

THE INFLUENCE OF MARKET ORIENTATION, SOCIAL MEDIA USAGE ON MARKETING PERFORMANCE WITH SERVICE DIFFERENTIATION AS AN INTERVENING VARIABLE (STUDY OF FOOD AND BEVERAGE MSMEs IN SEMARANG CITY)

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Abstract

In the face of escalating fierce business competition, Micro, Small, and Medium Enterprises (MSMEs) in the food and beverage sector in Semarang City find themselves compelled to implement robust marketing strategies to ensure winning the competition. One of them is by elevating Market Orientation and Social Media Usage to enhance Marketing Performance through Service Differentiation. The samples of this study were 353 MSMEs from a total population of 3,031. This study employed a non-probability sampling technique with purposive sampling technique. Structural Equation Modeling (SEM) in the AMOS program was used as an analysis tool. The results showed a significant influence of Market Orientation and Social Media Usage on Marketing Performance through Service Differentiation, both directly and indirectly. In addition, there was an influence between Service Differentiation on Marketing Performance. In other words, all hypotheses in this study were accepted.

Keywords: Market Orientation, Social Media Usage, Service Differentiation, Marketing Performance.

1. INTRODUCTION

Micro, Small and Medium Enterprises (MSMEs) stand as a key driving force in economy activities, serving as the primary source of employment opportunities, and acting as catalysts for the development of the local economy. Specifically, MSMEs in the culinary subsector made a substantial contribution of more than 455 trillion or around 41% of the total domestic product of the creative economy, which amounted to 1.134 trillion in 2020 (Kompas.com, 2021). Semarang, recognized as the fifth metropolitan city, solidifies its position as a significant hub for economic growth in Central Java (Maulida Ahmad & Laksono, 2023). Based on data from the Semarang City Cooperatives and MSMEs Department (DINKOPSemarang, 2023), there are approximately 3,031 MSMEs operating into various industrial, micro, and small and medium enterprises engaged in the food and beverage sectors.

MSME players face challenges in maintaining market dominance when faced with changes in the business landscape adapting to environmental changes. According to Chandra et al. (2021), SMEs in the food and beverage sector have obstacles in gaining access to domestic and international markets, thereby causing a decrease in their competitiveness. Notably, a significant portion of food and beverage SMEs has not fully utilized the potential of digital technology, as highlighted by (Mangifera & Mawardi, 2022). In line with the Semarang City Government's statement (2023), it was recorded that as many as 60% of MSME players in all sectors were recently acquired digitally literacy, slowly all MSME actors are being encouraged

to become digitally literate, through training conducted by the Bolone Mase Semarang volunteer group (Solopos.com, 2023). The adoption of a market-oriented strategy is imperative, as it stands out as the most effective and efficient organizational culture for instilling the behaviors essential to deliver superior value to consumers (Naver & Slater, 1990). This is particularly important for SMEs in the food and beverage sector, where a dynamic market orientation focus in adapting to changes and having the ability to detect opportunities (Abdulsamad et al., 2021). Market Orientation and Social Media Usage are two variables to overcome the aforementioned issues (Luo et al., 2023; Oduro & Haylemariam, 2019). Market Orientation involves the process of collecting, analyzing, and interpreting market information regarding consumer tastes, purchasing behavior, and market needs (Ngo, 2023).

The implementation of Market Orientation by Semarang City food and beverage MSMEs is not only a strategic basis for understanding the market, but also a main driver in achieving optimal goals and results in the marketing realm (Abdulsamad et al., 2021). To contrast, Social Media Usage is the use of online platforms facilitating social interaction and content sharing between users (Al-Deen & Hendricks, 2017). The use of social media in MSMEs can build long-term relationships with consumers in increasing product demand and prices, while reducing competition and barriers to market access (Yasiukovich & Haddara, 2021; Torugsa et al., 2019). Social Media Usage and Market Orientation have a crucial role in influencing Service Differentiation as an intervening influencing the Marketing Performance of Semarang City Food and Beverage MSMEs (Kamau & Idua, 2019). Service Differentiation is the development and delivery of services that are unique or better than those offered by competitors to customers (Wirtz & Lovelock, 2022).

