

STRENGTHENING MARKETING PERFORMANCE STRATEGIES FOR CULINARY MSMES: THE MEDIATING ROLE OF PRODUCT INNOVATION IN MARKET KNOWLEDGE

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ABSTRACT

This research aims to analyze the influence of Market Knowledge and Product Innovation on Marketing Performance in MSMEs in the culinary sector in Pekanbaru City. The research sample was selected using a purposive sampling method based on criteria relevant to the research objectives, with a total of 200 respondents. The analysis method used is path analysis with the help of SPSS version 21 and SmartPLS 3 software. The research results show that Market Knowledge has a significant influence on Product Innovation and Marketing Performance. However, Product Innovation does not show a significant influence on Marketing Performance. Apart from that, Market Knowledge also has a significant influence on Marketing Performance through the mediation of Product Innovation.

Keywords: Market Knowledge; Product Innovation; Marketing Performance

STRATEGI PENGUATAN KINERJA PEMASARAN UMKM KULINER: PERAN MEDIASI INOVASI PRODUK DALAM MARKET KNOWLEDGE

ABSTRAK

Penelitian ini bertujuan untuk menganalisis pengaruh Market Knowledge dan Inovasi Produk terhadap Kinerja Pemasaran pada UMKM sektor kuliner di Kota Pekanbaru. Sampel penelitian dipilih menggunakan metode purposive sampling berdasarkan kriteria yang relevan dengan tujuan penelitian, dengan jumlah total 200 responden. Metode analisis yang digunakan adalah analisis jalur (path analysis) dengan bantuan perangkat lunak SPSS versi 21 dan SmartPLS 3. Hasil penelitian menunjukkan bahwa Market Knowledge memiliki pengaruh signifikan terhadap Inovasi Produk dan Kinerja Pemasaran. Namun, Inovasi Produk tidak menunjukkan pengaruh signifikan terhadap Kinerja Pemasaran. Selain itu, Market Knowledge juga memiliki pengaruh signifikan terhadap Kinerja Pemasaran melalui mediasi Inovasi Produk.

Kata Kunci: Market Knowledge; Inovasi Produk; Kinerja Pemasaran

BACKGROUND

The Covid-19 pandemic that hit Indonesia in March 2020 had a major impact on the economic sector, especially on Micro, Small, and Medium Enterprises (MSMEs). According to a Bank Indonesia survey, around 72.6% of MSME actors experienced a decrease in income and various other obstacles. The impact of the pandemic was felt in all regions, including the city of Pekanbaru, where MSMEs are the backbone of the local economy. The culinary sector, which is part of the creative industry, is one of the most affected due to social restrictions and declining people's purchasing power.

Based on data from the Central Statistics Agency (BPS), the number of MSMEs in Pekanbaru has continued to increase in the last five years, even though they face great challenges. In 2020, there are around 52,000 MSME units in this city, with more than 35% of them engaged in the culinary sector. This sector contributes greatly to Pekanbaru's Gross Regional Domestic Product (GDP), but the pandemic caused a significant decline in turnover and productivity. In 2021, BPS noted that almost 40% of culinary MSMEs experienced a decrease in turnover of up to 50% or more. The growth of Pekanbaru's culinary sector has shown fluctuations in recent years, indicating its vulnerability to economic changes. In 2017, the sector grew 3.6%, then increased to 4.79% in 2018. However, there was a decrease of 1.57% in 2019, and a sharp decline of -23.23% in 2020 due to the pandemic. In addition, research from the Center for Economic Research (P2E-LIPI) shows that small and medium enterprises in the food and beverage sector have also experienced a decrease in income; small businesses fell by 1.77% and medium enterprises fell by 0.07%.

This pandemic requires culinary MSMEs in Pekanbaru to adjust their business strategies in order to survive. However, many MSME actors still face various challenges in the marketing aspect. The majority of MSMEs are still using traditional marketing methods and have not optimally utilized digital technology. Obstacles such as limited access to market information, setting consumer targets, competitive price management, and lack of resources for product innovation are obstacles for culinary MSMEs to compete in the market. In the digital era, the application of product innovation based on understanding market knowledge is one of the keys to increasing the competitiveness of MSMEs. Market knowledge, which includes a deep understanding of consumer needs and preferences, allows MSMEs to develop relevant and effective marketing strategies. Responsive product innovation is also needed to respond to rapid changes in consumer preferences and face competition with imported products.

