

THE ENHANCEMENT OF MARKETING PERFORMANCE THROUGH RELATIONSHIP MARKETING WITH COMPETITIVE ADVANTAGE AS AN INTERVENING VARIABLE IN ISTANA KAIN SERAGAM (IKS)

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ABSTRACT

Istana Kain Seragam (IKS) sells various textile products and still widely-open business opportunity. The company's goal is to enhance business profit by improving its marketing performance through financial perspective, customer perspective, internal process, and innovation.

Relationship marketing can be used to enhance marketing performance by sharing information, creating a common understanding, and constructing a memorable relationship. Competitive advantage is also an essential factor in winning business competition in terms of pricing, quality, delivery dependability, product innovation, and Time-to-Market.

The purpose of this research is to determine if: relationship marketing has a positive effect on competitive advantage and marketing performance, competitive advantage as an intervening variable has a positive effect on marketing performance. This research is a confirmatory research with 65 samples. Smart PLS 2.0 M3 is used as data analysis tool.

Research results suggest that: relationship marketing has a positive effect on competitive advantage and marketing performance, competitive advantage as an intervening variable has a positive effect on marketing performance, so relationship marketing can directly affect marketing performance or through competitive advantage.

Keywords: Effect, Relationship Marketing, Competitive Advantage, Marketing Performance, Intervening Variable

INTRODUCTION

The Economy of Central Java in 2014 from Berita Resmi Statistik grew 5,4 percent, including trading in the 4th rank.

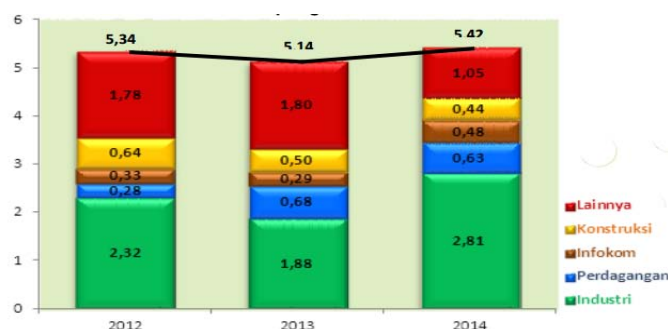


Figure 1. Source of GDP Growth According to Business Field

In line with statistic data of economic growth, the growth of trading is as shown in the internal data of IKS sales report from January 2011 until December 2014, which shows the growth of sales report of IKS.

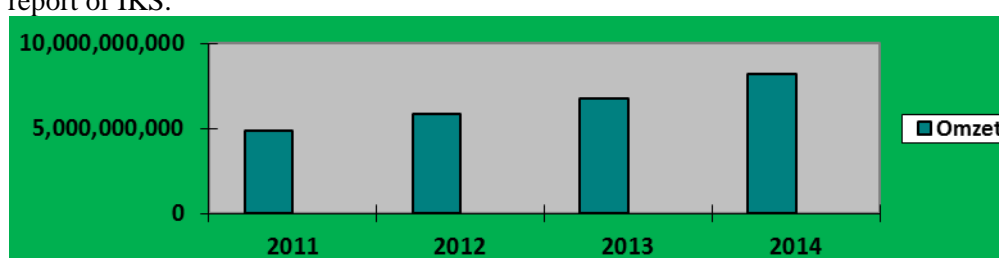


Figure 2. Sales Growth of IKS

The goal of this study is increasing the company's profit margin, which can be achieved by fixing the marketing performance, that will result in the growth of the sales, profit margin, and competitive advantage (Hamali, 2013). Profit margin from January 2011 until December 2014 shows that IKS got profit margin for only about 9,75 percent from the total sales of uniform products and retail products.

Table 1. The Comparison of Sales Report and Margin Profit from January 2011 - December 2014

