

Marketing Dynamics of Muslim MSMEs In Bengkulu Province: Product Innovation, Competitive Advantage, and Market Orientation in Improving Marketing Performance

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ABSTRACT

Purpose:

The purpose of this study is to explore the impact of business strategy development, mainly focusing on product innovation, competitive advantage, and market orientation, on the marketing performance of micro, small, and medium enterprises (MSMEs) in Bengkulu Province. The research emphasizes the importance of optimizing marketing performance to boost economic outcomes, not only for large enterprises but also for MSMEs, which play a significant role in local economies.

Design/Methodology:

This research utilizes a descriptive quantitative methodology to investigate the proposed relationships. A non-probability sampling technique, precisely the judgmental (purposive) method, was employed to select a sample of 500 owners or managers of MSMEs across various districts of Bengkulu Province, including Kaur, Seluma, Lebong, Kepahiang, and Central Bengkulu. The data were subjected to reliability and validity tests based on pre-test results, and multiple linear regression was applied to analyze the main hypotheses.

Findings:

The findings reveal that product innovation, competitive advantage, and market orientation all have a positive and significant influence on the marketing performance of MSMEs in Bengkulu Province. The results highlight the critical role these factors play in enhancing the marketing effectiveness of MSMEs, demonstrating that improvements in these strategic areas can lead to substantial gains in overall marketing performance.

Practical Implications:

The practical implications of this research suggest that MSME owners and managers should focus on strengthening their product innovation capabilities, leveraging competitive advantages, and adopting a more market-oriented approach to improve marketing performance. These strategies could drive economic growth and sustainability for MSMEs in Bengkulu Province, contributing to broader regional economic development.

Originality/Value:

This study offers valuable insights into the marketing performance of MSMEs in a developing region, specifically Bengkulu Province. By focusing on the combined impact of product innovation, competitive advantage, and market orientation, the research provides a comprehensive understanding of how these strategic elements influence MSME marketing outcomes. The originality lies in its application to a relatively under-researched context, offering practical recommendations for MSME development.

Keywords: MSMEs, marketing performance, product innovation, competitive advantage, market orientation

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A. INTRODUCTION

Micro, small, and medium enterprises (MSMEs) have proven resilient and have become a cornerstone of economic activity, especially during periods of monetary crisis (Nursini, 2020; Tambunan, 2021). However, their ability to withstand economic challenges is now under scrutiny, particularly during the 2021–2023 period, when almost all economies experienced slowed growth (Sipayung, 2024). Of the total 642 million MSMEs, only 61% have

managed to contribute to the country's Gross Domestic Product (GDP) (Lisnawati, 2023; Penh, 2023). Despite government efforts to optimize this sector through empowerment and integration, the impact of global economic expansion remains inevitable, posing complex market dynamics and intense competition, compounded by the COVID-19 pandemic (Maksum et al, 2020; Tambunan, 2021). These factors have made it challenging for MSMEs to achieve significant economic growth. Numerous researchers have sought to address these challenges through their studies, emphasizing the need for creativity in business operations, which is crucial for adapting to market conditions and improving marketing performance (Harvie, 2019; Latifah, 2021). The role of creativity, particularly when aligned with market environments, is vital for sustaining business performance and fostering economic growth (Grau, 2021).

Research has shown that economic growth is often linked to the ability of businesses to innovate, either in processes or products (Singh et al., 2019; Hock-Doepgen et al., 2021) and Taques et al (2021), emphasize that innovation can significantly influence businesses, particularly in converting external resources into internal strengths (Snihur & Wiklund, 2019). However, innovation's impact varies depending on its context within MSMEs, with some studies showing significant effects in sectors like food products (Bigliardi 2019; McLean & Charles 2020), while others, like in Europe, report minimal impact on economic growth during different periods (Guerrero et al., 2022). Besides innovation, competitive advantage also plays a crucial role in economic growth, with the intensity of market competition reinforcing MSMEs' marketing performance (Azeem et al., 2021; Falahat et al., 2020; Ferreira & Coelho, 2020). Furthermore, market orientation has been identified as an effective strategy for achieving superior business performance by creating superior customer value and continuously improving marketing performance (Bhattarai et al., 2019).