This study aims to examine strategies to improve the marketing performance of culinary MSMEs in Pekanbaru through the use of market knowledge and product innovation. It is hoped that product innovation can play a role as a mediator in strengthening marketing strategies, so that culinary MSMEs in Pekanbaru are able to adapt to the ever-changing market and face the challenges of globalization.

LITERATURE REVIEW

Theoretical Foundations

Marketing

Marketing or marketing in general only offers or sells products, besides that marketing also analyzes and evaluates based on the needs and desires of consumers that must be done by every business person. According to the American Marketing Association (AMA) (2014) marketing is an activity, set of institutions and processes to create, communicate, convey and exchange ideas and offers that have value for customers, clients, partners and the wider community. According to Kotler and Keller (2014), marketing is a process of social interaction in which there are individuals and groups to get what is needed by a person in creating, offering and exchanging valuable products with other parties. According to Dash et al. (2021), marketing is an evolutionary process that will accurately produce information to consumers about products or services produced by companies that will compete competitively. From the definition above, it can be concluded that marketing is a process, activity and social interaction to create, communicate, and convey information accurately to consumers in order to be able to know the products or services produced by the company.

Marketing Management

Marketing management is the process of setting marketing goals internally and externally for the company through consideration of internal resources, implementation of activities to meet goals. According to Thomas (2019) marketing management is the planning process to produce and develop new products, advertising and promotions to create and maintain relationships with customers. According to Manullang and Hutabarat (2016), marketing management is an analysis process then designed based on creative ideas in the form of goods or services that will produce good reviews from consumers. According to Agustina (2014), marketing management is an effort that functions as planning and supervising marketing activities in the company so that the specified targets are achieved in accordance with the specified time. From the definition above, it can be concluded that marketing management is a planning process to produce new products through social media in the form of advertising and promotion based on creative ideas of goods or services produced by the company in order to produce good reviews from consumers.

Marketing Performance

According to Ratnawati (2013), marketing performance has become an achievement produced through the marketing process that can be seen from the sales results from companies or organizations. According to Yolamilanda (2012), marketing performance is the main concept in measuring market performance in products or services produced by companies optimally in achieving the intended target. According to Arumsari and Marka (2018), marketing performance is a perception that is part of the company that can be seen based on directions to produce marketing performance whose strategy is through the process of making goods and services that are in accordance with the wishes of consumers in order to maintain the company's good name. From the definition above, it can be concluded that marketing performance is a perception that has been used as the main benchmark in the company and then directed to produce the intended target in accordance with the intended target in order to maintain the company's good name.

Marketing Performance Indicators

According to Ferdinand (2014), marketing performance indicators consist of: (1) Sales growth is measured based on the number of sales that increase per year. (2) Profit growth is measured based on the percentage of profit obtained seen in terms of sales of a product from the company. (3) Customer growth is measured based on the number of customers who increase customer growth to serve consumers.

Product Innovation

According to Rasyid and Indah (2015), product innovation is a practical implementation that pours out an idea in the form of a new product or process by having wide access and easy access. According to Hartini (2012), product innovation is a result of process innovation or products that are created to improve market capabilities and produce products that have guaranteed quality and quality. According to Utaminingsih (2016), product innovation has become a primary need that is the main benchmark so that the products produced will be able to compete competitively, especially from the products produced by the company. From the definition above, it can be concluded that product innovation is a practical implementation that is a primary need for every company that functions to improve market capabilities and is able to produce products that have the best quality and quality.

Product Innovation Indicators

According to Kotler and Amstrong (2017), product innovation indicators consist of: (1) Product quality is measured based on the function of the product in terms of durability, reliability and accuracy of the product. (2) Product variants are measured based on products that are unique from other competitors that are prepared to compete competitively. (3) Product style and design are measured based on alternative ways of becoming value for customers. Product style only explains in terms of appearance and design has a concept that is more than style.

Market Knowledge

According to Pilotti et al. (2011), market knowledge is one of the understandings that are in 3 main marketing processes: product development management, customer relationship management and supply chain management through an understanding of the marketing process which is measured through the evaluation of how there is awareness and control of factors as well as the application of knowledge in new markets. According to Foumani and Chirani (2014), market knowledge consists of three knowledge processes, namely knowledge development, knowledge distribution and knowledge application. According to Slater et al. (2012), market knowledge is one of the assets that is a space to seek knowledge that understands customer needs who are in-depth about the process of competitors, goals, strategies and market capabilities in offering products or services according to consumer desires with a satisfied or not response from the customer. From the definition above, it can be concluded that market knowledge is an asset, understanding and form of association that evaluates how the company controls the market that is a customer need through products or services in accordance with the wishes of consumers and the response of those consumers.