Bulan / Tahun	Sales & Profit (Rp)							
	2011		2012		2013		2014	
Januari	204,237,565	27,124,715	328,318,250	36,019,590	439,517,625	52,240,170	496,604,725	47,226,520
Februari	261,163,875	24,608,495	383,006,015	44,403,190	347,286,000	40,856,485	380,449,950	41,516,705
Maret	352,727,085	37,393,750	695,672,790	58,335,350	539,152,400	64,364,095	581,737,675	55,881,560
April	262,621,940	27,035,995	389,797,600	24,536,740	583,347,475	62,771,325	801,065,850	83,656,730
Mei	532,337,675	47,614,385	499,488,400	38,831,295	667,772,850	62,486,995	582,664,125	64,761,355
Juni	448,160,750	38,580,385	596,263,115	48,525,920	691,320,175	68,931,840	855,567,525	71,535,910
Juli	846,881,450	58,826,265	903,858,300	96,045,845	1,182,160,400	110,553,010	1,077,385,150	80,446,875
Agustus	680,244,800	56,522,915	477,050,165	52,332,310	437,433,025	58,127,920	1,089,521,000	108,169,655
September	392,408,425	50,006,560	642,695,475	56,556,230	744,692,600	80,366,925	1,035,945,350	92,390,505
Oktober	541,404,450	65,061,320	514,788,300	61,204,735	808,205,975	74,694,405	694,513,275	77,247,203
November	322,893,300	27,285,240	389,546,200	27,285,240	334,883,300	42,534,065	894,413,500	64,944,934
Desember	227,297,600	23,741,440	358,728,275	35,489,275	411,259,475	57,733,480	546,476,775	56,446,585
TOTAL	5,072,378,915	483,801,465	6,179,212,885	579,565,720	7,187,031,300	775,660,715	9,036,344,900	844,224,537
% Profit	10%		9%		11%		9%	

Strategy including competitive advantage is expected to increase sales, profit margin and is appropriate with the risk that must be faced (Adisaputro, 2014:17). Short term competitive advantage (Suat, 2014:152) can be increased by achieving innovation and in which relationship marketing is really needed. Relationship marketing is a relation and ability of study, which happens between company and customer dynamically and full of commitment to create the same vision for supporting competitive advantage (Wijaya, 2012: 32-33).

According to the passage, the researcher is interested to do a research entitled “The Enhancement of Marketing Performance Through Relationship Marketing With Competitive Advantage As An Intervening Variable In Istana Kain Seragam (IKS)”.

LITERATURE REVIEW

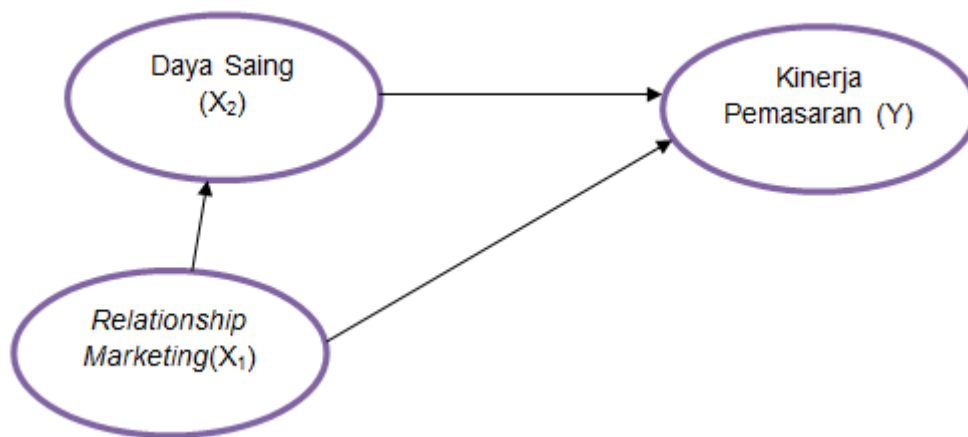


Figure 3. Research’s Framework

Relationship marketing gives effect to competitive advantage and relationship marketing, and competitive advantage gives effect of company’s marketing performance (Oscarius Wijaya, 2013 dan Hashem Jenatabadi, 2013). Indah (2013), Arifin (2013), and Darmanto (2015) show that relationship marketing can create competitive advantage to maintain old customer and to get new customers, which then will increase marketing performance of the company.

Kinerja Pemasaran

Marketing performance, according to Adisaputro (2014: 4-5) and Hamali (2013) is tools which are used by management to measure and evaluate the effectiveness and return of marketing activities, especially sales and market share. The measurement of the marketing performance can be seen from the sales data and the expansion of the market share (Irawan, 2015) and also customer loyalty, brand loyalty, and innovation competences (Wijaya, 2012: 99-100).

