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MARKETING | RESEARCH ARTICLE

The Impact of Market Orientation, Product Innovation, and Competitive Advantage on the Marketing Performance of Culinary Enterprises: Empirical Study in Kampar Regency, Indonesia

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Abstract: In this study, the impact of product innovation and market orientation on the marketing performance and competitive advantage of micro-entrepreneurs in Kampar Regency's culinary industry will be examined. Additionally, this study assesses how competitive advantage influences marketing effectiveness by acting as a mediating factor between market orientation and product innovation. Tests of the direct and indirect effects between variables are conducted quantitatively using the SEM-PLS (Structural Equation Modeling - Partial Least Squares) analytical methodology. Questionnaires and interviews with micro-entrepreneurs in Kampar Regency's culinary industry were used to gather data. A total of 378 respondents were chosen as relevant samples using the purposeful sampling approach. The findings indicated that competitive advantage was significantly enhanced by market focus and product innovation. Furthermore, marketing performance was significantly improved by competitive advantage, product innovation, and market orientation. Additionally, the link between market orientation and product innovation on marketing success was shown to be reinforced by competitive advantage acting as a mediator.

Keywords: Market Orientation, Product Innovation, Competitive Advantage, Marketing Performance, Culinary.

JEL Classification Code: M31, L26, M13, O31

1. INTRODUCTION

In Indonesia, MSMEs are a vital component of the country's economy. The MSME sector has essentially been the primary engine of Indonesia's economy thus far. In addition to contributing to labor absorption and national economic growth, MSMEs are the engine of national economic activity expansion and also contribute to the distribution of development outcomes. Focusing on the MSME sector's growth lends significance to national initiatives aimed at lowering poverty rates. Especially for nations with low per capita income, the expansion and progress of the MSME sector is frequently seen as one of the markers of successful development. MSMEs currently make up a sizable portion of Indonesia's state and regional income. MSMEs are a type of small community company that was founded on the initiative of an individual. The majority of people believe that MSMEs only help specific parties. In actuality, MSMEs are crucial to lowering Indonesia's unemployment rate. In an area that has not yet been economically developed, MSMEs also make use of a variety of potential natural resources. Because it can manage natural resources, generate markets, grow commerce, lower poverty, create employment, build communities, and provide for their families without proper local government oversight or infrastructure, the MSME sector plays a crucial role in society. The expansion of major companies is also preceded by MSMEs.

MSMEs not only propel Indonesia's overall economic expansion but also contribute to the expansion of the economies of Kampar Regency and Riau Province. Among the regencies of Riau

Province is Kampar Regency. In Kampar Regency, the number of MSMEs has varied during the past three years. When compared to small and medium-sized firms, microbusinesses are more prevalent and generally dominate these business players. This supports the assertion made by Eisha M. Rachbini (2021) that microbusinesses make up 98.6% of Indonesia's company structure. Meanwhile, 0.1% and 1.22% go to small and medium-sized enterprises, respectively.

The culinary sector is one of the business sectors where micro-entrepreneurs in Kampar Regency predominantly operate. This is due to the fact that eating is an essential human necessity. As a result, everyone needs to purchase food for consumption. Food that is ready to eat is becoming more and more necessary. People require more practical food in terms of how to prepare, serve, and eat it, which is brought on by the rise in welfare and the activity of society. The Kampar district's micro-entrepreneurs in the culinary industry are the subject of this study. In terms of business actors, Bangkinang Kota (7,710), Bangkinang (4,023), Kuok (3,773), Kampar (3,487), Kampa (2,198), Siak Hulu (2,019), and Tambang (1,876) are the subdistricts with the most. These seven subdistricts were selected by the researchers using a ranking method, and they can serve as a representation of Kampar district and the convenience of obtaining the data required for this investigation. Everything pertaining to cooking is considered culinary. The large Indonesian dictionary states that the word "cooking" refers to the process of preparing food items for eventual consumption. Culinary cooking is defined by Soegiarto (2018) as the end product of the cooking process. However, culinary arts encompass more than just preparing edible food. Aside from its primary purpose of meeting dietary demands, culinary arts may now also be considered a way of life.

This research focuses on a variety of culinary companies, such as satay, breakfast, fried dishes, cafés or restaurants, meatballs, uduk rice, and snacks. Coffee, tea, smoothies, and traditional drinks are just a few of the beverages that draw customers in because to their diverse flavors and appealing displays. A common Indonesian dish prepared from ground beef and served with broth is bakso, which is also very well-liked. Cafes and restaurants provide a range of cuisine choices, including uduk rice cooked with coconut milk and delicious side dishes, in a laid-back setting. Here, fried meals and snacks serve as simple-to-make snacks, and breakfast offers useful choices such fried rice, lontong sayur, and lontong pecal to satisfy energy demands prior to activities. Lastly, due to its mouthwatering flavor, satay—made from grilled pork chunks and served with flour spice, peanut sauce, or chili sauce—is one of the most well-liked dishes. Therefore, the goal of this study is to investigate in further detail the development and potential of culinary enterprises in these different categories. Every business actor wants to achieve long-term growth and survival. A business owner must be able to make strategic decisions in the area of marketing management in order to adjust to a changing environment in a globalized world where competition is fierce owing to complicated objectives and rapid acceleration rates.