Indicator Market Knowledge

According to Dahbour (2012) the market knowledge indicator consists of: (1) Competitor Knowledge is measured based on how the company knows the latest market developments and the right strategy to survive in the current market. (2) Customer Knowledge is measured based on the response given to consumers by reading product expectations from the customer. (3) Supplier Knowledge is measured based on the relationship between the importer and the agent.

Hypothesis formulation

The Influence of Market Knowledge on Product Innovation

Market knowledge plays an important role in the development of product innovation in order to achieve the targets that have been set. In order for companies to survive in an increasingly competitive industrial environment,

companies need to present products that are in line with current market demands. And in order for companies to create products that meet market demand, of course, information and knowledge about the market are needed. In other words, market knowledge can be an input for companies in carrying out product innovation. So that the higher the company's understanding of the market, the better the company's ability to innovate products. This opinion is reinforced by Al- Dmour et al. (2020), Muddha et al. (2018) and Azizah et al. (2017) who found that Market Knowledge has a positive and significant influence on Product Innovation.

H1: Market Knowledge affects MSME Product Innovation in the Culinary Sector in Pekanbaru City.

The Influence of Market Knowledge on Marketing Performance

Market Knowledge is information related to the market that is needed by a company in developing an appropriate strategy to win the competition to improve its performance. In other words, the strategy prepared by the company must be based on the information they have about their customers and competitors, so that the strategy is right on target, so that it can save the resources owned by the company. This opinion is reinforced by Oktaviani.J (2018), Hendar et al. (2020) and Charir et al. (2017) finding that market knowledge has a positive and significant influence on marketing performance.

H2: Market Knowledge affects the Marketing Performance of MSMEs in the Culinary Sector in Pekanbaru City.

The Effect of Product Innovation on Marketing Performance

Product innovation has been recognized by many experts as a strategy that can improve business performance in general, and marketing performance in particular. Production innovation will spur faster growth in marketing performance, because the more up-to-date the products produced, the products will be in accordance with current market developments. This opinion is reinforced by Afriyie et al. (2020), Sembungan (2019) and Ogi et al. (2016) finding that product innovation has a positive and significant relationship with marketing performance.

H3: Product Innovation Affects the Marketing Performance of MSMEs in the Culinary Sector in Pekanbaru City.

The Influence of Market Knowledge on Marketing Performance Mediated by Product Innovation

In addition to directly affecting marketing performance, Market Knowledge can also have an indirect effect on marketing performance, namely through product innovation first. This is considering that market knowledge is only limited to knowledge and understanding of the market, and a proper strategy is needed so that this knowledge can affect the marketing performance of a company, and one of those strategies is to innovate products. This opinion is reinforced by Luca and Atuahene-gima (2014) and Dabrowski (2019) finding that Market Knowledge has a positive and significant relationship to marketing performance mediated on Product Innovation.

H4 : Market Knowledge affects Marketing Performance mediated by MSME Product Innovation in the Culinary Sector in Pekanbaru City.

Conceptual Framework

This research was conducted on the basis of previous research thinking regarding market knowledge, product innovation and marketing performance can be carried out through the conceptual framework in Figure 1.

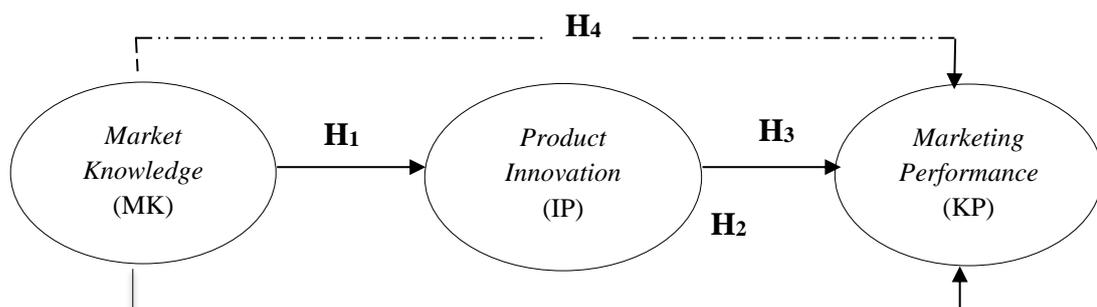


Figure 1. Conceptual Framework

RESEARCH METHODS

Research Design

This study uses a quantitative approach with a descriptive and causal research design. The descriptive design was used to describe the characteristics of the studied population, while the causal design was used to analyze the cause-and-effect relationship between market knowledge, Product Innovation, and Marketing Performance in MSMEs in the culinary sector in the city of Pekanbaru.

