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The Influence of Digital Marketing and Product Innovation Product Innovation on Competitive Advantage And its Implications on Performance Marketing (A Survey of Smes Assisted by The Department of Trade and Industry of Bandung City)

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Abstract: The purpose of this research was to determine and analyze digital marketing, product innovation, competitive advantage and marketing performance, the effect of digital marketing and product innovation simultaneously and partially on competitive advantage, and the effect of competitive advantage on marketing performance in SMEs/IKM assisted by the Department of Trade and Industry. Bandung. The population in this research were SMEs/IKM assisted by the Department of Trade and Industry of Bandung City. The research method used in this research was descriptive survey method with a sample of 80 respondents, and the data analysis method used was path analysis using SPSS version 23 data processing software. Based on the result of the research found that the digital marketing, product innovation, competitive advantage and marketing performance in SMEs/IKM assisted by the Department of Trade and Industry of Bandung City has a category that was already high. Digital marketing and product innovation simultaneously have a positive effect on competitive advantage with a coefficient of determination of 40.9%, partially digital marketing variables was the most dominant variable affecting the competitive advantage. Competitive advantage has a positive and significant effect on marketing performance with a determination coefficient of 80.8%. Another important finding from this research is that digital marketing and product innovation indirectly have a positive effect on marketing performance through the competitive advantage variable.

Keyword: Digital Marketing, Product Innovation, Competitive Advantage, Marketing Performance

INTRODUCTION

The development of marketing from time to time is changing, and is influenced by the times influenced by the times. Including technological developments that has a lot of influence on marketing. This development is an innovation created to provide positive benefits, provide convenience, as well as a new way of doing activities for human life. One of these technological developments is the development of information and communication technology.

Most of the Micro, Small and Medium Enterprises (MSMEs) claim to have using internet-connected devices to run their businesses. In the Katadata Insight Center (KIC) survey, as many as 42.7% of respondents utilize a PC/laptop with the internet to sell their wares.

Meanwhile, 84% of respondents as MSME players use their smart phones to run their businesses with the help of the internet to run their business with the help of the internet. Based on MSME actors who use the internet, the majority or 60.2% use network access to market their products through social media. While the activity that The least used activity is sending short messages to customers. This activity was only carried out by 27.7% of respondents. KIC conducted the MSME survey for the Jakarta, Bogor, Depok, Tangerang and Bekasi. The survey, which reached 206 respondents took place on June 8-15, 2020. (Source: Katadata Insight Center (KIC), June 2020). To support MSME / ICM business actors to adapt to the utilization of digital marketing, the government has carried out many activities so that MSME / ICM businesses can utilize technological developments utilization of digital marketing, the government has carried out many activities so that MSMEs/IKM can take advantage of technological developments development. Among them is the process of training and coaching to UMKM/IKM business actors in the utilization of digital marketing.

Law No. 7/2014 on Trade regulates everything about trade everything about trade. As one form of trade that is conducted with the internet media, of course the Law on Trade regulates this. Government Regulation of the Republic of Indonesia Number 80 of 2019 concerning Trade through Electronic Systems.

With the increase in technology, the conditions of business competition are increasingly competitive. A dynamic and uncertain business environment requires business actors to find new breakthroughs and implement strategies that are appropriate and in line with changes in the business environment implement strategies that are appropriate and in line with changes in the business environment. UMKM/IKM must be able to create, exploit, and achieve competitive advantage by creating company competitiveness values that are better than competitors.

Innovation is one of the keys to winning the competition competition. By innovating, it is hoped that UMKM/IKM can create products that are truly new or different from the previous or create products that are completely new or different from the previous ones or create improvements - improvements from previous products. Improvements These improvements can be in the form of improvements in taste, shape, packaging, variants or can even compete in terms of price.

Based on the results of the preliminary research above, it can be seen that the results of preliminary research on the preliminary research on SME / ICM business actors from the Marketing Performance statement, Competitive Advantage, Digital Marketing and Product Innovation. Preliminary research results preliminary research results marked in yellow are indicated as problematic. The table concludes that there are problems in marketing performance variable which is stated through the statement "The company's sales target is always achieved" with a value of 3.13 obtaining quite agreeing criteria, while the company is always achieved" with a value of 3.13 obtaining quite agreeing criteria, then the statement "The targeted profit / profit is always achieved" with a value of 3.40 gets the criteria Quite Agreed. value of 3.40 gets Moderately Agreed criteria, then the statement "business growth always increases every month" with a value of 3.41 getting Moderately Agree criteria. Based on the phenomena that occur today and the problems that researchers found after conducting preliminary research or

pre-survey, the researcher is interested in to conduct research and make the problems that occur as aspects of research by raising the title "The Influence Of Digital Digital Of Digital Marketing And Product Innovation On Competitive Advantage And Its Implications For Marketing Performance". Competitive Advantage And Its Implications For Marketing Performance" (a survey of SMEs assisted by the Department of Trade and Industry of Bandung City).