Today's fierce business rivalry forces entrepreneurs to constantly strive to stay in company and struggle to meet predetermined targets. Businesspeople use a variety of strategies to ensure that their company can thrive in the face of intense competition. Consequently, effective marketing is essential as it is one of the functional domains that plays a very significant role in a company's operations. The effectiveness of business actors in promoting their goods in the marketplace is gauged by marketing performance. A company's or organization's whole marketing process activities are measured by marketing performance (Nofrizal et al., 2021). The idea of marketing performance is used to gauge how well a business is doing in the product market (Nasution, 2014). A company's marketing performance is an attempt to understand and satisfy the demands and preferences of its customers (Rodriguez & Morant, 2016). Sales volume, revenue growth, client base, and other metrics that show how successful a business actor is at marketing its goods or services can all be used to measure marketing performance. The approach employed by the business actor to compete with rivals, of course, also determines the effectiveness of marketing performance.

According to the findings of the interviews, Kampar Regency's microbusiness players continue to struggle to meet their marketing goals. One of the primary causes of this is the scarcity of financial and human resources. Furthermore, a lot of them still know very little about contemporary marketing techniques, including using social media and digital technologies to reach a wider audience. These restrictions impede their companies' expansion and make it harder for their goods to compete with those of other, more established companies in the region.

The success of marketing performance is not something that stands alone, but rather on cooperation between functions and parts that form a series of value chains in achieving company goals through competitive advantage. Related to competitive advantage in relation to marketing performance, research by Febriatmoko (2015), Nurtiah (2016), Haryono (2017) suggests that competitive advantage has a positive and significant effect on marketing performance. The capacity to manage resources to deliver products and services in accordance with customer wants and wishes may generate a competitive edge. Excellence is upheld by consistently raising the value offered to customers and/or cutting expenses associated with delivering goods and services. Businesses need to know what to do with their resources and how to manage them in light of the fiercer competition. The capacity of the business to generate a competitive edge is the key to winning the competition (Oktavinus et al., 2020).

Based on the interview results, There are still micro-entrepreneurs in Kampar Regency who do not have a clear strategy to create product or service differentiation that can attract consumer interest. Limited innovation and access to the latest information on market trends make it difficult for them to adapt to changing consumer needs. As a result, these entrepreneurs have difficulty maintaining market share and competing with larger businesses or those that have already utilized technology and innovation as part of their competitive advantage strategy. Additionally, business players must be market-oriented in order to get a competitive edge. Because customer-focused business players will keep up with any changes in the market. Market orientation is the comprehensive gathering of market intelligence about present or future customer demands and the management of market data that will strengthen dedication to customer service throughout the whole organization.

Market-oriented business actors want to operate their company in a way that allows it to be consistently focused on clients, but they also need to be focused on their rivals. In order to thrive in a dynamic environment, businesses must establish a market orientation since customers are extremely demanding and want to be able to acquire high-quality products or services at a reasonable price (Ariantini et al., 2020). Companies must make strategic moves toward the future following the economic crisis due to the present business environment. High levels of turbulence and environmental unpredictability are characteristics of crisis settings. Companies must be able to create market-oriented marketing strategies in order to succeed and compete in an increasingly global market that includes imported goods. A business that acts in accordance with the marketing philosophy is said to be market-oriented. This line of reasoning suggests that the goal of marketing and market orientation are the same. A business culture that can result in improved marketing performance is known as market orientation. Businesses with a market-oriented organizational culture will focus their strategy development for each business unit and success assessment on the basic requirements, wants, and demands of the external market. From the interview results, it was revealed that market orientation among micro-entrepreneurs in Kampar Regency is still relatively low. Many entrepreneurs tend to focus on production without paying attention to the dynamics and needs of the ever-changing market. The inability to conduct market research and the lack of understanding of consumer behavior make them unable to adjust products or services according to existing demand. In addition, they are less exposed to data-based marketing strategies, making it difficult to formulate appropriate policies to increase product attractiveness in the eyes of consumers. This limited market orientation is one of the main obstacles for them in developing their business and expanding market reach.

Product innovation contributes to better marketing success in addition to market focus. Consumers are constantly looking for items that are new and meet their needs. In order for the product innovations implemented to finally align with the needs of the customers, business actors must be creative in identifying their needs. Competition is more fierce in markets or industries where rivals can enter and depart with greater ease. In comparison to their competition, businesses must be able to provide items with distinct benefits and superior quality. This means that business actors need to constantly enhance the items they manufacture. The primary goal of product innovation is to satisfy consumer demand so that businesses may use new products as a competitive advantage. Consumers often desire things that are new and meet their needs. When a business is successful in developing new products, it signifies that it is one step ahead of its rivals.

Product innovation changes are intended to confront and defeat competition by creating a durable competitive advantage via the development of a set of core competencies, such as providing

superior customer service to target clients. This is why, in the face of environmental unpredictability and intensifying corporate competitiveness, innovation is becoming more and more crucial as a strategy for survival rather than merely development (Sefianti et al., 2020). Product innovation must thus be well thought out. Based on the interview results, product innovation among micro-entrepreneurs in Kampar Regency is still a major challenge. Many of them have not been able to make significant changes to the products they offer, either in terms of design, quality, or variety, due to limited resources and lack of access to the latest information on market trends. Reliance on traditional production methods makes the resulting products tend to be less competitive in the market. In fact, product innovation is the key to attracting new consumers and maintaining the loyalty of old customers. Without continuous innovation, micro-entrepreneurs in this area find it difficult to increase the added value of their products and compete with more innovative businesses in the local and regional markets.