Place and Time of Research

The research was carried out in the city of Pekanbaru, which was chosen because it has a significant population of MSMEs in the culinary sector. The time for conducting the study began in November 2021 and ended in January 2022, covering all stages from data collection to analysis.

Population and Sample

According to Sugiyono (2015), a population is an individual or research object that has certain qualities and characteristics. Population can be understood as a group of analysis units or objects of observation that have at least one characteristic in common. The population in this study is all MSMEs in the culinary sector in the city of Pekanbaru, the number of which is not known for sure. The number of samples in the study is determined according to Roscoe's opinion in Sugiyono (2015) as follows: (1) The number of samples determined is 30-500 elements. (2) If the sample is further broken into sub-groups or sub-samples, then the minimum sample must be 30. (3) In multivariate studies such as correlation or multiple regression, the number of sample members is at least 30 times the number of free and bound variables. Based on the description above, the variables of this study are 3 variables consisting of 2 bound variables and 1 independent variable, so the number of samples used is $3 \times 50 = 150$ but nevertheless the number of questionnaires that will be distributed to MSME traders in the culinary sector in the city of Pekanbaru is as many as 200 respondents to avoid errors and shortcomings from the respondents' answers later.

Operational Research Variables

Variable operationalization is carried out to translate abstract concepts into measurable variables. Table 1 shows the details of the indicators and measurement scales used in this study:

Table 1. Variable Operations

No	Nama Variabel	Indicator	Scale
1	Market Knowledge (MK)	1. Competitor Knowledge. 2. Customer Knowledge. 3. Supplier Knowledge. Source : Dahbour (2012).	Interval
2	Product Innovation (IP)	1. Product quality 2. Product variants 3. Product style and design Source : Kotler and Armstrong (2017)	Interval
3	Marketing Performance (KP)	1. Sales growth. 2. Profit growth 3. Customer growth Source: Ferdinand (2014).	Interval

Data Collection Methods and Data Analysis Techniques

Data was collected using questionnaires distributed to respondents via Google Forms. This questionnaire is designed to collect information relevant to the research objectives. To increase the response rate, the researcher gave a brief explanation of the research objectives to MSME actors before they filled out the questionnaire. Data collection is carried out online to reach respondents who are difficult to meet in person. The collected data was analyzed using SPSS version 21 software and SmartPLS 3.0 to apply the Structural Equation Model (SEM). SEM was chosen because of its ability to test relationships between complex constructs, as well as identify direct and indirect influences between variables. The analysis begins with a validity and reliability test, followed by a structural model test to test the research hypothesis.

RESULTS AND DISCUSSION

RESULTS

Description of Research Respondents

The population of this study is that MSME actors in the culinary sector already have a business license, one MSME is represented by 1 person, namely the owner or manager. The questionnaire distributed from November 2021 to January 2022 was 200 people who were shared using Google Form. The description of the respondent's profile consists of gender, age, last education, age of business, number of employees and turnover (years). Respondent profiles explain the background of the respondents who were sampled in the study. Data on the characteristics of respondents are shown in Table 2.

Table 2. Respondent Profile

Demography	Category	Frequency	Percent
Gender	Male	121	60,5%
	Female	79	39,5%
Age	20 – 25 Years	60	30%
	26 – 30 Years	61	30,5%
	31 – 35 Years	69	34,5%
	>35 Years	10	2,5%
Last Education	Primary School	10	5%
	Junior High School	6	3%
	High School	29	14,5%
	Diploma	36	18%
	Strata One (S1)	70	35%
	Strata Two (S2)	49	24,5%
Business Age	< 3 Years	46	23%
	3 – 5 Years	44	22%
	6 – 10 Years	59	29,5%
	11 – 15 Years	32	16%
	>15 Years	19	9,5%
Number of Employees	< 5 People	178	89%
	5 –10 People	19	9,5%
	20–25 People	2	1%
	> 25 People	1	0,5%
Turnover (Year)	<300 Million	129	64,5%
	300 Million – 2.5 Billion	56	28 %
	2.5 Million – 50 Million	8	3,5%
	> 50 Billion	7	4%
Total		200	100%

Source : Primary data processed, 2022

Table 2 shows that business owners with a male gender of 121 respondents (60.5%) and culinary business owners dominate at the age of 31-35 years as many as 60 (30%) respondents and business owners with an education history in S1 as many as 70 respondents (35%) and business age of 6 -10 years there are 58 businesses (29%) and also the number of employees <5 people as many as 178 businesses (89%) and the annual turnover is < 300 million as many as 129 businesses (64,5%).