Several researchers have established a connection between market orientation and the performance of micro, small, and medium enterprises (MSMEs), with many studies showing significant positive results (Novrianda et al., 2021; Tjahjadi et al., 2022). When applied by MSMEs, market orientation positively impacts their business performance levels (Na et al., 2019), consistent with the proposition in the literature that increased market orientation leads to higher firm performance (Crick 2021; Adams et.al., 2019; Bhattarai et al., 2019; Tjahjadi et al., 2022; Na et al., 2019; Novrianda et al., 2021). Thus, the economic dynamics observed in both the broader economy and the MSME sector—such as the slowdown in MSME growth in Bengkulu—is something that needs to be considered even though the government has tried to empower them through various means, including support from the national zakat collection agency (Faizah & Oktarina, 2023). The result is evident from their contribution to the regional GDP, which stands at 4.31%, a figure that remains modest compared to the national GDP of 5.1%. Researchers have highlighted the importance of examining how MSMEs innovate, compete, and orient themselves towards the market. Therefore, it is highly relevant to assess the MSMEs in Bengkulu Province, which appear to be experiencing stagnation in economic growth, by focusing on product innovation, competitive advantage, and market orientation. This evaluation aims to contribute valuable insights to MSME actors, guiding them towards more effective strategies for improving marketing performance and fostering economic growth in Bengkulu.

B. LITERATURE REVIEW

1. Product Innovation

Innovation involves the creation of product models that differ from previous versions, where companies strive to satisfy consumer needs, ensuring acceptance in the market (Robbins, 2016). Product innovation is driven by factors such as customer feedback, the combination of existing product ideas, or novel improvements (Firmansyah et al., 2023). It emphasizes the introduction of new or distinct goods or services (Poernomo, 2015), aiming for continuous development and perfection by leveraging knowledge and technology. The primary significance of product innovation lies in its ability to fulfill consumer satisfaction, which in turn influences repeated purchases (Kim et al., 2011). The role of innovation varies depending on its developmental context (Ramadani et al., 2019). For instance, satisfied buyers might revisit a market, recommend it to others, or maintain a positive attitude toward the product (Allameh et al., 2015). Product innovation helps businesses view innovation as a spectrum, with the least risky being style changes to existing products (Hock-Doepgen et al., 2021). Functional impacts are typically local and predictable, while major innovations can create new markets and industries (Ramadani et al., 2019). Innovations can impose substantial pressure on many companies within functional areas (Guerrero et al., 2022). Within the spectrum of product innovation, four types can be identified: product innovation indicators, line extensions, me-too products, new products for existing markets, and new-to-the-world products, where businesses offering such innovations are not recognized as vendors (Heany, 1983; Kahn & Mohan 2020; Tarmidi & Alghifary 2022). So, product innovation can be defined as the product's ability to introduce something new or different to the market, indicated by line extensions, me-too products, and new products.

2. Competitive Advantage

The competitive advantage arises from how creatively a company's resources are managed to control the market or adopt more effective marketing strategies than competitors (Darmanto et al., 2020). Porter (2011), argues that competitive advantage shapes a unique consumer perception, distinguishing one business from another. Each business's uniqueness is defined by the distinctive advantages it leverages, which can generate significant value for the company or otherwise. Critical indicators of competitive advantage include the utility of the product, ease of use, and maintenance costs (Annarelli et al., 2020). Sales aspects encompass invoice pricing, packaging costs, shipping fees, placement costs, and other expenses necessary to prepare the product for use or consumption. Financing covers the costs of processing the product, purchasing raw materials, employing labor, and other costs required to make the product ready for sale or storage (Xie et al., 2019). Effective and efficient production, skilled management of goods, employees, and market operations are essential. If there is an imbalance, such as high-quality products with poor marketing skills, the company's marketing performance will decline (Ferreira et al., 2021). In an increasingly competitive business environment, time to market becomes a critical success factor. McKinsey suggests that companies capable of shortening the time to market can enhance their success (Diebner et al., 2020). Therefore, assessing competitive advantage in relation to cost production, skill, and time to market is crucial for research on marketing performance (Qiu et al., 2020). Competitive advantage represents a business's benefits or superiority over its competitors, making it more appealing to customers. It is indicated by cost, production, skill, and time to market.

3. Market Orientation

Market orientation involves the processes and behaviors through which companies generate market intelligence, distribute it within relevant departments, and respond accordingly (Jaworski & Kohli, 1993). As a cultural practice, market orientation is highly effective and efficient in fostering behaviors necessary for creating superior customer value, leading to sustained superior business performance (Slater & Narver 2000). Jaworski & Kohli (1993) outline three aspects of market orientation: (1) efforts to gather market intelligence from critical sources such as competitors and customers; (2) disseminating this intelligence throughout the organization; and (3) an organized and comprehensive organizational response to market intelligence. Companies with a strong market orientation can rapidly improve and reflect their success in premium products, profitability, market share, and sustained competitive (Day, 1994; Becherer & Maurer, 1997; Slater & Narver, 2000; Hult & Ketchen Jr, 2001; Olavarrieta & Friedmann, 2008; Baker & Sinkula, 2009). Several studies have found a positive relationship between market orientation and marketing performance (Novrianda et al., 2021; Slater & Narver 2000; Jaworski & Kohli, 1993; Green et al., 2005). Better performance is achieved through effective market orientation strategies that focus on customer intelligence, competitor intelligence, cross-functional collaboration, and a culture committed to customer value creation. Low et al (2007) measure market orientation based on customer orientation, competitor orientation, and inter-functional coordination. Slater & Narver (2000) assert that market orientation consists of three elements: customer orientation, competitor orientation, and inter-functional coordination, which align the company's resources to create superior value for target customers. The data aligns with Jaworski & Kohli (1993), who argue that customer and competitor orientation encompasses all efforts to gather information about target markets and disseminate it throughout the organization. Inter-functional coordination within a company, based on information from competitors and customers, reflects the coordinated efforts of the entire organization to deliver superior value to customers. Market orientation indicators include customer orientation, competitor orientation, and coordination between functions (Augusto & Coelho, 2009). Market orientation reflects the company's principles of satisfying consumer needs and wants, as indicated by customer orientation, competitor orientation, and inter-functional coordination.