METHOD

The research method used is descriptive and verification method. The descriptive method used in this research is to know and examine the influence of digital marketing and product innovation on competitive advantage and its implications for marketing performance. Competitive Advantage and its implications for Marketing Performance. While the verification method used in this research is to determine and examine how much influence between digital marketing variables and product innovation on competitive advantage and its impact on marketing and product innovation on competitive advantage and its impact on marketing performance.

The main problems studied in accordance with problem identification are perception of digital marketing (X1) and product innovation (X2) as independent variables, Competitive Advantage (Y) as an intervening variable and performance (X2) as an independent variable. Competitive Advantage (Y) as an intervening variable and marketing performance (Z) as the dependent variable.

The sample used in this study was taken from the population IKM / SMEs in Bandung City who have participated in Digital Marketing training in 2020 with the number of samples that are considered representative / representative of the population. The number of samples for this study were 80 respondents. The data collection techniques used in this study are as follows: Literature Research, Field Research (interviews, questionnaires, and observations).

Based on the method used in data collection, the variables that have ordinal sizes will then be transformed into interval form by using the Method of Successive Intervals. Before instrument distribution, first test the validity and reliability of the instrument. The analysis used consists of two types, namely: descriptive analysis especially for variables that are qualitative and quantitative analysis, in the form of hypothesis testing using statistical tests used to reveal the behavior of research variables. By using the method combination of these analysis methods, a comprehensive generalization is obtained.

To answer the formulation of research problems, further hypothesis testing is carried out hypothesis testing is carried out as follows: 1). The hypothesis proposed is that digital marketing and product innovation affect competitive advantage, both simultaneously and partially. 2) The hypothesis proposed is that competitive advantage affects marketing performance.

RESULTS AND DISCUSSION

Digital Marketing in UKM/IKM Assisted by the Department of Trade and Industry of Bandung City: Based on the respondents' responses to digital marketing as measured by ten indicators, the overall response of respondents on digital marketing by SMEs / ICMs assisted by the Department of Trade and Industry of Bandung City shows that the results of respondents' perceptions, namely 0.1% of respondents perceive Digital marketing is not very good Trade and Industry of Bandung City shows that the results of respondents' perceptions, namely 0.1% of respondents perceive Digital marketing strongly disagree, then 0.5% perceived that they disagreed, 11.63% perceived that they moderately agree, 52% perceived agree and 35.38% of respondents perceived digital marketing with strongly agree. The highest score of 354 is in the dimension digital marketing can provide information clearly. While the smallest score of 316 is in the dimension of digital marketing is very easy to understand and apply in marketing activities. Digital marketing variables as a whole have a total score of 3370.

Based on the responses from respondents to the ten statements, the ideal score is 4000. Meanwhile, based on the calculation results in the table shows the total score obtained of 3370, so that it can be concluded that digital marketing in UKM / IKM assisted by the Department of Trade and Industry of Bandung City is in a relatively high category.

Respondents' responses regarding product innovation: Based on the description above, the overall response of respondents on product innovation by UKM / IKM assisted by the Department of Trade and Industry of Bandung City shows that the results of respondents' perceptions, namely 0.48% respondents Bandung City shows that the results of respondents' perceptions, namely 0.48% of respondents perceptions of product innovation strongly disagree, then 9.92% perceive disagree, 19.37% perceived quite agree, 54.99% perceived agree and 15.24% of respondents perceived product innovation strongly agree. The highest score of 295 is in the dimension of the product made is a new product both for the company and in the market. While the smallest score of 250 is in the dimension of products made that no one has ever sold at all. The overall product innovation variable has a total score of 1673. Based on responses from respondents to six statements, the ideal score value is 2400. Meanwhile, based on the calculation results in the table shows the total score obtained of 1673, so it can be concluded that product innovation in SMEs / SMEs assisted by the Department of Trade and Industry of Bandung City is in a fairly high category.