Data Analysis

Validity and Reliability Test

To test the questionnaire as a research instrument, validity and reliability tests are used. An instrument is said to be valid if it is able to measure what is to be measured and can reveal data from the variables that are studied on a regular basis. Meanwhile, the results of the reliability test were used to find out whether the research instruments used could be used many times at different times. The results of the validity and reliability test using SPSS version 21 and SEM-PLS for windows 8.1 in detail can be seen in Table 3.

Based on Table 3, it shows that all statement items for the variables Market knowledge, product innovation and marketing performance have a correlation value greater than 0.3 and an alpha coefficient greater than 0.6. As for the loading factor, the results have met convergent validity because all loading factors > 0.7. Thus, it can be concluded that the convergent validity of all endogenous construct groups is valid. Thus it means that the statement items on the Market Knowledge variables, product innovation and marketing performance are valid and reliable for further testing.

Table 3. Validity and Reliability Test

Variable	Indicator	Corrected Item - Total Correlation	Loading Factor	P-Value	Cronbach's alpha	CR	AVE
Market Knowledge(MK)	MK1	0,454	0,977	***	0,823	0,895	0,740
	MK2	0,609	0,975				
	MK3	0,604	0,902				
	MK4	0,620	-				
	MK5	0,648	-				
	MK6	0,603	-				
Product Innovation (IP)	IP1	0,401	0,807	***	0,806	0,877	0,967
	IP2	0,587	0,837				
	IP3	0,618	0,932				
	IP4	0,548	-				
	IP5	0,687	-				
	IP6	0,554	-				
Marketing Performance (KP)	KP1	0,439	0,723	***	0,724	0,906	0,740
	KP2	0,453	0,879				
	KP3	0,449	0,906				
	KP4	0,627	-				
	KP5	0,468	-				
	KP6	0,529	-				

Source: Primary data processed, 2022

Discriminant Validity Test

The discrimination validity test is a validity test used to find out or ensure that latent variables are different from others. Table 4 shows the results of the discrimination validity test which includes the cross loading value of the factor.

Tabel 4. Cross Loading

Indicator	Product Innovation (IP)	Marketing Performance (KP)	Market Knowledge (MK)
MK1	0,932	0,637	0,977
MK2	0,933	0,634	0,975
MK3	0,836	0,731	0,902
IP1	0,807	0,629	0,732
IP2	0,837	0,562	0,704
IP3	0,932	0,637	0,977
KP1	0,475	0,723	0,455
KP2	0,560	0,879	0,560
KP3	0,716	0,906	0,713

Source: Primary data processed, 2022

Based on Table 4, it shows that the cross loading values of all variable indicators are greater than the values of other latent variables. Thus, this is in line with the statement that all latent variables have good discriminant validity, which is a better indicator than other indicators.

Multicollinearity Test

The purpose of the multicollinearity test is to see if a regression model is found between independent or independent variable correlation that has the effect of causing high variables in the sample. This is evidenced by the standard error of a large standard error calculated based on the t-calculation will be a small value from the t-table when the coefficient is tested. The results of the research can be seen in Table 5.

Tabel 5. VIF

Variable	VIF	Information
Market Knowledge -> Product Innovation	1,000	No Multicollinearity Occurs
Market Knowledge -> Marketing Performance	9,583	No Multicollinearity Occurs
Product Innovation -> Marketing Performance	9,583	No Multicollinearity Occurs

Source: Primary data processed, 2022

Based on Table 5, it shows that the variables Market Knowledge, product innovation and marketing performance have a VIF value of < 10. Thus, it can be concluded that there is no multicollinearity in this research model.

Inner Model

From the results of the analysis of the structural equation model, it can be seen that a relationship or model equation in this study is as shown in Table 6.

