375 SME, and the number of samples obtained from calculations using the Slovin formula, namely 79 samples. The results obtained from this study are that partially product innovation has a positive and significant effect on competitive advantage with a t-calculated of 2.895 and a t-estimated worth 1.99 so that the t-calculated> t-estimated (2.895> 1.99) and the significance value is smaller than 0.05 (0.025 <0.05). Likewise, the entrepreneurial marketing variable has a positive and significant effect on competitive advantage with a t-calculated of 2.014 and a t-estimated worth 1, 99 so that the t-calculated> t-estimated (2.014> 1, 99) and a significance value smaller than 0.05 (0.019 < 0.05). While simultaneously, product innovation (X1) and entrepreneurial marketing (X2) together have a positive and significant effect on the competitive advantage of SME in Medan Tuntungan District with an F-calculated value of 4.027 and an F-estimated value of 3.12, so 4.027> 3.12 with a significance value of 0.022 < 0.05.

Keywords: Product Innovation, Entrepreneurial Marketing, Competitive Advantage.

1. INTRODUCTION

Facing the challenges of increasingly fierce competition, both in the domestic and global markets, SME need to adopt effective marketing strategies to survive and win the competition. One approach that can be applied is entrepreneurial marketing. Fillis (2010) explains that this concept is a combination of entrepreneurial orientation and proactive marketing, with a focus on innovation, risk-taking, and optimal opportunity utilization. Through this approach, SME can develop a strong competitive advantage, allowing them to be more competitive and stand out in the market. One of the main challenges faced by SME in Medan Tuntungan is the low ability to retain customers. Many SME players have difficulty in creating products or services that have sufficient differentiation and variety to attract consumers. Most of the products offered tend to be monotonous and lack the uniqueness that can differentiate them from competitors' products. In addition, the market reach of SME in this region is also limited, making it difficult to expand market share and increase sales.

Another challenge faced by SME in Medan Tuntungan is the lack of effective implementation of entrepreneurial marketing concepts. Although marketing concepts are an important aspect in establishing a business, many SME in the region still use marketing concepts that are less competitive and do not adapt to the development of digital technology. As a result, they struggle to build good relationships with consumers and create added value that can increase customer loyalty. The internal weaknesses of SME are lack of managerial skills, human resources, skills, lack of access to technological information, capital and market access. Meanwhile, the external weaknesses are the lack of ability to adapt to strategic environmental influences and business owners are less dexterous in utilizing business opportunities, this occurs due to a lack of innovation and creativity from dynamic and comparative

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environmental changes. Therefore, based on the description above, the authors want to conduct research with the title "The Effect of Product Innovation and Entrepreneurial Marketing on Competitive Advantage in SME in Medan Tuntungan, North Sumatra".

2. LITERATURE REVIEW

David and David (2017) state that competitive advantage is everything that a company does better than its rivals. When the company has resources that produce superior value at a lower cost, then the company is in a position to win competitive advantage. This advantage comes from various aspects, including designing, producing, marketing, delivering and supporting products. According to Philip Kotler and Gary Armstrong (2003: 311), competitive advantage is an advantage over competitors obtained by offering lower value or providing greater benefits at a higher price. According to Kotler and Keller (2016: 476), product innovation is any good, service, or idea that is considered new by someone, even though the good, service, or idea may have been around for a long time. That is, innovation is more about how people see something as new than about how long it has been around. Charles, et al. (2012: 30) states that innovation is part of a framework that links all aspects of corporate culture with the ability to innovate, so as to improve company performance through consumer purchasing decisions. Entrepreneurial marketing requires skilled and entrepreneurially oriented marketers (Eggers et al., 2012). The success of entrepreneurial marketing lies in its ability to build value for customers through creative, innovative, networking and flexible approaches. One of the key advantages of implementing an entrepreneurial marketing approach is its focus on community-based marketing networks. Based on literature review, hypothesis of this study describe below:

H1: Product Innovation has a positive and significant effect on Competitive Advantage
H2: Entrepreneurial Marketing has a positive and significant effect on Competitive Advantage
H3: Product Innovation and Entrepreneurial Marketing have a positive and significant influence on Competitive Advantage

3. RESEARCH METHOD

The type of research that will be carried out in this study is an associative research method. The data collection technique used is by making several lists of questions. Through a list of questions, the researcher made several questions to the respondents, in this case the SME actors who would be the research sample, to be answered by the respondents. The measurement of the research variables themselves uses a Likert scale (Sugiono, 2008). The data used in this study are primary data and secondary data. Primary data is data obtained and collected and obtained directly in the field by researchers (Bungin, 2008). In this study, it was obtained through distributing questionnaires to SME players in Medan Tuntungan District.

