

# Determinant Factors on the Effect of Competitive Advantage and Marketing Performance (A Case Study on Centre Shoes Cibaduyut Small and Medium Industry in Bandung City)

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The purpose of this study is to find out and examine the determinant factors both simultaneously and partially from market strategies, the marketing mix of competitive advantage and its implications for marketing performance in the Cibaduyut IKM shoes center in Bandung City. This research was conducted using descriptive and verification methods. The sampling technique used is proportional cluster stratified random sampling with a sample of 356. The analysis tool used is path analysis. The analysis results have a very significant effect, from determinant factors to competitive advantage. There is a significant effect on marketing performance in IKM Centre shoes Cibaduyut, Bandung City.

**Key words:** *Market Strategy, Marketing, Marketing Mix, Excellence in Marketing Performance.*

## Introduction

The city of Bandung compared to other cities has a lot of potential which also becomes the identity of the city. One area with allot of economic potential is the Cibaduyut area which is known as the center of the shoe craft industry. Furthermore, the development of the Cibaduyut area has resulted in the growth of the Cibaduyut road as a trading center, along with the community's needs for the products produced.

With the increasing competition in the shoe industry today, marketing strategy is one of the weapons for companies to use in the face of market competition. Basically, the marketing strategy is to find a match between the internal capabilities of a company with external opportunities that exist in the market. It is the responsibility of the marketing department to implement marketing strategies that are in accordance with the products produced and in accordance with the market segments that the products launched. The following is the development of the centers of the Cibaduyut footwear industry in 2011-2015:

**Table 1.1:** Development of the Cibaduyut Footwear Industry Center 2011-2015

Year	2011	2012	2013	2014	2015
Potency					
The Unit IKM	828	850	1500	1567	3201
Labour	3,498	3,500	2,650	2,382	2,870
Investment	15,507,168	14,320,000	14,678,300	15,235,800	15,454,345
Production	2,982,600	3,145,678	4,045,235	3,567,890	4,211,000

Based on table 1.1, the above shows that the number of business units of footwear for the period of 2011-2015 grew by 14.7%. Cibaduyut shoe sales have decreased because distributors are following the general market trend, where people prefer shoes with foreign brands that sound more stylish and trendy compared to domestic products. Imported shoes are cheaper in price and more varied in shape and model compared to shoes made in Cibaduyut. So, the distributors have reduced their shoe orders in Cibaduyut. According to sources from the Cibaduyut Shoes Industry IKM development agency, since 2010 production of Cibaduyut footwear products has decreased by around 30%. This reveals that the Cibaduyut's shoe market share continues to decline, this is due to a decrease in shoe product sales, where one of the contributing factors is a reduced number of customers buying shoe products. The following is data on the development of the Cibaduyut's shoe industry exports:

**Table 1.2:** Export Development of the Cibaduyut Footwear Industry in 2010-201

Year	Export Value	% Growth
2010	19 million USD	-
2011	15 million USD	53
2012	10 million USD	34
2013	7 Million USD	33.5
2014	5 Million USD	2.3

Based on the table above it is clear that the specific national export value of Cibaduyut shoes continues to experience a decline. The challenges faced in addition to dependence on raw materials are related to the performance of human resources, shoe artisans are changing their profession, the problem of distribution of shoe product distribution and increasingly tight external competition. Other problems that must be addressed immediately are: funding problems, employment, handling and smuggling. Based on temporary observation, some problems were found:

1. In the footwear business it is generally difficult to obtain bank credit because companies cannot meet bank credit requirements.
2. Weakness in the aspects of education, technical aspects of production and management.

The problems above have an impact on the company's competitiveness and industrial competitiveness in national and international markets. According to Porter (2001: 5), in competition there are five factors namely; the entry of new competitors, threats from substitute products, bargaining power of buyers, bargaining power of suppliers and competition between companies in the industry. Companies that have superior internal resources will have more potential to respond to the threats and opportunities that exist in the industry so that they can be maintained and developed. On the contrary, a weak company whose HR department will experience difficulties in responding to threats and opportunities will have an impact on the sustainability of the company.

### ***Identification of Problems***

Based on the background of the problems mentioned above, there are several identified problems as follows:

- a. Raw materials that are difficult to obtain and must be imported to get good quality products.
- b. The competitiveness of products in the market continues to decline greatly to reach the target market.
- c. Marketing performance as the company's product sales continue to decline.