2. LITERATURE REVIEW AND HYPOTHESIS DEVELOPMENT

2.1 Literature Review

2.1.1 Service Dominant Logic

Service Dominant Logic constitutes a fundamental pillar in marketing studies that views customers as co-creators of value, working together with companies to combine diverse resources to produce unique value for those who receive benefits (Greer et al., 2017)

2.1.2 Market Orientation

Market Orientation, also known as market recognition, represents a fundamental aspect in carrying out marketing activities for a company or organization. Being market-oriented necessitates the integration of information derived from customers, competitors, and environmental factors. The objective is to deliver enduring added value to customers over the long term (Correia et al., 2022).

2.1.3 Social Media Usage

Social Media Usage is an online platform enabling people to interact with each other without constraints or the physical boundaries of space and time, fostering the ability to socialize. The widespread attraction to social media can be attributed to its role as ideal place for spontaneous

and informal communication (S. & Hendricks, 2011).

2.1.4 Service Differentiation

Service differentiation pertains to the distinctiveness in services provided by a company based on certain conditions (Chang, 2010). It represents the company's effort to create products or services that are superior, difficult to imitate, and often set products at high prices in order to differentiate them from other companies' products.

2.1.5 Marketing performance

Evaluating marketing performance requires measuring the effectiveness of a company's marketing activities and the products/services it offers, which is to enable the company to attain its marketing objectives and accomplishments (Stürze & et al, 2021); (Chong & Ali, 2022).

2.2 Hypothesis Development

Market Orientation is a series of practice to improve the strength and performance of innovative products, including information gathering, information dissemination, innovation and marketing results. This assumption underlies the research of marketing scholars examining the impact of MO on Marketing Performance in different contexts. Research findings reported that MO has the strongest positive impact on Marketing Performance when compared with strategy selection, company size and industry characteristics (Tajeddini & Ratten, 2020).

In addition, Market Orientation allows companies to understand and respond to market characteristics by shifting focus from internal to external and leading to the implementation of Service Differentiation strategies that meet customer needs (Rua & Santos, 2022). Market Orientation is conducted as a superior strategy to compete, which is linked to Service Differentiation seeking to provide services that are different and difficult to imitate or have unique characteristics so that they can attract market interest. Social Media Usage can address the gaps that occur in a company that wants to compete with other companies by providing Service Differentiation. In this case, the use of social media acts as a tool facilitating swift communication of information from companies to consumers. Social Media Usage has extensively become a tool in achieving good export and import marketing performance by sharing information on competition in different markets, customer views, building brand awareness, increasing the quality and quantity of international business relation (Cao & Weerawardena, 2023; Luo et al., 2023). Leveraging social media allows for the dissemination of information about services/products, and this clearly impacts Marketing Performance through the effective information dissemination via social media.

Service Differentiation is a company strategy in producing products or services that are superior, difficult to imitate, and often set products at high prices, to create product differences with other companies. Therefore, it will be easier for companies to face challenges in the business sector (Severo De Almeida et al., 2016). The relationship between Service Differentiation and Marketing Performance has been carried out by several studies in different contexts and industries (Bogetoft & Eskesen, 2022; Guajardo & Cohen, 2018; Kamau & Ibuta, 2019; Thukia, 2022). The argument shown in these studies affirm that Service Differentiation

can improve Marketing Performance in educational foundations by providing the authority to combine, build and readjust resources, internal and external capabilities in response to changing environmental dynamics. Therefore, the following hypotheses are proposed.

Hypothesis 1: Influence of Market Orientation on Marketing Performance

Hypothesis 2: Influence of Market Orientation on Service Differentiation

Hypothesis 3: Influence of Social Media Usage on Service Differentiation

Hypothesis 4: Influence of Social Media Usage on Marketing Performance

Hypothesis 5: Influence of Service Differentiation on Marketing Performance

3. METHODOLOGY

This research uses primary and secondary data sources. The primary data was obtained by distributing questionnaires to owners of food and beverage MSMEs in Semarang City. Secondary data was obtained from various agencies, namely the Semarang City Cooperatives and MSMEs Service and the Semarang City Central Statistics Agency, totaling 3,031 food and beverage MSMEs spread throughout the Semarang City area. The study employs non-probability sampling, specifically using purposive sampling. Calculations based on the Slovin formula generated a sample size of 353 respondents. The exogenous variables in this study encompass Market Orientation and Social Media Usage, with Service Differentiation acting as the intervening variable. Meanwhile, Marketing Performance serves as the endogenous variable.

