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The Influence of Product, Price, Place and Promotion on Marketing Performance with Innovation as a Mediating Variable (Case Study on Madura Grocery Store)

Adhiskara Subandi
Master of Management, Faculty of Economics and Business
Mercu Buana University Jakarta, Indonesia

Aldina Shiratina
Master of Management, Faculty of Economics and Business
Mercu Buana University Jakarta, Indonesia

Abstract:- Marketing performance is an important factor for traders in measuring the extent to which marketing is carried out because the results will determine the fate of their business. So it is necessary to explore what factors can influence it. The Madura Grocery Store is one of the MSMEs that also requires a culinary tool as intended. This study aims to determine the effect of the marketing mix, namely product, price, place and promotion on innovation and marketing performance and to determine whether innovation is able to mediate the marketing mix on marketing performance. Sampling was carried out by purposive sampling technique involving 170 respondents. Data analysis was performed using smart PLS for Windows. The results of the study concluded that product, price have a significant effect on innovation. Then place and promotion have no significant effect on innovation. The results of the research to test the fifth hypothesis prove that the product has no impact on marketing performance. As for price and place, they have a significant positive effect on marketing performance, while promotion has no effect. Innovation is able to mediate the effect of products on marketing performance, then innovation is able to mediate the effect of price on marketing performance. Furthermore, innovation is not able to moderate the effect of place on marketing performance and is unable to moderate the effect of promotion on marketing performance. The last solution has a significant effect on marketing performance.

Keywords:- *Influence, Marketing Mix, Innovation, Marketing Performance.*

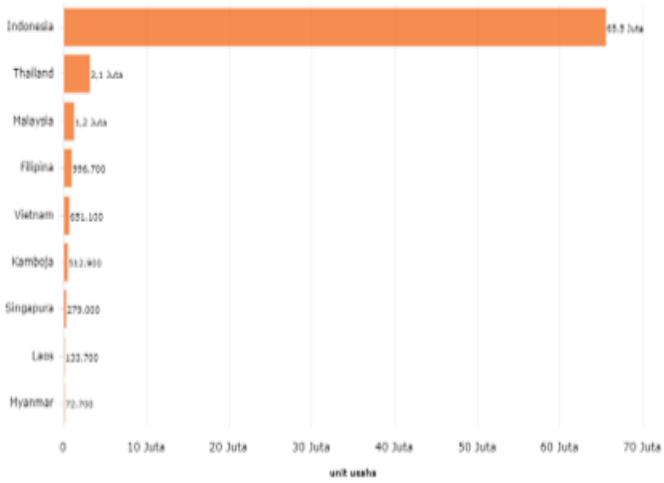
I. INTRODUCTION

Business competition in the current era does not only occur at the national level but up to the local level and occurs in almost all sectors. This is caused by lax government regulations in the business sector. In line with the development of the times that cannot be stopped. Business competition also occurs very dynamically both horizontally (competitors) and among related companies, between large companies and medium and small companies. (Hoetoro & Satria, 2020).

Basically, any form of competition is a *'conditio sine qua non'* or an absolute requirement in a market-oriented economy. (Usman, 2022). In order for competition to have an impact on welfare, the government ensures the creation of *'fair competition'* so as not to create *inefficiency*. In addition to making regulations in the legal framework to ensure balance, the government also continues to encourage domestic products to survive and win the competition. This effort is realized through the issuance of a series of regulations to spur the growth of Micro, Small and Medium Enterprises (MSMEs).

The MSME sector has an important role in the national economy because it involves a lot of labor and is one of the biggest economic drivers currently in Indonesia. Based on data from the Ministry of MSMEs, the number of MSMEs in Indonesia in 2022 will reach around 65.46 million units. force laborlabor, contributing 60.3% to Product Domestic Gross (GDP)and contributed 14.4% to exports national . The proportion of labor absorption of Indonesian MSMEs is the largest in ASEAN. In neighboring countries, MSMEs only absorb labor in the range of 35%-85%. (KemenkopUMKM, 2022).