4. Marketing Performance

Performance, as a concept, has a broad scope and relates to changes that align with user perspectives and needs (Alrubaiee, 2013). Baldauf et al (2001) define effective performance as an overall evaluation of an organization's sales results. Best (2009) views marketing performance as related to market metrics, which pertain to customer behavior but also involve financial performance. Walker et al (2004) describe marketing performance as a tool used by management to evaluate the effectiveness and returns of marketing activities, particularly sales and market share. Marketing performance is considered the result achieved by a company when meeting consumer expectations (Vorhies et al, 1999; Vorhies & Harker 2000). Thus, marketing performance is a measurement tool used to evaluate marketing activities that directly impact customers. Marketing performance is frequently used to measure the impact of a company's strategy on market performance, with companies keen to understand their product's market performance. Three main indicators reflect good marketing performance: sales growth indicated by profit value or unit growth, sales growth reflected by increased product sales, and market share represented by the product's contribution to dominating the market

compared to competitors, ultimately leading to company profits (Ferdinand, 2002). Voss and Voss (2000) suggest that marketing performance can be assessed based on sales volume, sales growth rate, customer growth rate, and profit growth rate. Therefore, measuring marketing performance involves indicators such as sales growth, customer growth, and profitability. Marketing Performance refers to the company's outcomes in meeting consumer expectations, indicated by sales growth, customer growth, and profit.

C. METHOD

This study employs a quantitative descriptive approach, focusing on the population of micro, small, and medium enterprises (MSMEs) owners and employees in Bengkulu Province. A total of 500 samples were selected, comprising business owners and employees from Kaur, Seluma, Lebong, Kepahiang, and Central Bengkulu districts. We used a non-probability sampling technique, specifically judgmental (purposive) sampling, to ensure that the samples possessed particular characteristics predetermined by the researchers (Black & Champion, 1999). The table below illustrates the sample distribution across the various districts and cities in Bengkulu Province.

Table 1. Locations and Numbers of Research Sample

No	District/City	Number of MSMEs	Number of Research Samples	Labor	Number of Research Samples
1	Kaur District	1240	50	2064	50
2	Seluma District	2045	50	2671	50
3	Lebong District	877	50	9853	50
4	Kepahiang District	957	50	1185	50
5	Bengkulu Tengah District	1478	50	1254	50
Jumlah		7466	250	17027	250

Source: Bengkulu Province Central Bureau of Statistic 2023, processed

The data collection methods in this research include questionnaires, interviews, and literature reviews. Additionally, the operational definitions used in this study are as follows:

Table 2. Operational Definitions of Research

No	Variable	Definition	Indicator
1	Marketing Performance	Marketing Performance refers to the company's outcomes in meeting consumer expectations, indicated by sales growth, customer growth, and profit.	<ul style="list-style-type: none"> - Sales Growth - Customer Growth - Profit
2	Product Innovation	Product Innovation is defined as the product's ability to introduce something new or different to the market, indicated by line extensions, me-too products, and new products.	<ul style="list-style-type: none"> - Line Extensions - Me-Too Products - New Product
3	Competitive Advantage	Competitive advantage represents a business's benefits or superiority over its competitors, making it more appealing to customers. It is indicated	<ul style="list-style-type: none"> - Cost - Production - Skill - Time to Market

		by cost, production, skill, and time to market.	
4	Market Orientation	Market orientation reflects the company's principles of satisfying consumer needs and wants, as indicated by customer orientation, competitor orientation, and inter-functional coordination.	<ul style="list-style-type: none"> - Customer Orientation) - Competitor Orientation - Coordination Between Functions

Source: Jaworski & Kohli (1993); Vorhies et al (1999); Vorhies & Harker (2000); Lukas & Ferrell (2000); Gao et al (2018); Kmiecik & Michna (2018); Cooper (2019); Fader (2020);(Martinez et al., 2019); Tanaka et al (2020); Keiningham et al (2020); Hock-Doepgen et al (2021).