Respondents' Responses Regarding Competitive Advantage in SMEs/IKMs assisted by the Department of Trade and Industry of Bandung City: Based on the description above, the overall response of respondents on product innovation by SMEs / SMEs assisted by the Bandung City Trade and Industry Office shows that the results of respondents' perceptions, namely 0.21% of respondents perceived competitive advantage strongly disagree, then 3.92% perceived disagree, 10.16% perceived quite agree, 54.21% agreed and 31.50% of respondents perceived competitive advantage. perceptions agree and 31.50% of respondents perceive competitive advantages strongly agree. The highest score of 338 is in the dimension of products that are made are able to compete with other products. While the smallest score of 273 is in the dimension of products made that are rarely found. Competitive advantage variable overall competitive advantage variable has a total score of 1889.

Respondents' responses regarding marketing performance: Based on the description above, the overall response of respondents on marketing performance by SMEs / ICMs assisted by the Bandung City Trade and Industry Office shows that the results of respondents' perceptions are 0.00% respondents perceived marketing performance strongly disagree, then 1.05% perceived disagree, 12.23% perceived moderately agree, 62.94% perceived agree and 23.78% of respondents perceived marketing performance strongly agree. marketing performance with strongly agree. The highest score of 334 is in the dimension the company has a wider market share. While the smallest score of 307 is in the dimension of the company experiencing an increase in production volume. The overall marketing performance variable has a total score of 1913. Based on responses from respondents to six statements, the ideal score value is 2400. Meanwhile, based on the calculation results in the table table shows the total score obtained of 1913, so it can be concluded that marketing performance in SMEs / ICMs assisted by the Department of Trade and Industry of Bandung City is in a relatively high category. Industry of Bandung City in a relatively high category.

Hypothesis Testing simultaneously digital marketing and product innovation product innovation to Competitive Advantage in SMEs / ICMs assisted by the Department of Trade and Industry of Bandung City: To find out whether the independent variables, namely digital marketing (X1) and Product Innovation (X2) simultaneously affect competitive advantage (Y) in SMEs / ICMs assisted by the Department of Trade and Industry of Bandung City, carried out using path analysis and SPSS version 23 data processing tools. Based on table 4.42 above, it shows that the effect of digital marketing variables (X1) and product innovation (X2) simultaneously on the competitive advantage variable (Y) is 0.409 or 40.9%, variables X1 and

X2 together affect Y, and the remaining 0.591 or 59.1% influenced by other variables that are not included in the study.

Hypothesis testing partially digital marketing and product innovation product innovation on Competitive Advantage in SMEs / ICMs assisted by the Department of Trade and Industry of Bandung City: It can be seen that the digital variable marketing (X1) has a t_{count} value of 4.103 which is greater than the t_{table} value of 1.991 and with a sig. of 0 smaller than 0.05 ($\alpha = 5\%$). t_{table} of 1.991 and with sig. of 0 smaller than 0.05 ($\alpha = 5\%$), so that it can be concluded that the variable digital marketing (X1) partially affects competitive advantage (Y). Likewise, the product innovation variable (X2) has a t_{hitung} value of 2.981 which is greater than the t_{table} value of 1.991 and with a sig. of 0.004 smaller than 0.05 ($\alpha = 5\%$), so it can be concluded that the product innovation variable (X2) partially affects competitive advantage (Y). The results of the calculation of the path coefficient value of digital marketing variables (X1) and product innovation (X2) on competitive advantage (Y), show that digital marketing variables and product innovation affect the competitive advantage of competitive advantage in UKM / IKM assisted by the Department of Trade and Industry of the City of Bandung. causal relationship structure model between variables can be seen that digital marketing (X1) and product innovation (X2) simultaneously or partially proven to have an effect on competitive advantage (Y) in SMEs / ICMs assisted by the Department of Trade and Industry of the City of Yogyakarta. (Y) in SMEs / ICMs assisted by the Department of Trade and Industry of Bandung City or Hypothesis 1 is accepted. Bandung or Hypothesis 1 is accepted. The most dominant variable affecting competitive advantage (Y) in SMEs / SMEs assisted by the Department of Trade and Industry of Bandung City is the variable digital marketing. Trade and Industry of Bandung City is a variable digital marketing (X1) with a coefficient of digital marketing (X1) with a coefficient of 0.423, while variable product innovation, (X2) of 0.307.

Direct and indirect effects, as well as influences outside the Digital Marketing (X1) and Product Innovation (X2) variables on competitive advantage (Y) : From the test results, it can be seen that digital marketing (X1) and product innovation (X2) have a direct effect on competitive advantage (Y) on product innovation (X2) has a direct effect on competitive advantage (Y) in the UKM / ICM Department of Trade and Industry of Bandung amounted to 27.3%, the indirect effect of digital marketing (X1) and product innovation (X2) on competitive advantage (Y) is 13.3% competitive advantage (Y) is 13.7% and 59% is influenced indirectly by other factors. indirectly by other factors other than digital marketing (X1) and product innovation (X2) or which are not studied by researchers.