Fig 1 Number of Asean MSME Businesses (2022)



Source: (KemenkopUMKM, 2022)

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The role of MSMEs has reached approximately 99% compared to all existing businesses and contributes as much as 65% to the Gross Domestic Product. The absorption of labor has reached 96.9%. Apart from all that, the current development of information technology has also tightened business competition. In 2021, the Central Bureau of Statistics (BPS) noted that there were 2,361,423 *'e-commerce'* businesses and millions of *'social commerce'* which could degrade the quantity and Marketing Performance of various businesses with conventional models. So many large companies have migrated to the *'e-commerce'* and *'social commerce'* models while still selling conventionally. In this competition, MSMEs are in an unfavorable condition and position given the lack of resources, both capital resources and human resources.

The potential and opportunities are then captured by the government by issuing various regulations both in terms of licensing, access to capital and so on, including encouraging MSMEs to utilize information technology. Until now, MSMEs that have entered the ecosystem have reached 20.76 million units by 2022. That number has increased by 26.6% compared to last year's 16.4 million MSMEs.

One type of business that falls into the MSME category is a mini retail retail business that is in direct contact with the small people. In the midst of very dynamic competition as described, there are Madurese grocery stores that are expanding, especially in the villages of the Jabodetabek area. Madurese grocery stores are open 24 hours a day with simple interiors, not a lot of space, but it is a special attraction for customers without utilizing the platforms and facilities provided by the government.

In contrast to the growth in the number of kiosks, Madurese grocery stores as part of MSMEs seem to encounter many obstacles in maximizing marketing performance. Based on primary data obtained by researchers through interviews with 5 grocery stores in Bintara Bekasi, information was obtained that in terms of revenue and market share, individually (not comprehensively) Madurese grocery stores are only small in value. This is due to several factors, namely, First, that the goods being traded are also widely sold in the market by other competing businesses. The second is that in quantity, the sales made by Madura grocery are only small (retail). These two problems are directly related to other factors inherent in Madurese grocery, namely in terms of limited space where almost all of them are rented places.

Knowing marketing performance is very important including small industries that will bring satisfaction to consumers and the industry itself. (Bunyamin, 2021). Marketing performance ultimately determines the success and failure of a business, especially in the field of small industry. Based on a pre-survey on factors that influence marketing performance, the results of the four largest factors in order are place, price, product, promotion and innovation.

Based on the research background described above, the researcher is interested in conducting a more in-depth study of the determinants of marketing performance by taking the title: "The Effect of Product, Price, Place and Promotion on Marketing Performance with Innovation as a Mediating Variable Case Study at Madura Grocery Stores".

II. LITERATURE REVIEW

A. *Marketing Management*

Marketing management can also be interpreted as a process of planning and also the implementation of human ideas or ideas, promotional activities, setting prices and distributing ideas, goods and services to meet organizational goals. This definition recognizes the involvement of analysis, planning and implementation and control in accordance with the exchange model with satisfaction for the parties involved as the main goal. (Bunyamin, 2021). Marketing is an art that involves humans as its object. The differences in characteristics in each individual then lead to different forms of communication to seduce or win the hearts of humans.

B. *Marketing Mix*

According to Alma (2016) is a mixture or combination of marketing activities in an effort to achieve maximum results in accordance with the goals the company wants to achieve. Meanwhile (Kotler *et al*., 2017) defines the marketing mix as a set of factors or also variables of marketing that can be used to measure the marketing that has been carried out by companies and other business fields.

C. *Product*

Products are one of the important things that then determine whether other factors or aspects of the marketing mix can function properly or not. the most important part that determines the product marketing mix is also in the form of both tangible and intangible properties whose function is used to fulfill consumer satisfaction for what they want. (Firmansyah, 2020). In relation to efforts to improve marketing performance, products can be treated by looking at indicators or product attributes which consist of:

- *Physical* attributes are something that is visible such as packaging, labels, colors and flavors.
- *Non-physical* attributes are invisible attributes such as image, positioning, service.

In addition, product attributes usually consist of quality, price *variety*, *assortment* and *value of the* products. (Puspaningrum, 2017).

D. *Price*

Price is the amount of money paid by consumers worth the product needed. Furthermore, from the seller's side, price is a value or value that supports the determination of market segments that generate revenue. (Trihastuti, 2020). So the price is closely related to a product that is sold and offered to consumers. As a value attached to the product, the price can also change according to the quality of the product and the residual value of the product in question. Furthermore, in measuring prices, it is usually done using indicators of affordability, suitability and competitiveness of the price itself.