The following issues are intended to be addressed by this study: Does market orientation affect competitive advantage among microbusiness actors in Kampar Regency. Does Kampar Regency's Micro Business Actors' competitive advantage depend on product innovation. Does market orientation have an impact on Kampar Regency Micro Business Actors' marketing performance. Does product innovation have an impact on Kampar Regency Micro Business Actors' marketing performance. Does Kampar Regency's Micro Business Actors' marketing performance depend on their competitive advantage. Does market orientation have an impact on Kampar Regency Micro Business Actors' marketing success through competitive advantage. Does product innovation have an impact on Kampar Regency Micro Business Actors' marketing success through competitive advantage. This study is crucial because it makes a substantial addition to our understanding of the critical elements that affect MSME marketing performance, particularly in Kampar Regency's culinary industry. Effective marketing techniques, market orientation, and product innovation are anticipated to be identified through this study in order to improve MSME competitiveness. This research can help micro-entrepreneurs overcome the obstacles of competitiveness and few resources, enabling them to adjust to changing market demands and boost MSMEs' share in the regional and national economies.

2. LITERATURE REVIEW

2.1. Market Orientation

Market orientation is a metric that quantifies actions and conduct that demonstrate how the marketing idea is applied. Among organizational cultures, market orientation is the most successful in fostering critical behaviors that improve buyer value and business performance (Fatmawati, 2016). Orientation is the delivery of information and programs about the company's background to employees that are needed to perform their work satisfactorily. Meanwhile, according to Amin et al., (2019) defines orientation as being used to and able to adapt to a situation or environment. The supply, provision, adjustment, introduction, and familiarity of information about the firm to customers as well as information about customers that the company understands is known as orientation.

Market orientation is fulfilling the needs and desires of target customers more effectively and efficiently than competitors to determine the fulfillment of company goals (Kotler & Armstrong, 2016). Whereas Tjiptono, (2015) Market orientation is a metric for actions and conduct that demonstrate how the marketing idea is being applied. While Alma, (2018) the comprehensive collecting of market knowledge about the requirements and desires of present or potential customers is known as market orientation.

Physical, (2019) explains that market orientation is defined as a procedure and activity associated with generating consumers and ensuring their satisfaction via ongoing evaluation of their requirements and preferences. The best organizational culture for fostering critical behaviors that increase buyer value and business performance is market orientation. A market-oriented business will constantly work to create a performance management system for handling market data, which will

strengthen dedication to customer service across the board. The indicators used in market orientation consist of three indicators (Physical, 2019) : customer orientation is the company's ability to understand its customers. Competitor orientation is the company's ability to monitor its competitors. Market information is the company's ability to provide information.

2.2. Product Innovation

Product innovation is the process of creating new, higher-quality products from existing ones. Lapian et.al., (2016) claiming that businesses must be more creative in their product development in order to provide new products that are distinct and superior to those of their rivals due to competitive pressures and consumers who are becoming more picky about what they buy. According to Kotler, (2012) product innovation is the result of many processes that interact with one another. Furthermore, according to Sumardjo et.al., (2016) defines product innovation as the understanding of new goods, which is frequently coupled with novelty to create untested manufacturing techniques. Habibie et.al., (2022) explains that there are several types of product innovation, including new items for the global market, new product lines, additions to current product lines, re-invention, cost reduction, and enhancements and modifications to existing products. According to Prasetyo & Saino, (2018) one intriguing new source of inspiration is product innovation. Intentional innovation is employed to create intriguing development and strategy. Innovation must continue to be created and implemented if businesses are to remain competitive. According to Bahren et.al., (2018) product innovation is one method of offering extra points, which are essential to effective company operations and may provide businesses a competitive edge, necessitating high-quality products. Based on the description of the theory, it can be concluded that product innovation is a way that can be taken by companies in the form of creating new ideas so that companies can compete and have a competitive advantage. According to Kotler & Armstrong, (2016) product quality, product variations, and product style and design are the three signs of product innovation. Here are a few examples of these indicators: Product quality is defined as a product's capacity to fulfill its intended purposes, which include accuracy, dependability, and durability. Product variations are a competitive way to set one product apart from another, or between competing and owned items. thing style and design are two more ways to create value for customers. Style just describes how a thing looks, but design contains a concept that goes beyond style.

2.3. Competitive Advantage

Justice, (2017) claims that a firm may get a competitive edge by implementing a value creation strategy that differs from the plans of its current or prospective rivals. According to Sunyoto, (2012) To get a competitive edge, the business must be able to distinguish its products from those of its rivals. For the created goods to become unique, they must possess essential qualities that draw in customers. According to Boyd & Hollensen, (2012) explains that gaining a competitive edge involves both attempting to achieve the most economical prices so that a competitive pricing policy can be presented and attempting to benefit consumers by better differentiating oneself from rivals. According to Kotler, (2012) Setting up market offers to provide greater value than rivals in an attempt to capture the same market is known as competitive advantage. Businesses must also get to know their consumers better and forge closer bonds with them. Businesses must have an edge over rivals by providing customers with better value than what rivals are giving. Meanwhile, according to Kotler & Armstrong, (2016) A competitive advantage is an edge over rivals gained by providing customers with more value.