Tabel 6. Inner Model

Jalur	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)
Market Knowledge (MK) → Product Innovation (IP)	0,946	0,947	0,130
Market Knowledge (MK) → Marketing Performance (KP)	0,511	0,312	0,255
Product Innovation (IP) → Marketing Performance (KP)	0,433	0,432	0,231
Market Knowledge (MK) → Product Innovation (IP) → Marketing Performance (KP)	0,410	0,751	0,220

Source: Primary data processed, 2022

The equation of the model structure can be explained as follows:

Structural equation 1:

$$IP = 0.946 MK$$

The value of the market knowledge coefficient of 0.946 means that market knowledge has a positive influence on product innovation where if there is an increase in the market knowledge variable, product innovation will increase, and vice versa if there is a decrease in the market knowledge variable, product innovation will decrease.

Structural equation 2:

$$KP = 0.511 MK + 0.433 IP$$

(1) The value of the market knowledge coefficient of 0.511 means that market knowledge has a positive influence on marketing performance where if there is an increase in the market knowledge variable, marketing performance will increase, and vice versa if there is a decrease in the market knowledge variable then marketing performance will decrease. (2) The value of the product innovation coefficient of 0.433 means that product innovation has a positive influence on marketing performance where if there is an increase in the product innovation variable, the marketing performance will increase, and vice versa if there is a decrease in the product innovation variable, the marketing performance will decrease.

Coefficient of Determination (R²)

The determination coefficient test or R-Square functions in predicting or seeing how much influence the independent variable simultaneously gives to the dependent variable. The results of the determination coefficient test can be seen in Table 7.

Table 7. R-Square (R²)

Variable	R Square
Product Innovation (IP)	0,896
Marketing Performance (KP)	0,511

Source: Primary data processed, 2022

Based on Table 7, it can be shown that the R-Square value for the product innovation variable is 0.896. The acquisition of this score explains that the percentage of product innovation can be explained by 89.6%. While the remaining 10.4% was influenced by other variables that were not tested in the study. And for the R-Square value obtained the marketing performance variable is 0.511. The acquisition of this score explains that the percentage of marketing performance can be explained as 51.1%. While the remaining 48.9% was influenced by other variables that were not tested in the study.

Predictive Relavance (Q²)

The Q-Square value serves to measure the observed value produced using the Blindfolding procedure by looking at the value. The results of the calculation of the Q-Square value can be seen in Table 8.

Table 8. Predictive Relavance (Q²)

Variable	SSO	SSE	Q ² (=1-SSE/SSO)
Product Innovation (IP)	600,000	208,842	0,652
Marketing Performance (KP)	600,000	394,308	0,343

Source: Primary data processed, 2022

Based on Table 8, it can be shown that the Q-Square value on the product innovation variable is 0.652 and the marketing performance is 0.343. By looking at these two values, this study has a good observation with the Q-Square criterion > 0.

Effect Size (F²)

F-Square is carried out with the aim of finding out whether the variable predictor has a weak, sufficient or strong influence on the structural level. The results can be seen in Table 9.

Table 9. Effect Size (F²)

Variable	Result	Information
Market Knowledge (MK) → Product Innovation (IP)	8,533	Strong
Market Knowledge (MK) → Marketing Performance (KP)	0,018	Weak
Product Innovation (IP) → Marketing Performance (KP)	0,040	Weak

Source: Primary data processed, 2022

Based on Table 9, the variable effect size value can be stated as follows: (1) The Market Knowledge variable on product innovation has a strong influence with an f-square value of 8,533. (2) The Market Knowledge variable has a weak influence on marketing performance with an f-square value of 0.018. (3) The variable of product innovation on marketing performance had a weak influence with an f-square value of 0.040.

Hypothesis Testing

The results of the hypothesis test are seen based on the direction of the relationship and significance of the test model and the correlation between constructs which can be seen in table 10, namely the output results of the inner weight through the Smart-PLS 3 for windows 8.1 application. The results can be seen in Table 10.

Table 10. Research Hypothesis Results

H	Jalur	T-Statistic	P-Value	Results
H ₁	Market Knowledge (MK) → Product Innovation (IP)	97,656	0,001	Accepted
H ₂	Market Knowledge (MK) → Marketing Performance (KP)	6,350	0,000	Accepted
H ₃	Product Innovation (IP) → Marketing Performance (KP)	1,180	0,239	Rejected
H ₄	Market Knowledge (MK) → Product Innovation (IP) → Marketing Performance (KP)	5,415	0,002	Accepted

Sumber: Data primer diolah, 2022

Testing the First Hypothesis (H1)

The first hypothesis in this study is that market knowledge (MK) affects product innovation (IP). The test results obtained a calculated t-value (97.656) greater than the t-table (1.65) ($df = n-k$, $\alpha = 5\%$) and a p-value of (0.001) < alpha (0.05), then H1 was accepted. This means that the market knowledge variable has a significant influence on the product innovation of MSME products in the Culinary Sector in the city of Pekanbaru.