Each variable indicator used in this research was developed into statements within a Likert scale questionnaire with a range of 1 to 5. The collected data were processed using statistical tools, and the reliability and validity of the data were tested during a pre-test. Cronbach's Alpha was used to assess the reliability, where a Cronbach's Alpha value above 0.6 indicates acceptable reliability, with higher values reflecting stronger internal consistency and eligible for further analysis (Hair et al., 2010). Multiple linear regression analysis was applied to evaluate the influence of product innovation, competitive advantage, and market orientation on marketing performance using the following equation:

$$Y = a + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3$$

Where:

- Y : Marketing Performance
 a : Constant
 X₁ : Product Innovation
 X₂ : Competitive Advantage
 X₃ : Market Orientation
 β₁, β₂,... β₃ : Variable Regression Coefficient

Hypothesis testing was performed using F-tests (simultaneous) and t-tests (partial) with the following criteria: (1) If the significance value (p) < 0.05, then H_a is accepted and H₀ is rejected, indicating a significant effect of the independent variables on marketing performance; (2) If the significance value (p) > 0.05, then H₀ is accepted, indicating no significant effect.

D. RESULT AND DISCUSSION

1. RESULT

The table below presents the validity test results for each research variable, which includes product innovation, competitive advantage, market orientation, and marketing performance in MSMEs in Bengkulu Province.

Table 3. Validity Test Results of Research Variables

No	Questionnaire Statement	Significant t Value	Calculated r Value	Table r Value	Test Result
A Product Innovation					
1	Business actors determine opportunities for product expansion in existing market segments or entering new market segments	0.000	0.686	0.0877	Valid

2	consistency of business actors in building consumer trust	0.000	0.697	0.0877	Valid
3	Portfolio evaluation to identify gaps or expansion opportunities	0.000	0.487	0.0877	Valid
4	Business actors comply with legal regulations and do not violate copyrights or patents owned by other parties	0.000	0.464	0.0877	Valid
5	Exploiting demand and avoiding risks in products	0.000	0.724	0.0877	Valid
6	Business actors assess production reliability	0.000	0.646	0.0877	Valid
7	Business actors offer features or benefits that do not yet exist on the market	0.000	0.761	0.0877	Valid
8	Businesses maintain long-term business	0.000	0.761	0.0877	Valid
B Competitive Advantage					
1	Opening the door to new and more accessible financing solutions	0.000	0.628	0.0877	Valid
2	Save significant costs in processing financial transactions	0.000	0.732	0.0877	Valid
3	Involve customers in more accessible financing	0.000	0.669	0.0877	Valid
4	Business people have confidence in running a business	0.000	0.368	0.0877	Valid
5	Oriented to business continuity	0.000	0.362	0.0877	Valid
6	Respond to environmental changes	0.000	0.525	0.0877	Valid
7	Actively establishing partnerships with related parties	0.000	0.703	0.0877	Valid
8	Readiness to face uncertain situations	0.000	0.588	0.0877	Valid
9	Carry out calculations and risk calculations	0.000	0.652	0.0877	Valid
10	Responsibility for risks arising	0.000	0.657	0.0877	Valid
11	Ability to resolve problems that arise	0.000	0.358	0.0877	Valid
12	Business actors determine general times for customers to shop	0.000	0.440	0.0877	Valid
13	The perpetrator understands that the time factor influences your shopping decisions	0.000	0.482	0.0877	Valid
14	Special discount offers are applicable to customers	0.000	0.558	0.0877	Valid
C Market Orientation					
1	Business actors listen to input and understand consumer needs	0.000	0.797	0.0877	Valid
2	Trying to increase the quality value of its products in accordance with consumer desires	0.000	0.646	0.0877	Valid
3	Providing after-sales service and support services for consumers	0.000	0.582	0.0877	Valid
4	Ability to analyze advantages and how to face competitors	0.000	0.836	0.0877	Valid
5	Monitoring competitors' strategies	0.000	0.833	0.0877	Valid
6	Have efforts to increase competitive advantage	0.000	0.585	0.0877	Valid
7	All human resources in MSMEs know information about the consumers they serve	0.000	0.603	0.0877	Valid

8	There is coordination to contribute to increasing the value of products and services for consumers	0.000	0.695	0.0877	Valid
9	There is HR involvement in marketing and developing new products	0.000	0.469	0.0877	Valid
D Marketing Performance					
1	MSME sales growth is good	0.000	0.651	0.0877	Valid
2	The percentage of sales growth continues to increase every year	0.000	0.635	0.0877	Valid
3	growth in the number of customers is good	0.000	0.610	0.0877	Valid
4	The percentage of customers continues to increase every year	0.000	0.538	0.0877	Valid
5	The level of profit for MSMEs every year is good	0.000	0.634	0.0877	Valid
6	The percentage of profits continues to increase every year	0.000	0.604	0.0877	Valid

Source: Research Data 2024

All questionnaire items demonstrated a calculated r value more significant than the critical r value (0.0877), indicating their validity. Furthermore, each statement achieved a significance level below $\alpha = 0.05$, leading to the conclusion that the variables of product innovation, competitive advantage, market orientation, and marketing performance are valid and suitable for hypothesis testing.