ISSN No:-2456-2165

E. Promotion

Promotion implies an activity in effective communication about the benefits of a product and in an effort to convince consumers to purchase products or usually referred to as marketing communication between producers and consumers.(Shiratina et al., 2019). According to Kotler and Keller in Qomariyah (2022: 23) the dimensions of promotion are reach, quality and attractiveness of promotion.

F. Place

Place can also be interpreted as a distribution channel where goods or products or buying and selling activities are carried out. (Safitri & Maryanti, 2022). According to Kotler et al., (2019) the dimensions of place include affordability, strategic location and completeness of facilities. The place indicators include easy to reach locations, strategic locations, road conditions, comfortable waiting rooms, store composition, easy access to vehicles and parking facilities.

G. Innovation

Marketing innovation is actually a discipline that covers marketing activities in the innovation process that plays an important role in increasing marketing success. Innovation in marketing means involving significant changes in the marketing mix including product design, distribution, promotion and pricing with the aim of providing competitive advantage and value to customers. (Asashi & Sukaatmadja, 2017).. Based on the explanation above, the dimensions of innovation include (Hasibuan *et al*., 2022) product innovation, process innovation, marketing innovation and organizational innovation.

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H. Marketing Performance

Marketing performance is an accumulation of the final results of activities and work processes of a company or a complete view of the company during a certain period of time which is influenced by the company's operations in utilizing all available resources or a concept to measure the achievement or marketing achievements of a product. (Tjiptono, 2019). As a measurement tool, marketing performance also has indicators including sales growth, customer growth and profit growth. (Asashi & Sukaatmadja, 2017)..

III. RESEARCH METHODOLOGY

The research design conducted is causal research. The population of this study were madura grocery traders in Jabotabek with a length of business of more than 3 years. The sampling technique uses *purposive sampling* method, namely sampling with certain criteria. According to Hair et al in Ghozali and Fuad (2014: 13) determining the number of representative samples by recommending 5 - 10 times the number of manifest variables used in the study. Thus the minimum sample size in this study was 34 indicators multiplied by 5 (34x5) = 170 Respondents.

IV. RESULTS AND DISCUSSION

Based on the questionnaires distributed, the researcher obtained full data in accordance with the initial planning, namely 170 respondents returned the questionnaire and filled it in eligibly. From this data, a descriptive analysis is presented regarding the characteristics of the respondents as follows:

Table 1 respondent characteristics

AGE	**Total**	**Percentage**
20-40 Years	104	61
41-60 Years	66	39
Total	**170**	**100**
GENDER TYPE	**Total**	**Percentage**
Female	67	39
Male	103	61
Total	**170**	**100**
EDUCATION	**Total**	**Percentage**
D3	16	9
S1	92	54
HIGH SCHOOL	57	34
SMP	5	3
Total	**170**	**100**
DURATION OF BUSINESS	**Total**	**Percentage**
3 Years	54	32
4 Years	43	25
5 Years	34	20
6 Years	32	19
7 Years	4	2
8 Years	3	2
Total	**170**	**100**

Source: Data processing results (2023)

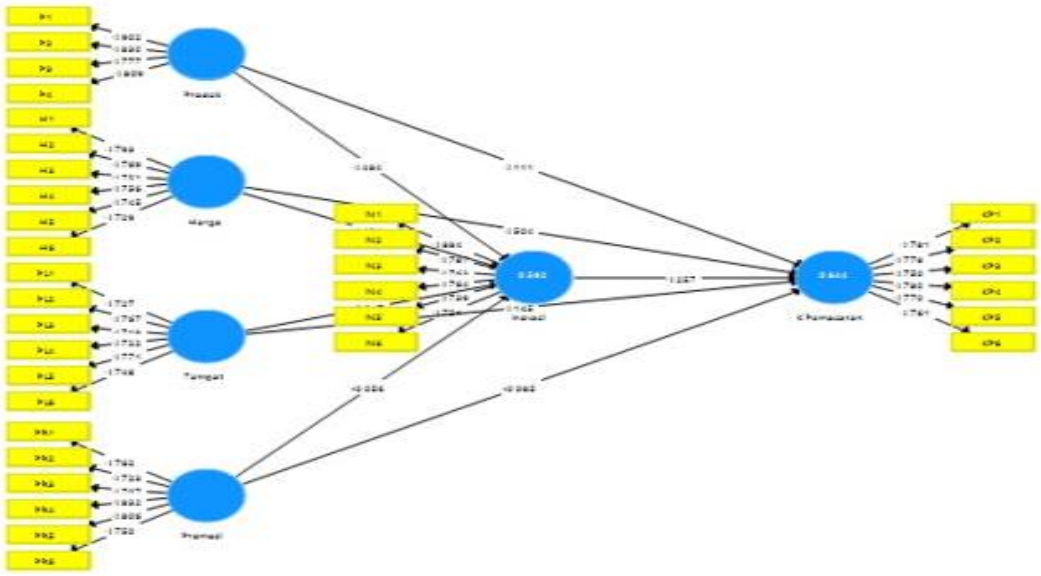
Based on the table above, it can be seen that the 170 respondents studied have different characteristics from one another. This also indicates that the research data is heterogeneous.

