

THE EFFECT OF COMPETITIVE ADVANTAGE AND MARKET ORIENTATION ON MARKETING PERFORMANCE IN GARMENT COMPANIES IN INDONESIA

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ABSTRACT

The aim of this study is to explain the effect of competitive advantage and marketing orientation on marketing performance. The objects of this study are garment companies in Indonesia. The subjects of this study are company owners or managers through survey distributed using random sampling method. The data obtained was processed using multiple regression method. The result of the study indicates that competitive advantage and marketing orientation has an impact on marketing performance. The findings from this study are expected to be beneficial for entrepreneurs on the marketing performance of their companies.

Keywords: marketing performance, competitive advantage, market orientation.

INTRODUCTION

The growth of garment industry in Indonesia shows increase from time to time, and it was recorded on 2019 that the growth in textile industry reached 19 percent (<https://kemenperin.go.id/artikel/20666/Lampau-18-Persen,-Industri-Tekstil-dan-Pakaian-Tumbuh-Paling-Tinggi>). This growth resulted in the huge amount of companies entering this industry. In order to compete in the market, companies are required to show their uniqueness that distinguishes them from other companies. Competitive advantage can surface through the existence of goods or services that show uniqueness compared to similar products or if the products can be produced at a lower cost compared to similar products from its competitors (Porter, 2006). Furthermore, Porter (1998) also stated that a company can be more competitive if there's efficiency in the production process; producing high quality product and creating products that can satisfy customers. In addition, competitive advantage can also be interpreted as a company's effort to offer added value or differentiation to customers as to differentiate the product offered (Nuryakin, 2018). In accordance to that, in order to survive in the market, companies need to pay attention to customers' needs and wants. A number of studies showed that input from customer is important and necessary for companies so that the products they produced can fulfill customer's expectation (Rakthin et al., 2016). Market orientation can also be interpreted as an effective and efficient activity process by assessing customer's needs and wants (Nuryakin, 2018).

Having competitive advantage and market orientation in a company will hopefully increase its performance. Company performance itself can be interpreted as a measure of company's success that can be measured using various indicators such as profit growth, sales and sales growth, market share and market share growth, return on sales and return on investment (Yidis and Karakas, 2012). Specifically, company's marketing performance can be measured using the indicators sales growth, profitability and market coverage (Nuryakin & Retnawati, 2016). This study aims to determine the impact of company's competitive advantage and market orientation on the company's marketing performance. The result of the study shows that having competitive advantage and market

orientation in a company is proven to result in better marketing performance of the company.

METHOD

In this study, the population used is garment companies located in East Java. Specifically, the study focuses on garment industry that only produced based on customer’s order, and garment companies that designed and sold their own products, with gross revenue of at least five hundred millions per month. The number of sample used is 97 companies. The data was obtained through distribution of questionnaires to owners that is in the field of creative garment industry in East Java. The questionnaire reflects all indicators in the variables used in this study, which consisted of statements. Respondents were asked to state their views based by answering with range of strongly agree to strongly disagree. Data collected was processed using multiple linear regressions.

RESULT

Table 1.1 shows the indicators of the variables used in this study:

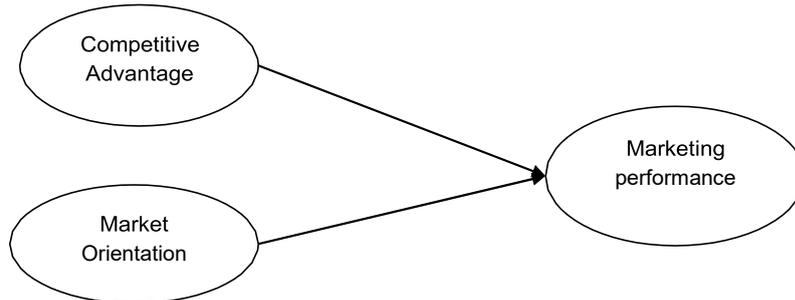
Table 1.1 Variable Indicators

Variables	Indicators
Competitive advantage	<ol style="list-style-type: none"> 1. Valued product: which means it has certain meaning for the customer. 2. Different product from competitors: company attempt to produce a different product in order to increase sales. 3. Product not easily replaced: products offered by the company has a certain difference. 4. Product made to always appear different: can result in increase in sales. 5. Product not easily replicated: product offered by the company is hard to be replicated by competitors.
Market orientation	<ol style="list-style-type: none"> 1. Competitor orientation: company is always monitoring competitor’s progress. 2. Consumer orientation: products offered fits what the customers need 3. Evaluation on customer: company constantly conduct evaluation to fulfill customers’ needs. 4. Service process for customers: company always provide the best service for customer 5. Fast response: company always respond timely when there are any changes done by competitors. 6. Promotion program: company is always conducting interesting promotions 7. Interfunctional coordination: company always maintain good relationship with its employees
Marketing performance	<p>Seles growth: there’s an increase in the average sales growth of the company.</p> <p>Profit increase: there’s an increase in product growth of the company.</p> <p>Increase company performance: profit growth increase company’s performance.</p> <p>Number of customers: increase in number of customer means that the company is able to compete.</p>

Table 1.2 Table of t-test Result Using Multiple Regressions

Model	Unstandardized Coefficients		t	Sig.
	B	Std. Error		
(Constant)	1.440	.221	6.503	.000
Competitive Advantage	.140	.038	3.660	.000
Market Orientation	.575	.057	10.183	.000

Figure 1.1 Research Model



Based on the analysis result of Table 1.2 it shows that each independent variables have significant and positive impact on the dependent variable

DISCUSSION

In this study, competitive advantage variable is shown to have an impact on marketing performance. This result is in accordance with study by Kaleka and Morgan (2017) that showed that competitive advantage has an impact on the increase of marketing performance. Companies with competitive advantage will be able to appear differently compared to its competitors and it will spark interest in customers to purchase. Therefore, it would result in increase in the company’s sales growth. Aside from that, competitive advantage is identic with companies that have a uniqueness to offer its customers. This uniqueness can exist if the company has a specialty in terms of its services or product differentiation, and therefore it can be its own pull for customers. For garment products, uniqueness of clothes design or pattern will also really determine the product sales. Clothes design usually does not last long, because competitors would typically replicate products with good sales. Therefore, the company’s ability to continuously innovate in terms of clothes patterns and designs would be the determining factor of the sales performance. Another determining factor for sales growth is the company’s ability to innovate continuously. Garment products are tightly related with fashion products. This requires the company to be able to constantly update the product they offer so that it will always match customers’ expectations.

In this study, market orientation is also indicated to have an impact on marketing performance. The result of this study is in accordance with study by Nuryakin (2018) that conducted a study with market orientation as one of its variables. Companies with market orientation are indicated by its sensitivity to the activities done by its competitors. By monitoring competitors’ activities the company is expected to be able to anticipate the competitors’ moves. Aside from that, the company is also required to be able to consistently satisfy customers and conduct evaluation on changes in customer’s taste. In terms of services, the company is expected to always be responsive to the wants and

complaints from its customers. Companies that are well managed will always be market oriented and is expected to increase sales and maintain its sales growth.

The result of the study is expected to be beneficial to business owners when managing their company to increase sales, profit, and overall growth of the company. Despite that, due to the limitation of the study object scope, future studies is hoped to be able to conduct more research on other industries, and also to discover intermediary factors that can result in improvement of marketing performance.

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