4. RESULT AND DISCUSSION

4.1. Statistical Result

a. Validity Test

In the validity test it is declared valid, if the r-calculated> r-estimated value. Thus all variables can be declared valid, because each variable tested has a correlation coefficient (r-calculated) greater (r-estimated) (0.3610). The following presents the results of the validity test using the following spss:

Table 1. Product Innovation (X1) Validity Test Results

Statement Item	r-calculated	r-estimated	Conclusion
Statement 1	0,821	0,361	Valid

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Statement Item	r-calculated	r-estimated	Conclusion
Statement 2	0,872	0,361	
Statement 3	0,805	0,361	
Statement 4	0,767	0,361	
Statement 5	0,832	0,361	
Statement 6	0,712	0,361	

Table 2. Entrepreneurial Marketing Validity Test Results (X2)

Statement Item	r-calculated	r-estimated	Conclusion
Statement 1	0,811	0,361	
Statement 2	0,824	0,361	
Statement 3	0,799	0,361	
Statement 4	0,808	0,361	Valid
Statement 5	0,844	0,361	
Statement 6	0,798	0,361	
Statement 6	0,899	0,361	

Table 3. Competitive Advantage (Y) Validity Test Results

Statement Item	r-calculated	r-estimated	Conclusion
Statement 1	0,774	0,361	
Statement 2	0,781	0,361	
Statement 3	0,825	0,361	
Statement 4	0,830	0,361	Valid
Statement 5	0,768	0,361	
Statement 6	0,826	0,361	

From table 1-3, the validity test recapitulation can be seen that the value of r-calculated> r-estimated, based on a significant-test of 0.05, this shows that the questionnaire data distributed is valid.

b. Reliability Test

Reliability test is data that measures a questionnaire which is an indicator of a variable or construct. A questionnaire is said to be reliable or reliable if the respondent's answer is consistent and stable over time. Reliability concerns the consistency of answers if tested repeatedly on different samples.

Table 4. Reliability Test Results

Variables	Cronbach's Alpha	Description
Product Innovation (X1)	0,711	Reliable
Entrepreneurial Marketing (X2)	0,724	Reliable
Competitive Advantage (Y)	0,719	Reliable

It can be seen that the research instruments of each variable are reliable (reliable). This can be proven from each variable which has a Cronbach Alpha value> 0.60. It can be concluded that the reliability test results on the product innovation, entrepreneurial marketing, and competitive advantage variables used in this study can be trusted.

c. Normality Test

According to Ghozali, the normality test is carried out to test whether in a regression model, an independent variable and the dependent variable or both have a normal or abnormal distribution. A good regression model is to have normally distributed residuals. The normality test is therefore not carried out for each variable, but for the residual value. Based on the empirical experience of several

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statistical experts, data with more than 30 numbers (n> 30) can be assumed to be normally distributed. Usually said to be a large sample (Ghozali 2016).

Table 5. Normality Test Results

One-Sample Kolmogorov-Smirnov Test	
N	79
Normal Parameters Mean	0.0000000
Normal Parameters Std. Deviation	2.14418864
Most Extreme Differences Absolute	0.067
Most Extreme Differences Positive	0.051
Most Extreme Differences Negative	-0.067
Test Statistic	0.067
Asymp. Sig. (2-tailed)	0.200

Based on the Kolmogorov-Smirnov test results above, it is known that the Asymp. Sig (2- tailed) of 0.200, which means that the data is normally distributed because it is greater than the significance value of 0.05.

d. Multicollinearity Test

To find whether or not there is multicollinearity in the regression model in this study, it can be seen from the tolerance value and the *variance inflation factor* (VIF) and *tolerance* value. Researchers use Ghozali's opinion that a tolerance value of> 0.1 and a VIF value < 10 indicates that there is no multicollinearity in the independent variables, otherwise if multicollinearity occurs, the VIF value is smaller than 0.1 or greater than 10.

Table 6. Multicollinearity Test Results

Model	Unstandardized Coefficients B	Std. Error	Standardized Coefficients Beta	t	Sig.	Collinearity Statistics Tolerance	Collinearity Statistics VIF
(Constant)	14.858	3.716		3.999	0.0		
Product Innovation	0.315	0.094	0.251	2.895	0.025	0.993	1.007
Entrepreneurial Marketing	0.296	0.107	0.178	2.014	0.019	0.993	1.007

It can be seen that the Tolerance value of all independent variables (product innovation and entrepreneurial marketing) is greater than the value of 0.1 and the VIF value of all independent variables is smaller than 10. Therefore it can be concluded that the data is free from multicollinearity.

e. Heteroscedasticity Test

The heteroscedasticity test is a data test that has a Sig value. Less than 0.05 (Sig. < 0.05), namely if the data has a value smaller than the Sig value. "0.005 then the data has heteroscedasticity and the way to detect the presence or absence of heteroscedasticity in research is done using the glajser test, the glajser test is one of the statistical tests carried out by regressing the independent variables on the absolute value" (Sukardi, 2008).