The following table shows the results of testing the reliability of the variables in this research, namely product innovation, competitive advantage, market orientation, and marketing performance for MSMEs in Bengkulu Province.

Table 4. Reliability Test Results of Research Variables

No	Variables	Cronbach's Alpha Value	Test Result
1	Product Innovation (X_1)	0.804	Reliable
2	Competitive Advantage (X_2)	0.818	Reliable
3	Market Orientation (X_3)	0.843	Reliable
4	Marketing Performance (Y)	0.667	Reliable

Source: Research Data 2024

The reliability test showed Cronbach's Alpha values exceeding 0.6 for each variable, confirming that the data for product innovation, competitive advantage, market orientation, and marketing performance are reliable and appropriate for further analysis.

A multiple linear regression analysis was performed to assess the effects of product innovation (X_1), competitive advantage (X_2), and market orientation (X_3) on marketing performance (Y). The results revealed significant simultaneous effects of these independent variables on marketing performance, as indicated by a significance value of 0.000 ($p < 0.05$).

Table 5. F Test (Simultan)

ANOVA ^a					
Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	671.962	3	223.987	48.979	.000 ^b
Residual	2268.286	496	4.573		
Total	2940.248	499			

a. Dependent Variable: Marketing Performance

b. Predictors: constant, Market Orientation, Product Innovation, Competitive Advantage

Source: Research Data 2024

Based on the table above, the variables product innovation (X1), competitive advantage (X2), and market orientation (X3) have a probability value (sig) of 0.000 each, which is smaller than alpha 0.05. The result shows that these three variables significantly influence the marketing performance of micro, small, and medium enterprises (MSMEs) in Bengkulu Province. The influence of each variable on marketing performance (Y) can be seen in the following t-test table.

Table 6. t Test (Parsial)

		Coefficients		t	Sig.
		Unstandardized Coefficients	Standardized Coefficients		
Model		B	Std. Error	Beta	
1	(Constant)	10.149	1.233		.000
	Product Innovation	.091	.070	.086	.041
	Competitive Advantage	.133	.023	.283	.000
	Market Orientation	.157	.028	.244	.000

a. Dependent Variable: Marketing Performance

Source: Research Data 2024

The table shows that the product innovation variable (X1) has a probability value (sig) of 0.041, smaller than alpha 0.05. Likewise, the variables competitive advantage (X2) and market orientation (X3) each have a probability value (sig) of 0.000, which is also below alpha 0.05. The result indicates that product innovation, competitive advantage, and market orientation significantly influence the marketing performance of MSMEs in Bengkulu Province. The table also presents the following regression equation:

$$Y = 10.149 + 0.091X_1 + 0.133X_2 + 0.157X_3$$

The regression equation shows that the coefficients for product innovation (X1), competitive advantage (X2), and market orientation (X3) are all positive. The result means that product innovation (X1) positively affects marketing performance (Y) with a coefficient of 0.091. Similarly, competitive advantage (X2) has a positive effect on marketing performance (Y) with a coefficient of 0.133, and market orientation (X3) also positively influences marketing performance (Y) with a coefficient of 0.157. The results from the t-test and the regression support the research hypothesis, which states: The first hypothesis (H1) indicates that product innovation significantly boosts marketing performance; improved product innovation leads to better marketing performance for MSMEs in Bengkulu Province. The second hypothesis (H2) confirms that competitive advantage significantly enhances marketing performance; the stronger the competitive advantage, the better the marketing performance of MSMEs in Bengkulu Province. The third hypothesis (H3) asserts that market orientation positively and significantly affects marketing performance; better market orientation results in improved marketing performance for MSMEs in Bengkulu Province.

The table below shows how strongly product innovation (X1), competitive advantage (X2), and market orientation (X3) affect marketing performance (Y):

**Table 7. Coefficient of Determination (R^2)
Model Summary**

Model	R	R Square	Adjusted R Square	Standard. Error of the Estimate	Durbin-Watson
1	.678 ^a	.559	.434	2.138	2.141

a. Predictors: constant, Market Orientation, Product Innovation, Competitive Advantage

b. Dependent Variable: Marketing Performance

Source: Research Data 2024

According to the table, the multiple correlation coefficient (R) of 0.678 indicates that product innovation (X1), competitive advantage (X2), and market orientation (X3) are related to marketing performance (Y) by 67.8%. On the flip side, the coefficient of multiple determination (R^2) of 0.559 shows that these three variables account for 55.9% of the influence on marketing performance (Y), while 44.1% is affected by other variables that are not part of this study.