- d. Products competition from outside products whose prices are relatively cheap and of sufficient quality.
- e. Tight competition has resulted in a decline in the growth of Cibaduyut footwear sales.

### ***Formulation of the problem***

Based on the identification of the problems, this study formulates several issues as follows:

1. How to implement market strategy, implementation of marketing mix strategies, implementation of competitive advantage and marketing performance in the center of the Cibaduyut footwear industry?
2. How big is the influence of the implementation of the market strategy, the implementation of the marketing mix strategy towards competitive advantage in the center of the Cibaduyut footwear industry?
3. How big is the influence of marketing competitiveness on marketing performance in the center of the Cibaduyut footwear industry?

### **Literature Review**

The marketing environment consists of micro and macro environments. According to (Kotler. 2012; 76), the micro marketing environment consists of companies, suppliers, intermediaries, consumers and competitors. Whereas the macro-monitoring environment consists of a broader societal power that affects the micro environment; this includes the demographic, economic, natural, technological, political and cultural aspects of the market (Kotle & Keller, 2012: 85). As one of the actors in the micro environment, the company manages basic activities including production, finance, human resources, marketing and research and development. The five main activities of this company are the company's internal environment (Kotler & Armstrong. 2012: 92). In general, companies have specific goals and strategies to achieve these objectives. Strategies are structured to reduce failure and maximize results. Suhercly (2004: 8) asserts that the strategy is a broad and integrated unitary plan that connects the internal environment of companies with opportunities and threats of the external environment. The substance of the strategy is basically a plan. Therefore the strategy relates to the evaluation and selection of alternatives that are set. In this case Suhercly (2004: 8) identifies a number of characteristics of the strategy:

1. Binding all existing parts of the company and becoming a unified plan to achieve the stated objectives;
2. Includes all important aspects that exist in the company; and
3. Integrate plans in all stages.

The main focus of the marketing strategy is to allocate and coordinate the resources and effectiveness of the market effectively to achieve the company's goals in certain market forms (Walker Boyd and Larreche, 2001: 2012). The chosen marketing strategy must be able to empower its resources or internal strength optimally in response to external threats and opportunities. According to Best (2000: 239), the marketing strategy directly affects consumer demand and sales results. These sales results are one of the important dimensions of marketing performance.

Competitive advantage relates to how companies choose and actually implement generic strategies into practice (Porter, 2009). By introducing a tool known as a value chain analysis, management can separate the basic activities carried out by the company, from design activities, production processes, marketing to service after sales and all activities.

Marketing performance is part of company performance according to Kotler and Keller (201: 665) revealing that marketing effectiveness on the performance of each division in the company is based on sales growth, market share, and profitability. The reason is that high-performing divisions have good marketing leadership and poorly performing divisions have poor marketing leadership.

## **Methodology**

The research method used is an explanatory survey method, namely survey research used to explain causal relationships by testing hypotheses. This research takes samples from a population and uses questionnaires as the main or main data collection tool. The reason for using the survey method in this study is because this study involves large populations. The observed data is part of the population, namely in the form of samples (samples) which are part of the members of the population. The population members of this study were all of the Cibaduyut central IKM actors in the city of Bandung (Abdullah et al., 2018).

Based on research variables, the focus of this study is about how much influence the market implementation has on the implementation of the marketing mix on competitive advantage and its impact on marketing performance (a case study on the Cibaduyut Shoes SMI center in Bandung (Saudi et al., 2019a)).

Data obtained from data collection on observed variables, were processed and analyzed using description techniques as well as objectives (verification) through statistical techniques statement (Sinaga et al., 2019a)

Verification analysis is carried out to answer the problem so that the magnitude of the effect of market strategy implementation, marketing mix strategies on competitive advantage and their implications for marketing performance can be known, both financially and simultaneously.

Next, the data on related variables are tested by using Path Analysis. The Path Analysis Technique (path analysis) is used based on the need to examine the direct effects and indirect affects of the observed variables. The analysis of indirect effects, in addition to direct influences, needs to be known to give a more comprehensive picture of the relationship of observed variables.