Second Hypothesis Testing (H2)

The second hypothesis in this study is that market knowledge (MK) affects marketing performance (KP). The test results obtained a calculated t-value (6.350) greater than the t-table (1.650) ($df = n-k$, $\alpha = 5\%$) and a p-value of (0.000) < alpha (0.05), then H2 was accepted. This means that the market knowledge variable has a significant influence on the marketing performance of MSMEs in the Culinary Sector in the city of Pekanbaru.

Third Hypothesis Testing (H3)

The third hypothesis in this study is the influence of product innovation (IP) on marketing performance (KP). The test results obtained a calculated t-value of 1.180 smaller than the t-table of 1.65 ($df = n-k$, $\alpha = 5\%$) with a p-value of 0.329 > alpha 0.05, then H3 was rejected. This means that the product innovation variable does not have a significant influence on the marketing performance of MSMEs in the Culinary Sector in the city of Pekanbaru.

Testing the Fourth Hypothesis (H4)

The fourth hypothesis in this study is that Market knowledge (MK) affects marketing performance (KP) mediated by product innovation (IP). The test results obtained a calculated t-value (5.415) greater than the t-table (1.65) ($df = n-k$, $\alpha = 5\%$) and a p-value of (0.002) < alpha (0.05), then H4 was accepted. This means that the market knowledge variable has a significant influence on marketing performance mediated by MSME product innovation in the Culinary Sector in the city of Pekanbaru.

DISCUSSION

The results that have been described earlier that this study is to determine the influence of market knowledge, product innovation and marketing performance. Thus, the discussion was carried out to see the significance of the contribution of each independent variable (Market Knowledge) with bound variables (product innovation and marketing performance). The test results and overall correlation of the research model are as follows.

The Influence of Market Knowledge on MSME Product Innovation in the Culinary Sector of Pekanbaru City

Basically, market knowledge is an understanding of the market obtained from various sources to understand consumer desires, understand how the advantages and weaknesses of competitors and entrants will be evaluated by the business actors themselves in order to face competition and trust consumers.

The average response of respondents about Market Knowledge in MSMEs in the Culinary Sector of Pekanbaru City stated that it was very good with a score of 4.38. Based on the results of hypothesis and structural model analysis, it is shown that there is a significant influence on the market knowledge variable on product innovation. This explains that the more active business actors are in exploring information about the market, the easier it will be to know the development of innovations where the innovations are poured into the products produced so that they are able to meet market demand. The higher the market knowledge value, the higher the product innovation. The results of this study are in line with Al-Dmour et al. (2020), Muddaha et al. (2018), and Azizah et al. (2017), which found that Market Knowledge has a significant influence on Product Innovation. Based on research by Amielia & Nugroho, (2024) Marketing knowledge management has a significant positive effect on digital marketing. Marketing knowledge management influences business performance mediated by product innovation. Marketing knowledge management has an effect on business performance mediated by digital marketing.

The Influence of Market Knowledge on the Marketing Performance of MSMEs in the Culinary Sector of Pekanbaru City

Basically, marketing performance is the impact of the results of the marketing strategy carried out by a business which is an important factor in becoming an evaluation for marketing activities. So the better the marketing performance will accelerate the increase in sales. The average response of respondents about the marketing performance in MSMEs in the Culinary Sector of Pekanbaru City stated that it was high with a score of 3.94. Based on the results of the hypothesis and analysis of the structural model, it shows that there is a significant influence of the market knowledge variable on marketing performance. This explains that business actors develop strategies based on information about consumers and competitors on target, so sales turnover increases in accordance with predetermined targets. The higher the value of market knowledge, the higher the marketing performance will increase. The results of this study are in line with Oktaviani.J (2018) and Hendar et al., (2020)

found that market knowledge has a significant relationship with marketing performance. Amielia & Nugroho, (2024) in their research stated that Marketing knowledge management has a significant positive effect on business performance. Marketing knowledge management has a significant positive effect on innovative products.