The indicators of this research are (Chang et al., 2012):

Table 2. Evaluation Criteria of Marketing Performance

Criteria	Indicator
Financial Perspective	Sales, Revenue growth, Return on investment
Perspektif Pelanggan	Customer satisfaction, Customer retention, Market share, Brand popularity, Brand image, Service quality, Goodwill
Proses Internal	Response time for customer complaints, On-time delivery, Inventory turnover, Launch time and quality of new products or services

Inovasi dan Pembelajaran	Employee satisfaction, Employee training hours, Employee development, Advancement opportunities, and Turnover rate
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Relationship Marketing

Relationship marketing (Wijaya, 2012: 35-36) is information which is communicated and interpreted or understood between company and customer, from which integration of knowledge is created and it can be increase the value of relationship and create a special memory. Relationship marketing concept is included in value proposition (Pyne, 2013: 23) which is aimed to create value that is mutually beneficial, long term profitability, and value for the shareholder. More clarification of relationship marketing will be displayed in Table 3. (Sumber: Payne, 2013: 43):

Table 3. The Difference between Transaction Marketing and Relationship Marketing

Characteristic	Transactions Marketing	Relationship Marketing
Marketing emphasis	Obtain new customers	Maintain old customers
Market emphasis	Market of customer	Market of stakeholder
Focus	Fungsional (marketing)	Cross-functional (all function)
Orientation	Extra Services	Value of customer
Timescale	Short term	Long term
Customer service	Shrift	All concerned
Customer commitment	Limimited	High
Customer contact	Limimited	High
Quality	Focusing on operational	Focusing on all function

For increasing marketing performance, the company must develop vertical and horizontal relation network (Purnomo, 2013) and according to Long (2013) the positive effect of marketing performance will be felt with a good relationship marketing.

Competitive Advantage

Competitive advantage is an activity which is complementary and strengthening each other to create value for customer, which differentiate the company from its competitor to defend its position on the market (Indah, 2013). Competitive advantage is an ability to reach important position than its competitors (Kuncoro, 2011: 85) in the decision of the management about cost, quality, delivery system, and flexibility (Anatan, 2014) and all it depends on continuity of internal and external capability with the changes in the company.

Five key dimensions (Indah, 2013) which affect competitive advantage are competitive price (Teguh, 2013) by pressing the cost, the quality of product and service, product delivery or delivery dependability of amount, type, time, beside that the importance of innovation which is appropriate with the customer and time to market in terms of speed on creating new products to achieve market leadership.

Competitive advantage can increase marketing performance through learning orientation (Zaini, 2014) and the key factor of competitive advantage is innovation that is suitable with the demand of increasing profit (Hana, 2013)

Hypothesis

1. H_1 = Relationship marketing has a positive effect on competitive advantage in IKS company.
2. H_2 = Relationship marketing has a positive effect on marketing performance in IKS company.

3. H_3 = Competitive advantage has a positive effect on marketing performance in IKS company.
4. H_4 = Competitive advantage is an intervening variable between relationship marketing and marketing performance in IKS company.

RESEARCH METHODS

This study is a quantitative research, which is according to Silalahi (2009: 30) is aimed to analyze the relationship between relationship marketing, competitive advantage, and marketing performance through hypothesis testing with statistic method. This quantitative research (Kuncoro, 2011: 145) will measure in numeric scale.

This research uses Partial Least Square (PLS) method (Fanani, 2015: 4), which is one of the ways to analyze Structural Equation Modeling (SEM).

This research takes place in Klewer Market in Surakarta, Central Java where IKS opens the business. This location is chosen because the researcher give the quistionnaire to the respondent who has bought products in IKS.

Population research (Sugiyono, 2010: 115) is the zone where there are qualified or specific object character to be studied and drawn the conclusions from. The population of this research is 181 respondents who are IKS's customers, which is recorded in 2014. The samples of this research use purposive sampling, in which the researcher chooses the sample to make it suitable with the aim of the research. The sampling election method uses judgement sampling which is one of the method of purposive sampling, using the customer whose transactions have been recorded for three months in 2014 (Kuncoro, 2011: 139). This research uses 65 respondents who are IKS's customer that have transaction with IKS company in 2014.

Validity test is used to measure the validation of the questionnaire. Validity (Kuncoro, 2009: 175) is the degree of the valid instrument in measuring the concept that will be counted. Questionnaire validity can describe and reveal the goal of this research. Sig validity questionnaire, must be more than 0.1 so that it becomes a valid questionnaire.

Reliability is used to convince that the measurement result is not varied on each time of the measurement (Kuncoro, 2009: 175). Reliability is the degree of instrument reliability, which shows the consistency and the stability of the score. The questionnaire is reliable if Cronbach's Alpha's value more than 0.6.