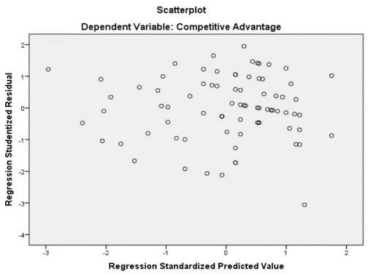

Figure 1. Heteroscedasticity Test Results

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The results above show no clear polo. The dots spread randomly and do not form a certain pattern. This means there is no heteroscedasticity in the regression model, so the regression model is suitable for use.

f. Multiple Linear Regression Analysis

Multiple linear regression analysis is the most effective method to answer the research hypothesis, namely the effect of the independent variable on the dependent variable. This has been mentioned in the previous discussion. The following table 6 presents an overview of the results of multiple linear regression analysis calculations The above equation can be interpreted as follows:

a. The constant obtained is 14,858, this indicates that the Competitive Advantage (Y) variable is constant, then the Product Innovation and Entrepreneurial Marketing variables are positive.
b. The Product Innovation (X1) coefficient is 0.315. Where every change in the Product Innovation variable by 1%, it will affect the Competitive Advantage by 31.5%. This shows that the Product Innovation variable has a positive influence on Competitive Advantage.
c. The coefficient of Entrepreneurial Marketing (X2) is 0.296. Where every change in the Entrepreneurial Marketing variable by 1%, it will affect the Competitive Advantage by 29.6%. This shows that the Entrepreneurial Marketing variable has a positive influence on Competitive Advantage.

g. Hypothesis Test

Based on the table 6, the results of hypothesis testing are as follows:

1. The X1 variable (Product Innovation) has a t-calculated value of 2.895 and the t-estimated is 1.99 so that the t-calculated> t-estimated (2.895> 1.99) and the significance value is smaller than 0.05 (0.025 <0.05) so it can be concluded that the product innovation variable has a positive and significant effect on competitive advantage in SME in Medan Tuntungan Kec. (The first hypothesis is accepted).
2. The X2 (Entrepreneurial Marketing) variable has a t-calculated value of 2.014 and the t-estimated is 1, 99 so that the t-calculated> t-estimated (2.014> 1, 99) and the significance value is smaller than 0.05 (0.019 <0.05) so it can be concluded that the entrepreneurial marketing variable has a positive and significant effect on competitive advantage (second hypothesis accepted).

h. F-Test

The F-test is conducted to test whether all independent variables intended in the model, namely product innovation (X1) and entrepreneurial marketing (X2) simultaneously have a significant positive effect on the dependent variable, namely competitive advantage (Y).

Table 7. F-Test

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	37.999	2	19.000	4.027	.022
	Residual	358.609	76	4.719	-	-
	Total	396.608	78	-	-	-

Based on the table 7, the F-calculated value is 4.027 and the F-estimated value is 3.12, then 4.027> 3.12 with a significance value of 0.022 <0.05. So it can be concluded that the variables Product Innovation (X1) and Entrepreneurial Marketing (X2) have a positive and significant effect on Competitive Advantage (Y).

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i. Test Coefficient of Determination (R^2)

Table 8. Results of the Coefficient of Determination (R^2)

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.310a	.396	.520	2.172
a. Predictors: (Constant), Entrepreneurial Marketing, Product Innovation				
b. Dependent Variable: Competitive Advantage				

Based on the table 8, it can be seen that the Adjusted R Square value obtained is 0.520. This figure shows that 52% of Competitive Advantage variables can be explained by Product Innovation and Entrepreneurial Marketing variables. The remaining 48% is influenced by other factors not explained in this study.

5. CONCLUSION

1. Based on the results of the t-test, the product innovation variable has a positive and significant effect on competitive advantage, where the t-calculated value is 2.895 and the t-estimated is 1.99 so that the t-calculated> t-estimated (2.895> 1.99) and the significance value is less than 0.05 (0.025 <0.05).
2. Based on the results of the t-test, the entrepreneurial marketing variable has a positive and significant effect on competitive advantage, where the t-calculated is 2.014 and the t-estimated is 1, 99 so that the t-calculated> t-estimated (2.014> 1, 99) and the significance value is smaller than 0.05 (0.019 <0.05).
3. Based on the results of the F test, the F-calculated value is 4.027 and the F-estimated value is 3.12, then 4.027> 3.12 with a significance value of 0.022 <0.05. This means that the variables Product Innovation (X1) and Entrepreneurial Marketing (X2) have a positive and significant effect on Competitive Advantage (Y).
4. Based on the calculation of the coefficient of determination, it shows that 52% of the Competitive Advantage variable can be explained by the Product Innovation and Entrepreneurial Marketing variables.

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