The sample technique used in this study is Stratified Proportional Random Sampling; in this case all IKM footwear activists in the Cibaduyut industrial area in the city of Bandung have a sample of 356 people. This amount is obtained from the use of the SLOVIN method formula, where:

$$n = \frac{N}{1 + N(e)^2} = \frac{3201}{1 + 3201(0.05)^2} = 356 \text{ people}$$

n = Sample Size

N = Population Size

1 = Constants

E = Precision set (5%)

The analysis carried out was to see the effect partially or simultaneously from the variables of work environment, job satisfaction and motivation on competencies and their implications on the performance of IKM entrepreneurs in Cibaduyut Kota Bandung by using Path Analysis (Saudi et al., 2019b).

This path analysis follows a structural pattern or is called a structural model (Kusnendi, 2005). The structural model can generally be described by the following equation (Sinaga et al., 2019b):

$$Y_1 = f(X_1, X_2, X_3 \dots X_i);$$

$$Y_2 = f(X_1, X_2, X_3 \dots X_i);$$

$$Y_k = f(X_1, X_2, X_3 \dots X_i);$$

**Figure 3.1.** Research Path

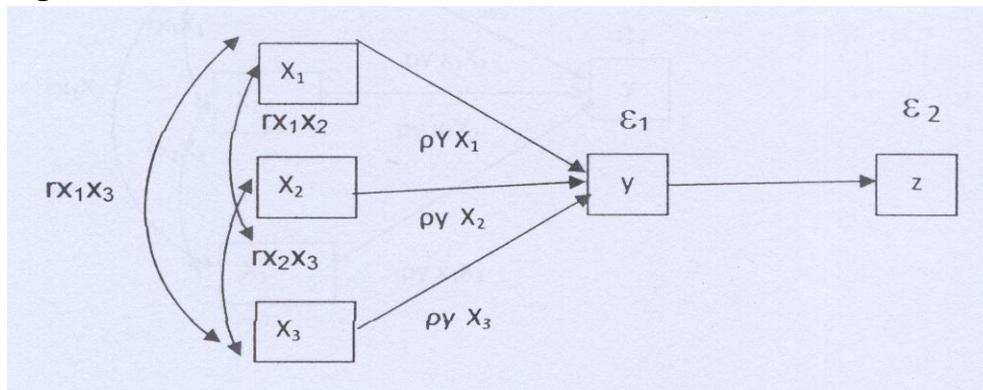


Diagram The diagram and structural equation of this study are as shown in the picture above, figure 3.1. with information:

$X_1$  = Market strategy                       $Y$  = Competitive Advantage  
 $X_2$  = Marketing Mix Strategy             $Z$  = Marketing Performance

$\epsilon$  = Epsilon, which shows a residual variable or factor that explains the influence of other variables that have been identified by theory, but not examined, or other variables that have not been identified by theory, or appear as a result of measurement error (Kusnendi, 2005; Taib, Ashraf & Razimi, 2018).

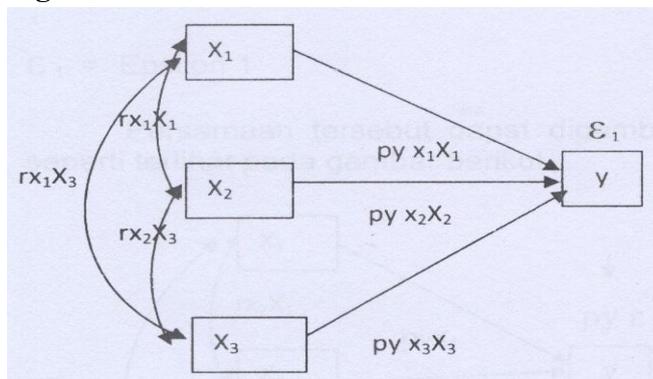
$r$  = Correlation Coefficient

$\rho$  = Path Coefficient

Sub structure of the diagram as seen in sub-structure 1 and Sub-structure 2:

1. Sub-Structure 1

**Figure 3.2.** Sub. Structure 1



In the first sub-structure, the  $X_i$  variable and  $X_2$  variable are exogenous variables.  $Y$  variable is an endogenous variable.