Data Analysis Technique

- 1) Conceptualization model (Ghozali, 2012: 49), is the first step to analyze SEM-PLS, the first step is to design the inner model between laten variable which based on theory or rational research. PLS enables to explore the relationship between laten variables. The second step is to design the outer model, on PLS the measurement of outer model is the most important step, which will determine the feature of the indicator, that can be formative or reflective on each laten variable. The primary feature of indicator is appropriated with empirical or rational research.
- 2) Determine the Analysis Method with Algorithm and Resampling
- 3) Converting the path diagram into system of equation, the result of the inner and outer model will be displayed on path diagram so that the result can be more understandable.
- 4) Estimation Weight, Path Diagram, and Loading, estimation method in PLS is the least square methods. Estimations in PLS are weight estimate (to count variable laten datas); path estimate (to relate each laten variable), and loading estimation between laten variable with its indicators. Means and Constanta regression, intercept is parameter location between indicator and laten variable.
- 5) Goodness of Fit Evaluation

Measurement model or outer model with its reflective indicator is evaluated with convergent and discriminant validity from its indicators and composite reliability for all the indicators. On the other hand outer model with formative indicator is evaluated based on substantive content, with comparing the relative weight and see the significance the weight. Inner model will be evaluated with variety percentage (R^2) to dependent laten variable using Stone-Geisser Q Square Test and also using path diagram analysis. The stabilization of the estimation is evaluated with t-statistic through bootstrapping procedure.

6) Hypothesis Examination

Using resampling bootstrap method, which enables the data to be distribute freely, and without assumption and minimum sample are 30 respondents. In t-test with signification 10%, if the t-statistic is more than 1.65 and it means H_1 is accepted. If the result of the hypothesis on outer model is significant, the indicator can be used as measurement of laten variable. If the result of the hypothesis on inner model is significant, so there are effects between each laten variables.

RESULT

Characteristics of Respondents

In this research there are two gender characteristics, 51 respondents or 78.5 percent is male and 14 respondents or 21.5 percent is female. It can be concluded that IKS have more male respondents than female respondents.

There are four age characteristics of respondents, (1) 5 respondents for age 24-29; (2) 7 respondents for 30-35; (3) 18 respondents for 36-40; (4) more than 40 years are 35 respondents. It can be concluded that 53.8 percent IKS’s customers are more than 40 years old. The smallest respondents about 7.7 percent are between 24-29 years old. Others about 10.8 percent are 30-35 years old and 27.7 percent are between 36-40 years old.

The occupation characteristic is more dominated with entrepreneur for about 49 respondents (75.4 percent), 4 respondents are employees (6.2 percent), 10 respondents are sewer (15.4 percent), and others are about 2 respondents (3.1 percent).

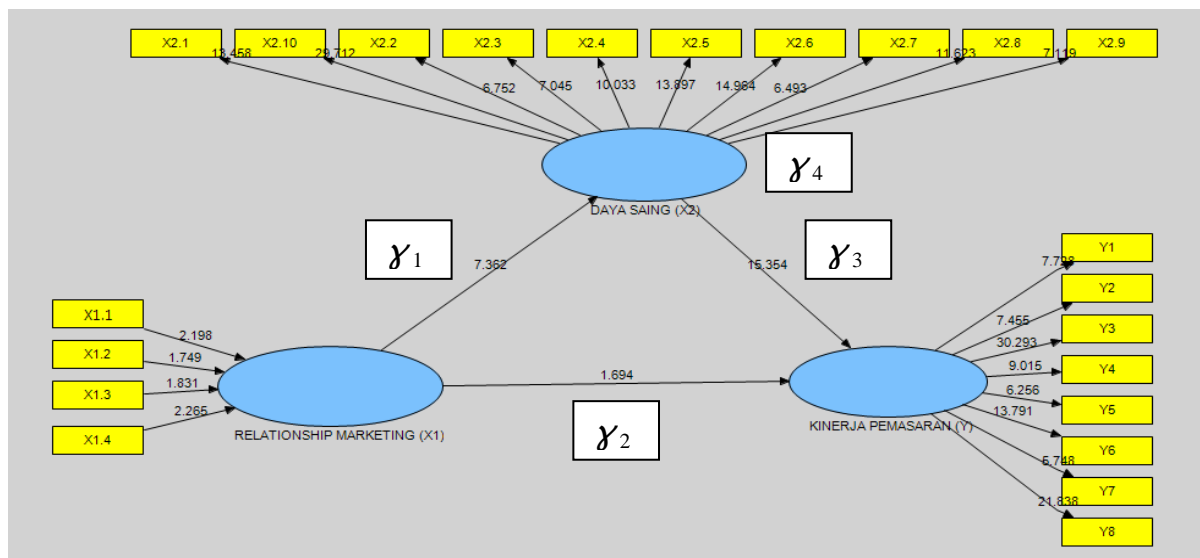


Figure 4. Analysis Model after Bootstrapping

This Figure 4 shows that analysis model in this research has three variables, which are relationship marketing, competitive advantage, and marketing performance. Relationship

marketing variable has relationship with competitive advantage and marketing performance. Competitive advantage variable has relationship with marketing performance.