According to Adie et.al., (2014) When a business delivers a good or service that its target market believes to be superior to that of its nearest rivals, it has a competitive advantage. A company will naturally gain a lot of advantages when it can produce products that are more valuable than those of its rivals. These advantages include a positive reputation, customer loyalty, and a great chance to increase profits when it can boost sales. Aditi & Pentana, (2018) explains that a company's competitive advantage is a particular ability that enables it to produce goods that are distinct from those of rivals and that carry cheaper pricing. Businesses that can draw in more customers will undoubtedly outperform their rivals since consumers are very picky about prices when making

purchases and will typically select the desired product with a lower price. According to Priscilla & Devie, (2013) When a business can establish a strong defensive posture against its rivals, it has a competitive advantage. Damayanti & Wahyono, (2015) says that the foundation of every strategy is competitive advantage, which necessitates that the business select a specific advantage to be attained. The business must then apply the selection to the advantage it will produce in order to compete. To get a competitive edge, the business has to comprehend and evaluate its rivals and customers. According to Hajar & Sukaatmadja, (2016) there are five markers of competitive advantage, which include the following: Competitive price: a low retail selling price that is either slightly or significantly lower than rivals' typical retail selling prices. Opportunity exploration is the process of finding new methods to develop resources that already exist. Defense of competitive threats (the ability of the business to withstand risks to its existence and expansion). Flexibility is the ability to react quickly to changes in the environment. Customer connections: relationships to better understand the demands of customers than rivals in the hopes of gaining devoted clients.

2.4. Marketing Performance

The success of a business over a certain time period is gauged by its marketing performance. This outcome may be defined as the worth of the actions taken to determine whether or not the plan developed and put into action is appropriate (Puspitasari, 2015). Marketing performance can also be described as a notion that gauges how well a company's marketing efforts for a product are (Fatmawati, 2016). Performance is a system that has to do with the process and the outcomes that are obtained. A measure of success derived from an organization's or company's whole marketing process activities is called marketing performance. A notion that gauges a company's marketing performance is marketing performance. Every firm wants to analyze its accomplishments to determine how successful it is in the competitive market (Pattipeilohy, 2018). The effectiveness of a company's product marketing in the marketplace is gauged by its marketing performance. A notion used to gauge how well a business markets its goods is called marketing performance (Arbawa & Wardoyo, 2018). The outcomes of a company's strategy, including customer happiness, new product success, sales growth, and profitability, are referred to as marketing performance. In order to better characterize marketing success and competitiveness, a company's marketing performance is measured using metrics including sales, customer growth, and customer churn (Puspitasari, 2015). An indicator of how well a business is doing at marketing its goods in the marketplace is called marketing performance. Data on sales volumes, revenue growth, client base size, and other indicators of the company's effectiveness in selling goods or services can be used to gauge marketing performance (Mulyani & Mudiantono, 2015). A summary of the company's marketing efforts for its goods or services is known as marketing performance measurement. A company's marketing performance serves as a yardstick for success and is calculated over a certain time period as the value of the activities that have been developed and put into practice to assess if the strategy has been properly developed and executed, and vice versa (Oktavianus, 2019). Marketing performance is the evaluation of a business's performance from a marketing perspective. Sari & Farida (2020) showed that sales volume, or the number of product sales the company achieves, customer growth, or the increase in the number of customers the company achieves, profit, or the profit from the sale of a company's products, and market share, or the market area controlled by a company, are the indicators used to measure marketing performance.

3. RESEARCH METHOD AND MATERIALS

3.1. Place and time of Research

The study, which focused on micro-entrepreneurs in the culinary industry in the Bangkinang Kota, Bangkinang, Kuok, Kampar, Kampa, Siak Hulu, and Tambang sub-districts, was carried out in Kampar Regency. The researchers used a ranking technique to choose the seven sub-districts, which might be representative of Kampar Regency and provide easy access to the data required for this investigation.

3.2. Data source

This research makes use of both primary and secondary data. A questionnaire about market orientation, product innovation, competitive advantage, and marketing success is presented directly to the chosen sample in order to get primary data straight from the initial source. Secondary data is gathered from a variety of sources that are pertinent to this investigation and aid in the discussion and analysis of the findings.

3.3. Population and Sample

The study's population consisted of 25,084 micro-entrepreneurs in the culinary business sector in the following sub-districts in 2023: Bangkinang Kota (7,710), Bangkinang (4,023), Kuok (3,773), Kampar (3,487), Kampa (2,198), Siak Hulu (2,019), and Tambang (1,876). The author employed a purposive sample strategy in the sampling procedure. Sugiyono (2017) describes the sample determination approach known as "purposive sampling," which has specific concerns. According to the Krejcie-Morgan formula, the number of samples is (Sugiyono, 2017). According to the outcome of the Krejcie-Morgan formula calculation, 378 samples were collected. Probability sampling was used in conjunction with a stratified random sampling technique to determine the sample size at each chosen study site. One method for choosing a sample from small groups of units is stratified random sampling, which is stated as WYNE & Hafeez, (2019) stratified random sampling, which describes the sample from each group after dividing the population into subgroups. Each region's subpopulations must be documented for this strategy to work (sample frame). Moreover, proportional random sampling is employed for sample distribution (Sugiyono, 2017).