2. DISCUSSION

The analysis of research findings focused on the entrepreneurial creativity components, including product innovation, competitive advantage, and market orientation, and their impact on the marketing performance of MSMEs in Bengkulu Province. This study involved both the owners and employees of MSMEs from every district in Bengkulu Province, namely Kaur, Seluma, Lebong, Kepahiang, and Central Bengkulu, with a total of 50 owners and 50 employees participating. The research findings revealed that product innovation has a positive and significant impact on marketing performance. The better the product innovation, the higher the marketing performance of MSMEs in Bengkulu Province. This finding aligns with the theory that investment in product innovation can enhance product appeal, which in turn influences marketing performance (Kotler & Keller, 2016). It also corresponds with the research by Harjadi et al (2020), who found that product innovation positively affects marketing performance. MSMEs in Bengkulu Province rated product innovation positively, with an average score of 3.97 (good). This indicates that MSME actors have a strong understanding of the importance of identifying and leveraging product innovation opportunities within existing markets or even entering new market segments. This positive reception is an initial step toward improving their marketing performance. However, while most respondents rated product innovation highly, some aspects received lower average ratings, such as product portfolio evaluation, legal compliance, and long-term business sustainability strategies. Therefore, MSMEs in Bengkulu Province are encouraged to conduct an in-depth evaluation of their product portfolios to identify more effective expansion opportunities by analyzing the sales performance of each product, assessing evolving market needs, and adjusting product portfolios according to consumer demand. Additionally, MSMEs in Bengkulu Province need to enhance their long-term business sustainability strategies by developing more detailed and sustainable business plans, including diversification measures, better risk management, and improved brand development efforts. Product innovation is one of the critical tools for developing strategies to enter new markets, tap into markets that enhance current profits, and provide competitive advantages for MSMEs (Osei et al., 2016). A broad empirical literature also confirms a positive relationship between product innovation and company performance

(Naranjo-Valencia et al., 2016), a relationship that is particularly evident in MSMEs (Saunila, 2020).

The research findings regarding respondents' perceptions of the competitive advantage of MSMEs in Bengkulu Province indicate that this aspect is rated as good, with an average score of 4.05. Moreover, competitive advantage has a positive and significant impact on marketing performance, suggesting that the better the competitive advantage, the higher the marketing performance of MSMEs in Bengkulu Province. This finding aligns with the study by Harjadi et al (2020), which demonstrated that MSMEs with a high level of competitive advantage can significantly enhance their marketing performance. Similarly, Herman et al (2018) found that competitive advantage positively and significantly influences company performance, with firms possessing a solid competitive edge exhibiting better overall performance. In other words, a robust competitive advantage can effectively boost marketing performance. Overall, MSMEs in Bengkulu Province compete well through the competitive advantages they possess, reflecting their ability to perform effectively in the market. The highest average scores highlight the awareness and preparedness of MSMEs in Bengkulu Province to face a dynamic business environment, as well as the importance of building solid relationships with business partners. However, the findings also indicate that the aspect of business orientation towards sustainability needs improvement among the owners and operators of MSMEs in Bengkulu Province. There is a need for these businesses to place greater emphasis on developing sustainable business strategies, such as diversifying their product and market portfolios, to reduce dependency on specific segments. Additionally, building strong relationships with stakeholders through employee engagement programs or corporate social responsibility initiatives is crucial for supporting long-term business sustainability. Continuous efforts to enhance sustainable business strategies, strengthen competitive advantages, and manage marketing effectively can help MSMEs in Bengkulu Province achieve stable and sustainable growth in a competitive market.

Furthermore, this study also indicates that micro, small, and medium enterprises (MSMEs) in Bengkulu Province exhibit a strong market orientation, as reflected in the average score of 3.86 for the market orientation variable. Market orientation has a positive and significant impact on marketing performance, meaning that the better the market orientation, the higher the marketing performance of MSMEs in Bengkulu Province. These findings are consistent with previous research by Novrianda et al (2021), which demonstrated that market orientation has a positive and significant effect on marketing performance in small and medium enterprises (SMEs) in Bengkulu Province. Additionally, this study reveals a good awareness among MSME actors regarding the importance of understanding and responding to market needs and competitor strategies. In terms of human resource (HR) involvement in marketing and new product development, MSMEs in Bengkulu Province display a proactive attitude, which helps enhance customer satisfaction and their market position. The data underscores the importance of having a solid market orientation to achieve marketing success. By focusing on market understanding, being responsive to consumer needs, and ensuring effective internal coordination, MSMEs in Bengkulu Province can improve their marketing performance and strengthen their market position. Harjadi et al (2020) also emphasize that market orientation focuses on meeting customer needs and desires, fundamentally creating superior value for consumers. A practical market orientation ultimately enhances a company's marketing performance.