Table 4. The Result of Coefficient Value and T-Statistic

	Hipotesis	Koefisien	t-statistic	Keterangan
γ_1	Relationship Marketing → Daya Saing	0.077609	7.246422	Signifikan
γ_2	Relationship Marketing → Kinerja Pemasaran	0.062109	1.757263	Signifikan
γ_3	Daya Saing → Kinerja Pemasaran	0.048960	15.316788	Signifikan

The relationship marketing effect of coefficient estimation value to competitive advantage is 0.077 with the t-statistic 7.246422 more than t-table 1.65, this result shows that there is significant effect between relationship marketing with competitive advantage. The first hypothesis can be proven.

The relationship marketing effect of coefficient estimation value to marketing performance is 0.062 with the t-statistic 1.757263 which is more than t-table 1.65. This result shows that there is significant effect between relationship marketing with marketing performance. The second hypothesis can be evidenced.

The competitive advantage effect of coefficient estimation value to marketing performance is 0.049 with the t-statistic 15.317 which is more than t-table 1.65. This result shows that there is significant effect between competitive advantage with marketing performance. The third hypothesis can be proven.

If $\gamma_1 \times \gamma_2 < \gamma_3$, it can be concluded that competitive advantage is an intervening variable. It means that competitive advantage is the mediator variable between relationship marketing and marketing performance. Relationship marketing can affect marketing performance directly or can affect relationship marketing through competitive advantage to marketing performance on the enhancement of marketing performance. The fourth hypothesis can be proven.

CONCLUSION

The result of this research about the enhancement of marketing performance's Istana Kain Seragam (IKS) through relationship marketing with competitive advantage as an intervening variable, can be concluded that:

- 1) Relationship marketing has a positive effect on competitive advantage in IKS company. There are three indicators of relationship marketing, giving the information, creating the same assumptions about the information, and having a relation that can create a specific memory. These three indicators form relationship marketing variable. IKS's competitive advantage can be enhanced with the improvement of relationship marketing's company.
- 2) Relationship marketing has a positive effect on marketing performance in IKS company. Relationship marketing can enhance the IKS's marketing performance from financial perspective, customer perspective, internal process, and innovation.
- 3) Competitive advantage has a positive effect on marketing performance in IKS company. There are five indicators that reflect competitive advantage are price, quality, delivery dependability, product innovation, and time to market. These five indicators of competitive advantage have huge effect to the enhancement of marketing performance, so that if there is improvement of competitive advantage, marketing performance will increase.

- 4) Competitive advantage is an intervening variable between relationship marketing and marketing performance in IKS company. Competitive advantage is mediator variable between relationship marketing and marketing performance. Relationship marketing can affect marketing performance directly or can affect relationship marketing through competitive advantage to marketing performance on the enhancement of marketing performance.
- 5) Competitive advantage has the bigger effect to the enhancement of marketing performance than relationship marketing, so if competitive advantage increases, the enhancement of marketing performance will also increase significantly.

Suggestion for the next researcher:

1. The next researcher must add other variables that will affect the enhancement of marketing performance. The other variables are, for example, market orientation that can describe market's demand so that it will produce a strategy that is right on target and can enhance the marketing performance. Entrepreneurial orientation variable can also be used, because as an owner of the business, entrepreneurial orientation is an important part to enhance the marketing performance. Marketing mix (product, price, place and promotion) can also be used as a variable to enhance marketing performance. Adding other variables is aimed to explain more clearly about the enhancement of marketing performance.
2. The next researcher can use other indicators, which are related with the enhancement of marketing performance. The other indicators, for example in market orientation variable which have customer orientation, competitor orientation, and the system of the company. Competitor orientation is used to prepare strategy to win the competition and have a system that is integrated to each other. Entrepreneurial orientation explains about being brave to innovate, being able to solve complaints, and seeking new opportunities, organization role and role of the market to enhance the marketing performance. The researcher must explore the job field or other research to find the suitable indicator that can affect marketing performance.

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