3.4. Sampling Method

In order to gather data, a questionnaire is used, and written questions are sent to micro-entrepreneurs in Kampar Regency's culinary industry. Both open-ended and closed-ended questions have been formulated. A written list of questions was sent to responders directly in order to disseminate the questionnaire. In order to gather information and data for this study, interviews were done with micro-entrepreneurs and pertinent agencies in Kampar Regency.

3.5. Measurement of Variables

Definition of marketing performance variables Oktavianus, (2019) is a metric for measuring business success over a specified time period as the worth of the activities that have been developed and carried out to ascertain whether the strategy has been developed and carried out correctly, and vice versa with indicators of sales volume, customer growth, and profit increase (Sari & Farida, 2020). Definition of competitive advantage variables Kotler & Armstrong, (2016) Specifically, a competitive edge gained by providing customers with greater value through competitive pricing, opportunity discovery, competitive threat defense, flexibility, and customer connections (Hajar & Sukaatmadja, 2016). Definition of market orientation variables Arbawa & Wardoyo, (2018) specifically, the best and most efficient corporate culture to provide consumers with good value, which will result in long-term high performance for the business using metrics like customer orientation, competitor orientation, and market data (Jasmani, 2018). Definition of product innovation variables Bahren et.al., (2018) which may give businesses a competitive edge by offering extra points, one of the essential elements of effective company operations. As a result, firms require high-quality goods with variations, style, and design indicators (Kotler & Armstrong, 2016).

3.6. Data Analysis

This study's data analysis methodology consists of three primary steps. First, a summary of the variables under study is provided by using descriptive analysis to characterize the features of the data collected. Second, the structural link between variables is tested using Structural Equation Modeling Partial Least Square (SEM-PLS) analysis, which comprises evaluating the Inner and Outer Models. To

verify the validity and reliability of the research tool, convergent validity, discriminant validity, and composite reliability tests are conducted at the Outer Model stage. Meanwhile, the Inner Model and latent variable prediction are evaluated by testing the Inner Model using the R Square, f Square, and Q Square values. In order to confirm or reject the study hypothesis, hypothesis testing is finally done to ascertain the significance of the association between variables.

4. RESULTS AND DISCUSSION

4.1. Demography of Respondent and Data

Table 1. Respondent Characteristics Based on Gender

Gender	Frequency	%
Man	185	48.9
Woman	193	51.1
Total	378	100.0

Table 2. Respondent Characteristics Based on Age

Age (Years)	Frequency	%
20 - 25 Years	2	0.5
26 - 30 Years	23	6.1
31 - 35 Years	162	42.9
36 - 40 Years	31	8.2
41 - 45 Years	117	31.0
46 - 50 Years	29	7.7
> 50 Years	14	3.7
Total	378	100.0

Table 3. Respondent Characteristics Based on Education Level

Education Level	Frequency	%
Primary School	3	0.8
Junior High School	65	17.2
Senior High School	239	63.2
Diploma	5	1.3
Bachelor	62	16.4
Magister	3	0.8
Doctoral	1	0.3
Total	378	100.0

Table 4. Respondent Characteristics Based on Type of Culinary Business

Types of Culinary Business	Frequency	%
Various Drinks	37	9.8
Meatball	20	5.3
Cafe / Restaurant / Nasi Uduk	109	28.8
Snacks / Fried Foods	129	34.1
Breakfast	35	9.3
Satay	48	12.7
Total	378	100.0

Table 5. Respondent Characteristics Based on Length of Business

Length of Business (Years)	Frequency	Percent
< 1	2	0.5%
15	151	39.9%
6 - 10	186	49.2%
11 - 15	30	7.9%
> 15	9	2.4%
Total	378	100.0%

4.2. Statistical Results

a. Convergent Validity Test Results

The degree of correlation between the construct and the latent variable is measured by convergent validity. The standardized loading factor value is used to assess convergent validity in the analysis of individual item dependability. The degree of association between each measurement item (indicator) and its construct is described by the standardized loading factor. The indicator is considered to be valid for assessing the construct it creates if the loading factor value is above 0.7 (Haryono, 2017).

Table 6. Loading Factor

Variables	Market Orientation (X1)	Product Innovation (X2)	Marketing Performance (Y)	Competitive Advantage (Z)
X1.1	0.871			
X1.2	0.905			
X1.3	0.930			
X2.1		0.854		
X2.2		0.739		
X2.3		0.780		
Y.1			0.867	
Y.2			0.786	
Y.3			0.716	
Z.1				0.725
Z.2				0.732
Z.3				0.792
Z.4				0.803
Z.5				0.809

Table 6 results show that the loading factor value is higher than 0.7, proving the data's legitimacy and enabling it to move on to the following round of research.

b. Test Results Discriminant Validity

The cross loading value shows discriminant validity. Comparing the correlation between the indicator's construct and the constructs from other blocks is how cross loading is measured. The construct is better at regulating the size of their block than other blocks if the correlation between the indicator and its construct is higher than the correlation with the construct of other blocks. The AVE value must be more than the square of the correlation between the constructs or the AVE root value must be greater than the correlation between the construct and other constructs in order to be considered discriminantly valid (Haryono, 2017).