Moreover, the study shows that the overall marketing performance of MSMEs in Bengkulu Province is good, with an average score of 4.12. The positive evaluations in terms of customer growth and sales increase indicate that MSMEs in Bengkulu Province are actively strengthening their customer base and increasing their sales volume over time. However, it is essential to note that the profitability of MSMEs is still rated low, indicating potential areas for improving business profitability. The findings that product innovation, competitive advantage, and market orientation simultaneously have a significant impact on the marketing performance of MSMEs in Bengkulu Province highlight the importance of a comprehensive and integrated approach to marketing strategy design. By considering these factors collectively, MSMEs in Bengkulu Province can enhance their marketing performance, strengthen their customer base, and improve their overall business profitability.

Table 8. Classical Assumption Test

Test Type	Statistical Test	Value	Information
Normality Test	Kolmogoro v-Smirnov	0,200	Normal distributed data
Multicollinearity Test	X1	Tol. 0,732; VIF	No Multicolinierity
	X2	1,367	
	X3	Tol. 0,540; VIF	
		1,853 Tol. 0,525; VIF 1,905	
Heteroscedasticity Test	Glejser	X1 0,422	There is no indication of Heteroscedasticity
		X2 0,311	
		X3 0,593	

(Source: Data processed with IBM SPSS Statistic 27)

The classical assumption test results indicate that this study is free from classical assumption issues. The normality test using the Kolmogorov-Smirnov method shows an asymp sig (2-tailed) value of $0,200 > 0,1$, indicating that the data is normally distributed. The multicollinearity test shows a Tolerance value $> 0,10$ and a VIF value < 10 , confirming the absence of multicollinearity in this study. The heteroscedasticity test, conducted using the Glejser test, reveals that all variables have a significance value $> 0,1$, indicating that heteroscedasticity is not present.

Table 9. Summary of Multiple Linear Regression Analysis Results

Model	Coefficient	t-call	Sig.
	s		
(Constant)	1,531	1,557	0,118
Innovation in Technology (X1)	0,279	3,590	0,000
Financial Literacy (X2)	0,142	1,297	0,198
Security Risk (X3)	0,524	5,589	0,000
F-call	: 45.548		
F Sig.	: 0,000		
R ² Adj	: 0,594		

(Source: Data processed with IBM SPSS Statistics 27)

Based on Table 5, the T-test results can be analyzed by comparing the t-calculated value with the t-table value. According to the researcher's calculations, the obtained t-table value is 1.661 (referencing the t-table distribution). Given that the innovation in technology variable (X1) has a significance value of $0.000 < 0.1$ and a value of $t_{count} 3.590 > t_{table} 1.661$, it may be said that H1 is accepted. This indicates that the factors of innovation in technology and customers adoption have a partially significant relationship. The significance value of the financial literacy variable (X2) is $0.198 > 0.1$ with a value $t_{count} 1,297 < t_{table} 1.661$, it may be said that H2 is rejected. This indicates that the customers adoption variable and the financial literacy variable do not have a partially significant relationship. The significance value of the risk safety variable (X3) is $0.000 < 0.1$ with a value $t_{count} 5.589 > 1.661$, it may be said that H3 is accepted. This indicates that the factors of security risk and customers adoption have a partially significant relationship.

The analysis shows that F-calculated is 45.548, which is greater than the F-table value of 2.14, with a significance level of $0.000 < 0.10$. This indicates that the independent variables (technological innovation, financial literacy, and security risk) collectively have a positive and significant influence on the dependent variable (customer adoption). Additionally, the R-value of 0.594 suggests that 59.4% of the variation in customer adoption of the cardless withdrawal feature can be explained by the combination of independent variables in this study. Meanwhile, the remaining 40.6% is influenced by other factors outside this research model.

Based on the questionnaire results, the researcher concludes that the majority of mobile banking users who are aware of the cardless cash withdrawal feature in Pekalongan Regency are women. In addition, research shows that 50% of mobile banking users are students. Furthermore, 11.3% of mobile banking users are under 20 years old, 68.9% are between 21-30 years old, 9.4% are between 31-40 years old, 7.5% are between 41-50 years old, and 2.8% are over 50 years old. This indicates that the 31-40 age group dominates the use of cardless cash withdrawals.

A total of 55.2% of mobile banking users have completed Senior High School. The majority of mobile banking users' monthly expenditures fall within the Rp 1,000,000 - 5,000,000 range. The frequency of mobile banking usage per week ranges from 1 to 5 times. The following is a discussion of the answer to the research hypothesis.

a. The Effect of Innovation in Technology Related to Use Cardless Withdrawal Features

Based on the hypothesis test, the calculation value for the technological innovation variable was obtained at 3.590. Where this means that the t_{count} is higher than the t_{table} or $t_{count} 3.590 > t_{table} 1.661$ and with a significance value of 0.000. The significance value is less than 0.000 ($0.000 < 0.1$). So H1 can be accepted and H0 is rejected, meaning that the technological innovation variable (X1) has a positive and significant influence on the variable of interest in using (Y) cardless withdrawal service features on BSI customer adoption in Pekalongan Regency. This also explains that if technological innovation is getting better, the interest in using the cardless withdrawals.