A. Partial Least Square Analysis Results

In accordance with the predetermined research design that data processing is carried out with the help of Smart PLS for Windows. Then the first step is to analyze the Outer Model. This analysis consists of validity tests and reliability tests. In total, it can be seen in the following figure:

➢ *Outer Model*

Fig 1 Outer Model



Source: SmartPLS Processing Results (2023)

- *Validity Test*

The first validity test is the convergent validity test. Based on the data processing that has been done, it can be seen that the outer loading factor value of each indicator has a value above 0.7 as follows:

Table 2 Loading Factor

Price	Innovation	K Marketing	Products	Promotion	Place
0.792	0.886	0.777	0.902	0.762	0.737
0.769	0.790	0.773	0.830	0.723	0.774
0.752	0.764	0.747	0.776	0.707	0.725
0.756	0.767	0.785	0.809	0.832	0.706
0.745	0.735	0.771		0.806	0.772
0.729	0.745	0.765		0.750	0.755

Source: SmartPLS Processing Results (2023)

Based on the results of data processing with SmartPLS Version 3.2.9 above, it shows that all variable indicators have a loading factor greater than 0.70, which indicates a high level of validity. Second is descriminant validity as measured by *Cross Loading which* can be described in the following table:

Table 1 *Cross Loading*

Price	Innovation	K Marketing	Products	Promotion	Place
0.792	0.886	0.777	0.902	0.762	0.737
0.769	0.79	0.773	0.83	0.723	0.774
0.752	0.764	0.747	0.776	0.707	0.725
0.756	0.767	0.785	0.809	0.832	0.706
0.745	0.735	0.771		0.806	0.772
0.729	0.745	0.765		0.75	0.755

Source: SmartPLS Processing Results (2023)

Based on the data above, it can be seen that the *cross loading* value for each variable is above 0.70 so that the data is declared discriminantly valid. Another method used to assess discriminant validity is to compare the AVE root for each construct with the correlation between constructs and other constructs in the model as in Table 4 below:

Table 4 Fornell Larcker Criterion Test Results

	Price	Innovation	K P	Products	Promotion	Place
Price	0.758					
Innovation	0.671	0.783				
K Marketing	0.753	0.682	0.770			
Products	0.643	0.717	0.638	0.831		
Promotion	0.613	0.349	0.452	0.352	0.765	
Place	0.387	0.269	0.382	0.340	0.669	0.745

Source: SmartPLS Processing Results (2023)

Based on the data above, it is known that the AVE root for each construct is greater than the correlation between constructs and other constructs in the model. Therefore, the model is considered to have sufficient discriminant validity and can be continued in the next test, namely the Reliability Test.

- *Reliability Test*

The standard value used to test the reliability of construct data can be seen from the *Cronbach's Alpha* and *Composite Reliability* values greater than 0.70 and AVE more than 0.5. The results of the Reliability Test testing can be seen from Table 5 as follows:

Table 5 Reliability Test

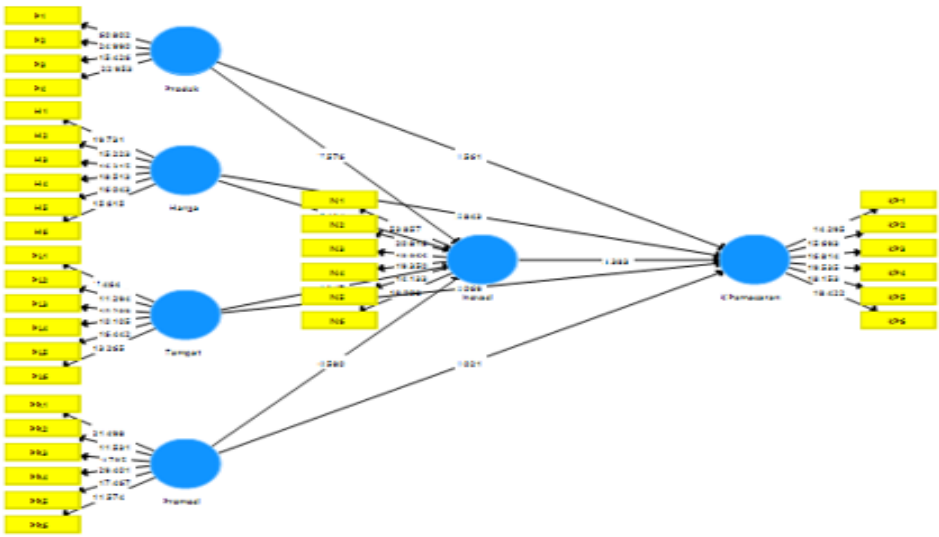
	Cronbach's Alpha	rho_A	Composite Reliability	Average Variance Extracted (AVE)
Price	0.852	0.858	0.890	0.574
Innovation	0.873	0.882	0.904	0.612
K Marketing	0.863	0.864	0.897	0.593
Products	0.850	0.865	0.899	0.690
Promotion	0.860	0.871	0.894	0.585
Place	0.844	0.867	0.882	0.555

Source: SmartPLS Processing Results (2023)

In this study, the AVE value of each construct is ≥ 0.50 while the *composite reliability* (CR) value on all variables is above 0.70 as well as the *Cronbach's Alpha* value is also above 0.70 so that there are no problems and has met the Convergent Validity standard. Based on the data presented in the table above, it is known that the construct has good reliability or the questionnaire used as a tool in this study has been reliable and consistent (Ghozali & Latan, 2015).

➢ *Inner* Model

Fig 2 *Inner* Model



Source: SmartPLS Processing Results (2023)

Based on the results of the study, it is known that the value of R2 is as listed in the following table:

Table 6 R-Square Test Results

	R Square	R Square Adjusted
Innovation	0.592	0.582
K Marketing	0.616	0.607

Source: SmartPLS Processing Results (2023)

Based on the data presented in the table above, it can be seen that the R Square Adjusted value of the marketing performance variable is 0.607, while for innovation it is 0.582. R square marketing performance is 0.607 x 100, the coefficient of determination is 60.7%. This means that marketing performance is influenced by product, price, place and promotion and innovation by 60.7% and the rest is influenced by other variables outside the study. Based on the standards used, this model is in the strong category. Then for innovation of 0.582 x 100, the coefficient of determination is 58.2%. This means that innovation is influenced by product, price, place and promotion by 58.2% and the rest is influenced by other variables outside the study and this model is in the strong category.

The results of the f-Square test in this study are presented in the following table:

Table 7 F Square Test Results

	Innovation	Criteria	K Marketing	Criteria
Price	0.159	Medium	0.388	Strong
Products	0.321	Strong	0.081	Medium
Promotion	0.003	Weak	0.008	Weak
Place	0.000	Weak	0.022	Weak

Source: SmartPLS Processing Results (2023)

The results of the Q^2 predictive relevance test are presented in the following table:

Table 8 Q2 Predictive Relevance Test Results

	SSO	SSE	Q^2 (=1-SSE/SSO)
Price	1020.000	1020.000	
Innovation	1020.000	664.548	0.348
K Marketing	1020.000	660.377	0.353
Products	680.000	680.000	
Promotion	1020.000	1020.000	
Place	1020.000	1020.000	

Source: SmartPLS Processing Results (2023)

From the results of the Q^2 value above, it is known that all variables have a value> 0.3, it is concluded that this research model has a strong predictive relevance. The results of the *Goodness of Fit Value* test are presented in the following table.