Table 7. Cross Loadings

Variables	Market Orientation (X1)	Product Innovation (X2)	Marketing Performance (Y)	Competitive Advantage (Z)
X1.1	0.871	0.593	0.529	0.698
X1.2	0.905	0.598	0.480	0.797
X1.3	0.930	0.681	0.528	0.784
X2.1	0.515	0.854	0.582	0.724
X2.2	0.447	0.739	0.433	0.525
X2.3	0.661	0.780	0.536	0.781
Y.1	0.500	0.529	0.867	0.727
Y.2	0.455	0.582	0.786	0.587
Y.3	0.383	0.467	0.716	0.511
Y.4	0.517	0.851	0.582	0.725
Z.1	0.495	0.526	0.870	0.732
Z.2	0.662	0.784	0.543	0.792
Z.3	0.894	0.597	0.483	0.803

Variables	Market Orientation (X1)	Product Innovation (X2)	Marketing Performance (Y)	Competitive Advantage (Z)
Z.4	0.700	0.589	0.506	0.809
Z.5	0.871	0.593	0.529	0.698

Table 7 demonstrates that each variable has satisfied the discriminant validity based on the cross-loading value of all indicators. Since the outer loadings value in this study has the maximum dominance for the connected variables, without the same dominance in other variables, this information may be found in the values that are bolded.

c. *Reliability Test Results*

The following step is reliability testing, which involves evaluating the Cronbach's Alpha and Composite Reliability criteria after passing the convergent validity and discriminant validity tests. If a construct's Cronbach's Alpha and Composite Reliability are both higher than 0.70, it is considered dependable (Ghozali, 2018).

Table 8. Composite Reliability

Variables	Cronbach's Alpha	Composite Reliability
Market Orientation (X1)	0.885	0.929
Product Innovation (X2)	0.706	0.835
Marketing Performance (Y)	0.705	0.834
Competitive Advantage (Z)	0.831	0.881

Table 8 test results demonstrate that all variables' composite reliability is more than 0.7. Furthermore, every variable's Cronbach's alpha value is greater than 0.7. Therefore, it can be said that the data from this investigation demonstrates consistent measurement tools and steady variability.

d. *R-Square Test Results*

Table 9. R-Square

Variables	R Square	R Square Adjusted
Competitive Advantage (Z)	0.868	0.867
Marketing Performance (Y)	0.640	0.637

Table 9 shows the R-squared value for the competitive advantage variable (Z), which is 0.868 with an 86.8% probability that the competitive advantage variable (Z) can be directly influenced by the marketing performance variable (Y) and indirectly influenced by the market orientation and product innovation variables (X1 and X2, respectively). The remaining 13.2%, however, is affected by factors not included in the research. With a percentage of 64.0% that the market orientation variable (X1) and product innovation (X2) may affect the marketing performance variable (Y), the R-square value of marketing performance (Y) is 0.640. However, factors not included in this study have an impact on the remaining 36.0%.

e. *F-Square Test Results*

Table 10. f-Square

Variables	Market Orientation (X1)	Product Innovation (X2)	Marketing Performance (Y)	Competitive Advantage (Z)
Market Orientation (X1)			0.086	
Product Innovation (X2)			0.025	
Marketing Performance (Y)				
Competitive Advantage (Z)			0.504	

The f-square value between variable X1 and Y is 0.086, thus the value is greater than 0.020 (0.086 > 0.020) then it shows the effect size with a small rating. The f square value between variable X2 and Y is 0.025, thus the value is greater than 0.020 (0.025 > 0.020) then it shows the effect size with a

small / weak rating. The f square value between variable Z and Y is 0.504, thus the value is greater than 0.350 ($0.504 > 0.350$) then it shows the effect size with a large rating.

f. Q-Square Test Results

Table 11. Q-square Predictive Relevance

Variables	Q ² (=1-SSE/SSO)
Market Orientation (X1)	
Product Innovation (X2)	
Competitive Advantage (Z)	0.507
Marketing Performance (Y)	0.382

Table 11 shows that the Q square value of variable Z is 0.507. It may be inferred that X1 and X2 have predictive importance to variable Z as $Q^2 = 0.507 > 0$. Given that variable Z's Q2 value is $0.507 > 0.35$, it can be said that the predictive significance is high. The Q square value for variable Y is 0.382. It may be inferred that X1, X2, and Z have predictive value to Y either directly or indirectly through Z as $Q^2 = 0.382 > 0$. Given that variable Y's Q2 value is $0.382 > 0.35$, it can be said that the predictive significance is high.

g. Hypothesis Testing

Path coefficients and p-values generated from processing the variable data together show how to evaluate the hypothesis test findings concurrently. The 5% threshold of significance employed in this investigation indicates that the hypothesis will be disproved if the patch coefficient output.