The results of this study corroborate the Technology Acceptance Model (TAM) Theory by Davis (1989), which states that ease of use is a key factor influencing a person's desire to adopt new technology. When a technology is user-friendly, easy to understand, widely accessible, and does not cause confusion, it fosters a positive perception of convenience among users. These perceptions can significantly influence the acceptance and use of technology. The

more the technology is considered easy to use and understand, the higher a person's interest in using the technology will be.

This findings are in line with previous studies conducted by King (2018), which show that technological innovation enables banks to create new business models. . Research shows that this technological innovation can increase efficiency and convenience for customers.

b. The Effect of Financial Literacy Related to Use Cardless Withdrawal Features

Based on the hypothesis test, the results of the calculation value for the financial literacy variable were obtained of 1.297. Where this means that the tcount is lower than the ttable or tcount $1.297 < t_{table} 1.661$ and with a significance value of 0.186. The significance value is greater than 0.1 ($0.186 > 0.1$). So H2 can be rejected and H0 is accepted, meaning that the financial literacy variable (X2) has a negative and insignificant influence on the variable of interest in using (Y) cardless withdrawal service features on BSI customer adoption in Pekalongan Regency.

These findings do not align with those of Fatmawati and Hayati (2022), where financial literacy does not have a positive and significant impact on the use of cardless cash withdrawals. On the other hand, this study is consistent with the research conducted by Melda (2024), which found that financial literacy has a negative and insignificant effect on the use of cardless cash withdrawals.

c. The Effect of Security Risk on Related to Use Cardless Withdrawal Features

Based on the hypothesis test, the result of the calculation value for the risk safety variable was 5.589 . Where this means that the tcount is higher than the ttable or tcount $5.589 > t_{table} 1.661$ and with a significance value of 0.000. The significance value is less than 0.1 ($0.000 < 0.1$). So H3 can be accepted and H0 is rejected, meaning that the risk security variable (X3) has a positive and significant influence on the variable of interest in using (Y) cardless withdrawal service features on BSI customer interest in Pekalongan Regency. This also explains that if the risk security is better, the interest in using the cardless withdrawal on the interest of BSI customers in Pekalongan Regency.

Security risk in the context of TAM refers to transaction security regarding the use and availability of a service. In this study, users felt safe using this service. The majority of users did not experience any issues when making transactions, with only 5.7% reporting difficulties. The challenges faced by users were due to external factors beyond the cardless cash withdrawal service itself, such as an unstable mobile network.

These findings are in line with previous research conducted by Prayoga (2023), that the safety of use has a significant effect on the decision of BSI cardless Withdrawal users. This shows that the higher the level of security in transactions using cardless Withdrawal BSI, the user will decide to continue using cardless Withdrawal BSI in cash withdrawal transactions through ATM machines. That there is an effect of an increase in the number of users in transactions on BSI's cardless withdrawal which shows that the use of cardless has felt safe. So that this is made a choice by the BSI user community in making safer transactions by deciding to use BSI cardless withdrawal. Research conducted by Lestari (2023), shows that low risk perception and high level of security can increase customer confidence in cardless withdrawal services.

E. CONCLUSION

Product innovation, competitive advantage, and market orientation have a positive and significant impact on the marketing performance of micro, small, and medium enterprises (MSMEs) in Bengkulu Province. In other words, the better the product innovation, competitive advantage, and market orientation, the higher the marketing performance of MSMEs in Bengkulu Province. Consequently, MSME owners and operators in Bengkulu Province are encouraged to focus more on business orientation toward long-term sustainability by evaluating product portfolios, ensuring legal compliance, and developing long-term sustainability strategies. MSMEs in Bengkulu Province need to conduct an in-depth evaluation of their product portfolios to identify more effective expansion opportunities. This process involves analyzing sales performance, assessing market needs, and adjusting products according to consumer demand.

Additionally, they must enhance their business sustainability strategies by designing more detailed business plans, which include product diversification, risk management, and brand development. Extra attention should be given to developing sustainable business strategies, including product and market portfolio diversification, to mitigate the risk of dependence on specific segments. Building strong relationships with stakeholders through employee engagement programs or corporate social responsibility initiatives is also crucial to supporting long-term business sustainability. These efforts, combined with the enhancement of sustainable business strategies and effective marketing management, can help MSMEs in Bengkulu Province achieve stable and sustainable growth in a competitive market.

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