Table 9 *Model Fit* Value

	Saturated Model	Estimated Model
(SRMR)	0.091	0.091

Source: SmartPLS Processing Results (2023)

Based on the results of testing the *fit model* above, it is known that the Standardized *Root Mean Square Residual (SRMR)* value is 0.091 and meets the *cut off value* ≤ 0.1. So it can be concluded that the model has a good fit

- *Hypothesis Testing*

Based on the *Path Coeficient* Test, if the *Path Coeficient* value <0 then the direction of the relationship is negative, while if> 0 then the direction of the relationship is positive. While the t-statistic tests the significance level of the effect of the relationship, if the t-statistic value with a significance level of 5% has a t-table value> 1.96 then the direction of the relationship is significant (Vinci et al, 2010). Furthermore, if the p-value <0.05, there is an influence between the independent variable and the dependent variable.

The following are the results of hypothesis testing obtained in the study as presented in table 10 below.

Table 10 Hypothesis Results

Hypothesis		Part Coeficient	T Statistics (|O/STDEV|)	P Values	Results
H1	Product -> Innovation	0.468	7.349	0.000	Accepted
H2	Price -> Innovation	0.400	4.891	0.000	Accepted
H3	Place -> Innovation	0.006	0.078	0.469	Rejected
H4	Promotion -> Innovation	0.066	0.772	0.221	Rejected
H5	Product -> Marketing Performance	0.022	0.297	0.384	Rejected
H6	Price -> Marketing Performance	0.242	2.560	0.006	Accepted
H7	Place -> Marketing Performance	0.464	6.543	0.000	Accepted
H8	Promotion -> Marketing Performance	0.049	0.494	0.311	Rejected
H9	Product -> Innovation -> Marketing Performance	0.112	3.007	0.002	Accepted
H10	Price -> Innovation -> Marketing Performance	0.096	2.769	0.003	Accepted
H11	Place -> Innovation -> Marketing Performance	0.001	0.084	0.467	Rejected
H12	Promotion -> Innovation -> Marketing Performance	0.016	0.807	0.210	Rejected
H13	Innovation -> Marketing Performance	0.239	3.317	0.001	Accepted

Source: SmartPLS Output of Data Processed Results (2023)

V. CONCLUSION

A. Conclusion

Based on the results of the research and data analysis that has been carried out, the conclusions in this study are as follows:

- The results of research to test the first hypothesis prove that products have a significant effect on innovation.
- The results of research to test the second hypothesis prove that price has a significant effect on innovation.
- The results of research to test the third hypothesis prove that place has no significant effect on innovation.
- The results of research to test the fourth hypothesis prove that promotion has no significant effect on innovation.
- The results of the study to test the fifth hypothesis prove that products have no impact on marketing performance.
- The results of research to test the sixth hypothesis prove that price has a significant positive effect on marketing performance.
- The results of research to test the seventh hypothesis prove that place has a significant positive effect on marketing performance.
- The results of the study to test the eighth hypothesis prove that promotion has no significant positive effect on marketing performance.
- The results of research to test the ninth hypothesis prove that innovation is able to mediate the effect of products on marketing performance.
- The results of research to test the tenth hypothesis prove that innovation is able to mediate the effect of price on marketing performance.
- The results of research to test the eleventh hypothesis prove that innovation is not able to moderate the effect of place on marketing performance.
- The results of research to test hypothesis twelve innovation is not able to moderate the effect of promotion on marketing performance.
- The results of research to test hypothesis thirteen innovation has a significant effect on marketing performance.

B. Advice

➢ *Theoretical Suggestions*

When viewed at r square of 0.612, it shows that there are still many other variables that influence marketing performance. So to future researchers it is hoped that it will increase the number of variables. Then in terms of innovation, judging from the r square, it is quite large, but it is not able to mediate the influence of location and promotion variables. So it is hoped that future researchers will look for other alternative variables that can be used as intervening variables such as service, trust, market orientation and the like.

➢ *Practical Advice*

Practically, especially for Madura grocery stores, it is expected to continue to improve marketing performance through improved promotion and innovation. Promotion and innovation can be developed from product, price and place. For example, by presenting new products that are not sold in other kiosks or shops, repackaging and providing discounts on certain items. Future researchers are expected to add variables

such as services and also use comparison techniques with ordinary grocery stores.

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