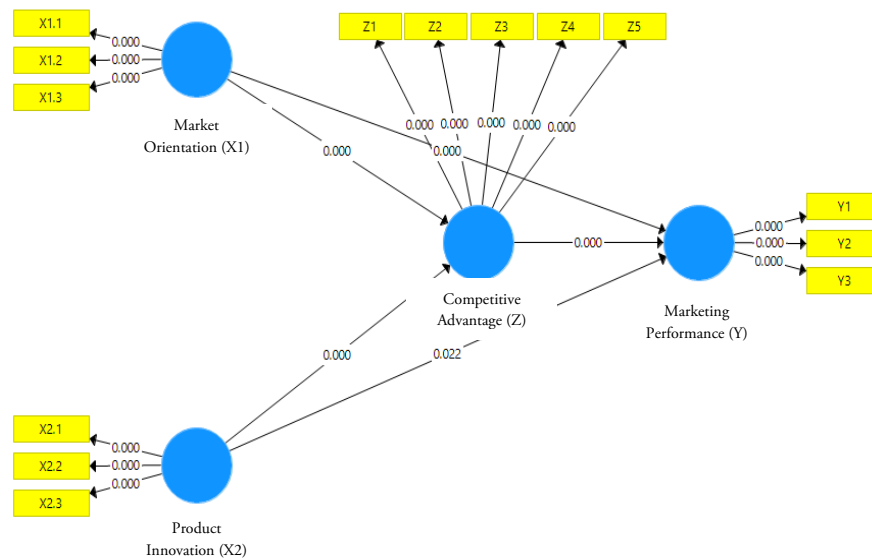


Figure 1. Hypothesis Testing Results

h. Direct Effect

Table 12. Direct Effect

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (O/STDEV)	P Values
Market Orientation (X1) → Competitive Advantage (Z)	0.463	0.464	0.030	15,183	0,000
Product Innovation (X2) → Competitive Advantage (Z)	0.550	0.548	0.029	19,066	0,000
Market Orientation (X1) → Performance Marketing (Y)	-0.331	-0.333	0.063	5,248	0,000
Product Innovation (X2) → Performance Marketing (Y)	-0.131	-0.135	0.057	2,309	0.022

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (O/STDEV)	P Values
Competitive Advantage (Z) → Marketing Performance (Y)	1,173	1,179	0.078	14,944	0,000

i. Indirect Relationship

Input:		Test statistic:	Std. Error:	p-value:
a	0.393	Sobel test: 3.62600292	0.02850494	0.00028784
b	0.263	Aroian test: 3.60246257	0.02869121	0.00031522
s _a	0.051	Goodman test: 3.65001085	0.02831745	0.00026223
s _b	0.064	Reset all	Calculate	

Figure 2. Sobel Test of Market Orientation Variable (X1)

Input:		Test statistic:	Std. Error:	p-value:
a	0.520	Sobel test: 4.59564029	0.04831536	0.00000431
b	0.427	Aroian test: 4.57015072	0.04858483	0.00000487
s _a	0.070	Goodman test: 4.62156117	0.04804437	0.00000381
s _b	0.073	Reset all	Calculate	

Figure 3. Sobel Test for Product Innovation Variable (X2)

4.3. Discussion

a. The Influence of Market Orientation on Competitive Advantage

The inner model path analysis model indicates that Competitive Advantage (Z) is significantly impacted by Market Orientation (X1). This is demonstrated by the path coefficient value of 0.463, a p-value below 0.05 (0.000 < 0.05), and a t value larger than the t table (15.183 > 1.966). This implies that business players will get a greater competitive edge as market orientation rises. Business actors' competitive edge will be greatly enhanced by a deep market orientation. Business actors may provide goods and services that better meet market expectations by having a thorough awareness of the wants and preferences of their customers. This enables businesses to set themselves apart from rivals with more appealing and pertinent items. Additionally, by having this information, business players may create a durable competitive advantage by responding to customer preferences and market developments more swiftly. The results of this study are relevant to Narver and Slater (2016) in their literature review found that market orientation contributes positively to business performance by driving innovation and competitive advantage. Jaworski and Kohli's (2017) research identified that market orientation improves customer satisfaction and business performance through better adaptation to dynamic market needs.

b. The Influence of Product Innovation on Competitive Advantage

The inner model route analysis model indicates that Competitive Advantage (Z) is significantly impacted by Product Innovation (X2). The generated t value is higher than the t table (19.066 > 1.966), and the p-value is less than 0.05 (0.000 < 0.05), demonstrating this. This implies that business actors' competitive advantage will rise in tandem with their increased production of innovative products. The creation of a competitive edge is mostly dependent on product innovation, particularly in the female-dominated culinary sector. The domestic environment may be used to generate innovative culinary products because many women are better cooks and take care of the home. Women are capable of operating small-scale home-based culinary companies while still doing household duties if they are innovative enough to produce visually appealing and unique culinary goods. This invention enables them to make more money in addition to helping them satisfy market demands. The findings of this study are in line with those of Danneels' (2019) research, which emphasizes how product innovation—particularly disruptive ones—can greatly boost competitive advantage by altering the laws of the market and opening up new markets.

c. The Influence of Market Orientation on Marketing Performance

According to the inner model path analysis model, marketing performance (Y) is significantly impacted by market orientation (X1). This is evident from the p-value being less than 0.05 ($0.000 < 0.05$) and the t value being more than t, which is greater than t table ($5.248 > 1.966$). This implies that marketing performance (Y) will rise in tandem with an increase in market orientation (X1) implemented by company operators. Marketing performance is positively impacted by a strong market orientation. Micro-entrepreneurs may create more focused and successful marketing campaigns if they have a thorough understanding of the demands and preferences of their target audience. Businesses may boost advertising effectiveness and reach more prospective customers by concentrating on pertinent market niches. In addition to boosting revenue, this improves enduring connections with clients. The findings of this study are consistent with those of a study conducted in 2023 by Gheysari, Rasli, Roghanian, and Jebur, which discovered that innovation and market orientation had a major impact on marketing performance across a range of economic circumstances. Market orientation is still crucial for enhancing marketing effectiveness and company competitiveness worldwide, even if its effects are more noticeable in emerging nations. This study demonstrates that market orientation is applicable and successful across a range of market and economic circumstances.