The Influence of Product Innovation on the Marketing Performance of MSMEs in the Culinary Sector of Pekanbaru City

Basically, product innovation is an effort made by business actors in making products to improve and develop products produced so far in order to be able to compete competitively accompanied by the development of the times in accordance with current market conditions. The average respondent's response to product innovations in MSMEs in the Pekanbaru City Culinary Sector stated that it was very high with a score of 4.31. After further research, it turns out that the results of hypothesis tests and structural model analysis show that there is no significant influence on product innovation variables on marketing performance. This explains that business actors are required to be able to keep up with the development of innovation where innovation will continue to develop beyond the limit so that one of the obstacles in increasing turnover in accordance with the intended target is that business actors are less able to keep up with developments according to the times. The results of this study are in line with Achmad and Ambarwati (2019) and Fitriani (2019) finding that product innovation does not have a significant relationship with marketing performance. In addition, the results of this research are also in line with Mulyadi et al., (2021) innovation mediating the influence of partial market orientation on the sales performance of the Household Chips Industry in Bireuen Regency. Based on Farida's research, (2016) SMEs can grow and develop through the creative industry. The orientation of entrepreneurs in this research does not affect market capabilities and social capital, what affects market capabilities and marketing performance is innovation. Based on this, it can be concluded that innovation has an important role in advancing market capabilities and improving the marketing performance of SMEs. Indriyani & Shan, (2024) in their research revealed that product innovation has a significant effect on competitive advantage, product innovation has a significant effect on marketing performance, while marketing performance has a significant effect on competitive advantage. Product innovation has a significant positive effect on business performance. Digital marketing has a significant positive effect on business performance (Amielia & Nugroho, 2024).

The Influence of Market Knowledge on Marketing Performance Mediated by MSME Product Innovation in the Culinary Sector of Pekanbaru City

Market knowledge, product innovation and marketing performance are a good combination of the three variables with the function of improving sales results compiled based on information about the market, the latest innovation developments and marketing strategies with predetermined targets. Based on the results of the hypothesis, it can be stated that there is a significant influence on product innovation variables on marketing performance mediated by product innovation. This explains that business actors are very active in seeking information about the market that will make it easier to improve marketing performance accompanied by the development of current innovations. Where, if the value of Market Knowledge increases, marketing performance will also increase through product innovation and these three variables are interconnected. The results of this study are in line with Luca and Atuahene-gima (2014) and Dabrowski (2019) found that Market Knowledge has a significant relationship with Marketing Performance mediated on Product Innovation. According to Muhammad & Fadli, (2022) there are 7 marketing knowledge indicators that play a role in product marketing, namely: (1) product, (2) market, (3) service, (4) customer behavior, (5) personal selling, (6) sales promotion, and (7) customer classification. Meanwhile, important indicators that must be the priority scale of product marketing are the market, price, promotion, service, and the product itself. Indicators of sales promotion, personal selling, product specifications, product features, and price compatibility with product quality are the level of determining the high level of consumer satisfaction. Based on research by Sudarti & Dewi, (2023) shows that product innovation capabilities are proven to mediate customer orientation and digital knowledge sharing against marketing performance. The ability to innovate products is the beginning of the success of achieving and improving the marketing performance of food processing SMEs in Blora during the pandemic so that SMEs can continue to operate and develop.

CONCLUSION

This study shows that Market Knowledge has a significant influence on Product Innovation and Marketing Performance in MSMEs in the culinary sector in the city of Pekanbaru, both directly and through the mediation of product innovation. A good market understanding allows business actors to create product innovations that suit consumer needs, thereby strengthening marketing strategies and improving business performance. However, product innovation independently does not show a significant influence on marketing performance, indicating that innovation needs to be supported by the right marketing strategy. These findings emphasize the importance of synergy between market knowledge, innovation, and marketing strategy to achieve business success.

Based on the conclusions obtained in this study, suggestions are proposed as a complement to the research results that can be provided as follows: For MSMEs, it is recommended to continue to improve Market Knowledge through training and information sharing to understand market changes. Product innovation needs to be adjusted to consumer trends and integrated with effective marketing strategies. In addition, marketing performance must be evaluated regularly to ensure the strategies used are able to increase sales and expand market share. For academics and researchers in the future, it is recommended to explore additional variables such as Customer Relationship Management (CRM) and Digital Marketing that may affect marketing performance. Further research with different subjects and locations also needs to be done to expand the generalization of the results. In addition, the use of more diverse research methodologies will provide a deeper understanding of the relationship between Market Knowledge, Product Innovation, and Marketing Performance.

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