In Figure Sub. Structure 1 The equation shows that the sub-structure is as follows:

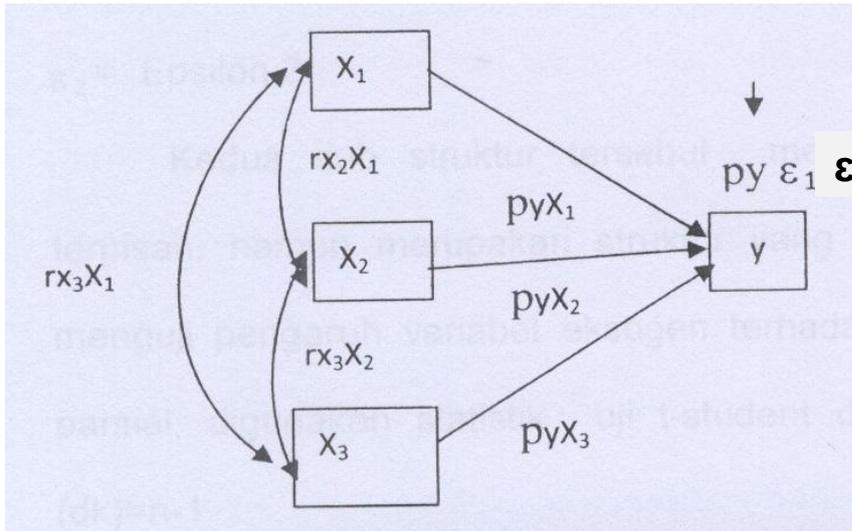
$$Y_1 = f(X_1, X_2, X_3)$$

linear equation sub-structure, comprising:

$$Y = \rho_{YX_1} \cdot X_1 + \rho_{YX_2} \cdot X_2 + \rho_{YX_3} \cdot X_3 + \varepsilon_1$$

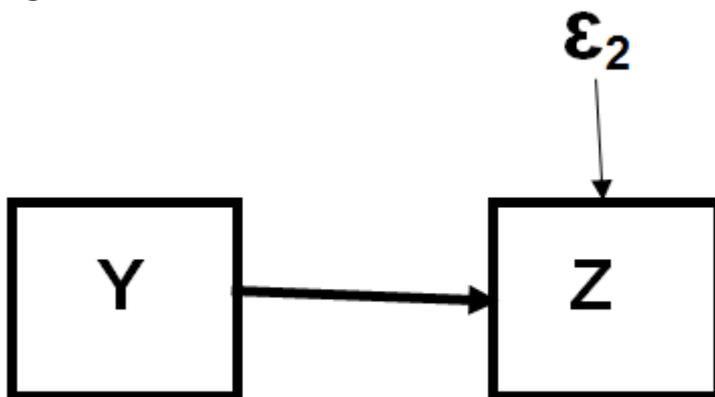
This equation can be described into the path coefficient, as shown in the following figure:

**Figure 3.3.** Path coefficient on sub. Structure 1



**2. Sub Structure 2:**

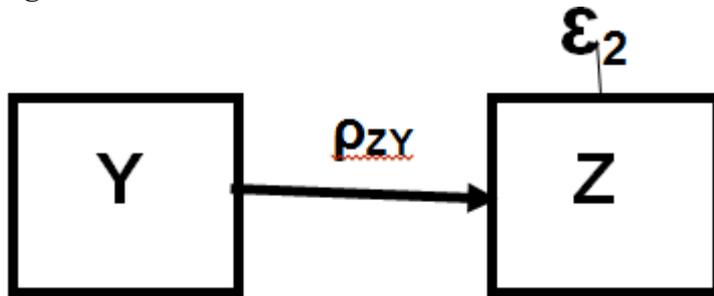
**Figure 3.4.** Sub Structure 2



In the second sub-structure, y is an exogenous variable, while variable Z is an endogenous variable that answers the sub equation. Structure 2 is as follows:

Sub linear equation. Structure 2 becomes:  $Z = p_{zy}Y + \varepsilon_2$  This equation can be described into the path coefficient, as shown in the figure below:

**Figure 3.5.** Path coefficient in sub Structure 2



Description:

Y = Competitive Advantage

Z = Receptionist Performance

$\epsilon_2$  = Epsilon 2

### Research Results

Based on the table above it can be seen that the direction of the relationship Market strategy ( $X_1$ ) to competitive advantage (Y) is positive (note the value in the column estimate), where the value is equal to 0.409; which means that when there is an increase in market strategy ( $X_1$ ) it will increase Competitive Advantage (Y).