d. The Influence of Product Innovation on Marketing Performance

The inner model path analysis model indicates that Marketing Performance (Y) is significantly impacted by Product Innovation (X2). This is evident from the p-value being less than 0.05 ($0.022 > 0.05$) and the t value being less than the t table ($2.309 < 1.966$). This implies that business actors' marketing performance will rise in tandem with their increased production of innovative products. Product innovation increases product attractiveness and draws in new customers, which has a direct impact on marketing performance. Because of their distinctiveness and aesthetic appeal, innovative items are frequently simpler to market. Furthermore, product innovation enhances the brand's reputation as an innovative and adaptable business actor to market demands. This aids in growing market share and boosting sales. The findings of this study are congruent with those of a study by Rosenbusch, Brinckmann, and Bausch (2016), which discovered that product innovation regularly improves MSMEs' marketing success. Product innovation enables businesses to provide goods that better meet consumer demands, boosting their attractiveness and revenue.

e. The Influence of Competitive Advantage on Marketing Performance

The inner model path analysis model indicates that Marketing Performance (Y) is significantly impacted by Competitive Advantage (Z). This is evident from the p-value being less than 0.05 ($0.000 < 0.05$) and the t table value ($14.944 > 1.966$). This suggests that business actors will get better marketing results if they are able to gain a greater competitive edge. Gaining a competitive edge is crucial for enhancing marketing success, particularly for small and medium-sized businesses (SMEs) like Kampar Regency's food industry. Women who own home-based culinary companies use their culinary expertise to produce high-quality goods that enable them to compete in the market with minimal overhead. Women have the freedom to run their home businesses and yet take care of their families thanks to this arrangement. The findings of this study are consistent with those of Hunt and Morgan's (2018) study, which demonstrated that company actors with competitive advantages due to their higher customer satisfaction skills will see an improvement in marketing performance. This skill involves having a thorough awareness of the demands of the client and being able to deliver goods and services that go above and beyond their expectations. Customer loyalty and satisfaction rise as a result, improving marketing effectiveness.

f. The Influence of Market Orientation on Marketing Performance Through Competitive Advantage

There is an indirect effect or a significant indirect influence of the market orientation variable on marketing performance through competitive advantage, according to the Sobel test results that display the statistical value (z-value) for the influence of the competitive advantage variable as an intervening variable between the market orientation variable and marketing performance. Business actors may execute more successful and efficient marketing strategies when they have a competitive edge, which eventually enhances total marketing performance. In the context of small-scale culinary enterprises,

particularly in Kampar Regency, the impact of market orientation on marketing success through competitive advantage is crucial. This phenomenon demonstrates that a large number of women own home-based culinary companies as a means of juggling household duties and looking for extra cash. In this instance, market orientation enables them to get a deeper understanding of customer preferences and tastes, which in turn motivates them to provide goods that meet the demands of the local market, such highly sought-after snacks or fried dishes. The study's findings are corroborated by those of Narver and Slater (2016), who discovered that a strong market orientation greatly enhances marketing effectiveness by creating competitive advantages. Business actors can get a competitive edge by better understanding and satisfying client demands through market orientation.

g. The Influence of Product Innovation on Marketing Performance Through Competitive Advantage

There is an indirect effect or a significant indirect influence of the product innovation variable on marketing performance through competitive advantage, according to the Sobel test results that display the statistical value (z-value) for the influence of the competitive advantage variable as an intervening variable between the product innovation variable and marketing performance. One may argue that product innovation plays a crucial role in developing and applying competitive advantage to enhance overall marketing success. Particularly for Kampar Regency's culinary enterprises, product innovation is crucial to enhancing marketing performance via competitive advantage. Product innovation may play a significant part in adding value, as demonstrated by the phenomena that demonstrates the significant role that women play in operating modest, home-based culinary companies. Strong culinary abilities enable these female entrepreneurs to balance their household duties with developing product variants that meet the demands of the local market. They may set themselves apart from rivals with innovative product variants, locally sourced raw ingredients, and eye-catching packaging. According to research by Calantone and Di Benedetto (2020), product innovation boosts competitive advantage and improves a company's marketing performance by promoting a continuous innovation cycle. These findings corroborate the findings of this study. In the face of escalating competition, this has been demonstrated to improve product attractiveness and fortify market position.

5. CONCLUSION

The study's findings suggest that product innovation and market orientation significantly impact the competitive edge and marketing effectiveness of Kampar Regency's microfood enterprises. Business actors may provide more appealing and relevant products by having a deeper understanding of customer demands and preferences thanks to a strong market orientation. This helps to improve marketing performance and competition. Product innovation is also crucial for adding value and making a product more appealing to consumers. Business actors may create goods that appeal to regional tastes and set themselves apart from rivals with the correct innovation. The keys to enhancing marketing performance and competitive advantage, particularly for small-scale culinary enterprises run by women, is the combination of a strong market focus with ongoing product innovation.

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