The Effect of Competitive Advantage on Marketing Performance in SMEs / ICMs assisted by the Department of Trade and Industry of the City of Bandung Bandung: shows that the contribution of the influence variable competitive advantage (Y) on marketing performance variable (Z) of 0.808 or 80.8% variable competitive advantage (Y) affects marketing performance (Z), while the remaining 0.192 or 19.2% is influenced by other variables. marketing performance (Z), while the remaining 0.192 or 19.2% .influenced by other variables which are not included in this study. It can be seen that the competitive advantage variable (Y) has a t_{count} of 18.129 which is greater than the t_{table} (1.991) and with Sig. of 000 smaller than 0.05 ($\alpha = 5\%$), so that thus can be concluded that the competitive advantage variable (Y) has a positive and significant effect on marketing performance (Z). positive and significant on marketing performance (Z). The results of the calculation of the path coefficient value of the competitive advantage variable (Y) on marketing performance (Z) shows that competitive advantage (Y) has a positive effect on marketing performance (Z) in SMEs / ICMs assisted by the Department of Trade and Industry of Bandung City. Trade and Industry of Bandung City. Structural causal relationship between variables can be seen that competitive advantage (Y) is proven to be able to affect marketing performance (Z) in SMEs / ICMs assisted by the Department of Trade and Industry of Bandung City or Hypothesis 2 is accepted. and Industry of Bandung City or Hypothesis 2 is accepted. Based on testing the results of hypotheses 1 and

2 above, it can be stated that the Overall, it can be stated that digital marketing (X1) and Product Innovation (X2) simultaneously and partially have a positive and significant effect on product innovation. (X2) simultaneously and partially have a positive and significant effect on competitive advantage (Y) and implications for marketing performance (Z) at competitive advantage (Y) and has implications for marketing performance (Z) at SMEs / ICMs assisted by the Department of Trade and Industry of Bandung City.

CONCLUSION

Digital Marketing in SMEs / SMEs assisted by the Department of Trade and Industry of Bandung City in general has been in relatively high demand. The indicators are digital marketing is very easy to understand and apply in marketing activities, digital marketing makes the Web easy to understand, digital marketing makes promotional costs cheaper, digital marketing makes time more efficient so that the cost of promotion becomes more efficient. cheaper, digital marketing makes time more efficient so that costs are less costs incurred less, digital marketing communication in promotion becomes more effective.

Product innovation in SMEs / SMEs assisted by the Department of Trade and Industry of Bandung City is generally in high demand, but several things still have to be considered regarding product innovation that must be considered and improved, especially in indicators The products made are not too new in the market and the products made have never been sold at all. never been sold at all.

Competitive Advantage in SMEs / SMEs assisted by the Department of Trade and Industry of Bandung City in general has been in relatively high demand, but there are some things that still have to be considered regarding the competitive advantage that is still felt to be lacking and must be considered and improved, especially in indicators Products made are different from others, products made are rarely found and products made are not easily imitated. easily imitated.

Marketing performance of SMEs / SMEs assisted by the Department of Trade and Industry of Bandung City is generally in high demand. Industry of Bandung City is generally in high demand, but there are several things that must be considered and improved in order to improve its Marketing Performance. Some marketing performance indicators that need to be improved is the company experienced an increase in the volume of production volume and the company experienced an increase in its sales volume.

Digital marketing and product innovation both partially and simultaneously effect on competitive advantage in SMEs / ICMs assisted by the Department of Trade and Industry of Bandung City. Trade and Industry Office of Bandung City. But partially digital marketing is more dominant in influencing competitive advantage compared to product innovation. Partially, the effect of digital marketing and product innovation on competitive advantage are as follows as follows: a) Digital marketing has a positive and significant effect on competitive advantage, so that the higher the digital marketing that is owned by SMEs / ICMs assisted by the Department of Trade and Industry of the City of Bandung is increasing, then the competitive advantage will increase high. b) Product innovation has a positive and significant effect on competitive advantage, so that the higher the product innovation owned by SMEs / SMEs assisted by the Department of Trade and Industry of the City of Bandung, it will result in higher competitive advantage higher.

Competitive advantage has an influence on marketing performance in SMEs / SMEs assisted by the Department of Trade and Industry of Bandung City, so that the higher the competitive advantage in SMEs / SMEs assisted by the Department of Trade and Industry of Bandung City will result in higher marketing performance. marketing performance is getting higher.

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