The results of verification research prove empirically that competitive advantage has a positive and significant effect on marketing performance, amounting to **27.36%**. The magnitude of the direct effect is **16.02%** and the indirect effect is **11.34%**. From the results of this study it is shown that the market strategy has a direct and indirect influence.

**Table 4.31:** Effect of Marketing Mix ( $X_2$ ) on Competitive Advantages (Y)

	Beta	thitung	P	Label
Marketing Mix → Competitive Rate	0.400	7,443	0,000	Significant

**Source:** SPSS Data Results, 2018

Based on the table above, it can be seen that the direction of relations Marketing mix ( $X_2$ ) to Competitive Advantage (Y) is positive (note the value in column estimate), there is written

0.400 meaning that when there is an increase in marketing mix ( $X_2$ ) it will increase competitive advantage (Y).

Then the researcher tests the hypothesis using the t test by looking at the magnitude of the p-value (sig) compared to 0.05 (significance level  $\alpha = 5\%$ ). The test criteria used are:

- If p-value > 0.05 then  $H_0$  is accepted.
- If p-value < 0.05 then  $H_0$  is rejected.

### Hypothesis

$H_{02}$  : There is no positive and significant effect of Job Satisfaction on Employee Competence

$H_{a2}$  : There is a positive and significant influence of Job Satisfaction on Employee Competence

Based on the provisions stated earlier, where p-value of 0.000 is obtained so that the p-value <  $\alpha = 0.05$ . This means that  $H_{02}$  is rejected and  $H_{a2}$  is accepted, then there is a positive and significant influence between the Marketing Mix and Competitive Advantage. Thus the hypothesis which states that there is a positive influence between the Mixture of Infrastructure on Competitive Advantages is acceptable.

### Research Results and Overall Discussion of

Research Variables	Descriptive	Analysis Verification Analysis	RESUME
<b>The market</b>	<p>Strategy carried out by IKM activists is quite good, even though the achievements are not optimal.</p> <p>This is due to the fact that the Cibaduyut industrial area IKM activists have not fully understood the market strategy which is a tool to address their business objectives, but there are still those who are oriented to personal gain only so that their business does not survive.</p>	<p>Market Strategy has a positive and significant effect on marketing performance.</p>	<p>The results of consistent empirical studies have no crucial differences. The strategy should be implemented in an innovative market thereby increasing business excellence that affect marketing performance in the area of small and medium industries</p>

<p><b>Marketing Mix</b></p>	<p>Generally the marketing mix-run by SMEs in Cibaduyut is good enough, although the achievements have not been fully met yet. There are some dimensional mix marketing limited results so that the target has not been reached both from product, price, place / distribution and promotion so that it has an impact on competitive advantage and marketing performance.</p>	<p>Marketing mix has a positive and significant effect on marketing performance.</p>	<p>The results of consistent empirical studies have no crucial differences. The marketing mix must be implemented innovatively so as to increase the competitive advantage that has an impact on the performance of marketing in small-scale industrial areas</p>
<p><b>Competitive Advantages</b></p>	<p>In general, the competency of employees under the auspices of the Ministry of Religion of Sukabumi Regency is quite good, although the achievements are not optimal. The skills possessed by employees improve quality standards in organizational units. The lack of training and education activities organized by the District Ministry of Religion and the central government caused a lack of competency of</p>	<p>Competitive advantage has a positive and significant effect on marketing performance.</p>	<p>The results of empirical research the results are consistent there is no crucial difference. To improve competitive advantage simultaneously carried out both in the internal and external environment so that, it will trigger IKM activists to increase their competitive advantage which will improve marketing performance.</p>

	employees in technical mastery and duties in work.		
<b>Marketing performance</b>	In general, the performance of IKM activists in Bandung's Cibaduyut Industrial Area is quite good, although the achievements are not optimal. There is an effort to be a role model in leadership and always maintain an attitude of high value in performance. However, the existence of apathy and pessimism of entrepreneurs creates a lack of low performance in collaboration in completing work.	Performance of SMI activists Footwear in the Cibaduyut industrial area of Bandung is influenced by competitive advantage.	The results of empirical research the results are consistent there is no crucial difference. Market strategy, the marketing mix is very synergetic in supporting and creating competitive advantage and leading to the achievement of the performance of IKM Cibaduyut Footwear Industry activists in Bandung.



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