4. RESULTS AND DISCUSSION

Table 1: Normality Test

Variable	Min	Max	Skew	c.r.	Kurtosis	c.r.
Customer.Satisfaction	3.000	7.000	-.826	-6.466	.475	1.862
Sale	3.000	7.000	-.696	-5.447	.366	1.433
Profit	3.000	7.000	-.973	-7.622	1.040	4.073
Target. Market	3.000	7.000	-.694	-5.438	-.171	-.671
Types of Products	3.000	7.000	-.911	-7.135	.487	1.907
Price	3.000	7.000	-.590	-4.622	-.049	-.192
Relevance	3.000	7.000	-.816	-6.387	.835	3.269
Informative	3.000	7.000	-.783	-6.135	.682	2.670
Interactivity	3.000	7.000	-.602	-4.715	-.358	-1.404
Customer Orientation	3.000	7.000	-.679	-5.315	.009	.035
Competitor Orientation	3.000	7.000	-.760	-5.954	.146	.572
Market Response	3.000	7.000	-.737	-5.774	.668	2.616
Multivariate					4.630	2.423

The critical ratio kurtosis value (cr - kurtosis) for the multivariate normality test was recorded a value of less than threshold 2.58, namely 2.423. As a result, it can deduced that the data adheres to multivariate normal distribution. he outcomes of the normality test affirmed the presence of a multivariate normal distribution in the data.

Table 2: R Test

Variable	Estimate
Service._Differentiation	.491
Marketing._Performance	.502

The R-square value of the Service Differentiation variable was 0.491. These results state that 49.1% of the Service Differentiation variable was influenced by Social Media Usage and Market Orientation. Meanwhile, the variable in Marketing Performance obtained 0.491. It stated that 50.2% of Marketing Performance was influenced by Social Media Usage and Market Orientation and Service Differentiation

Table 3: Direct Effects Tests

Variables	Direct Effects		Standardized Direct Effects	
	Service Differentiation	Marketing Performance	Service Differentiation	Marketing Performance
Social Media Usage	0.250	0.350	0.299	0.370
Market Orientation	0.495	0.244	0.486	0.212
Service Differentiation	-	0.275	-	0.243

In terms of direct influence, Social Media Usage had a positive influence on Service Differentiation, with a standardized coefficient of 0.299, implying that every 1-unit increase in Social Media Usage would increase Service Differentiation by 0.299 units. Similarly, the variable Social Media Usage positively affected Marketing Performance, as indicated by a standardized coefficient of 0.370. This means that a 1-unit increase in Social Media Usage corresponded to a 0.370-unit increase in Marketing Performance. Additionally, the Market Orientation variable positively influenced Service Differentiation, with a standardized coefficient of 0.486. Hence, a 1-unit increase in Market Orientation resulted in a 0.486-unit increase in Service Differentiation.

Table 4: Indirect Effects Test

Variables	Indirect Effects	Standardized Indirect Effects
	Marketing Performance	Marketing Performance
Social Media Usage	0.069	0.073
Market Orientation	0.136	0.118

The value of the indirect influence of Social Media Usage on Marketing Performance through Service Differentiation was 0.073 and the indirect influence occurred on Market Orientation on Marketing Performance through Service Differentiation was 0.118.

Market Orientation on Marketing Performance

It is stated the coefficient of influence of Market Orientation on Marketing Performance was 0.212, with a regression weight of 0.244 and a CR (t-count) value for statistical tests of 2.437 and a p-value (significance) of 0.015. Significance value (p) = 0.015 < 0.05 means the test was significant. Statistical test results showed that Market Orientation had an effect on Marketing Performance.

Market Orientation on Service Differentiation

The results of this research show that the influence of Market Orientation on Service Differentiation was 0.486, with a regression weight of 0.495 and a CR (t-count) value for statistical tests of 5.870 and a p-value (significance) of 0.000. There is a significance value (p) = 0.000 < 0.05. Statistical test results show that Market Orientation has an effect on Service Differentiation.

Social Media Usage on Service Differentiation

This study has a coefficient value for the influence of Social Media Usage on Service Differentiation of 0.299, with a regression weight (Regression Weights) of 0.250 and a CR (t-count) value for statistical tests of 3.860 and a p-value (significance) of 0.000. The significance value stated that (p) = 0.000 < 0.05. Statistical test results showed that Social Media Usage had an effect on Service Differentiation.

Social Media Usage on Marketing Performance.

The coefficient value on the influence of Social Media Usage on Marketing Performance is 0.243, with a regression weight of 0.275 and a CR (t-count) value for statistical tests of 2.745 and a p-value (significance) of 0.006. The significance value showed that if (p) = 0.006 < 0.05 then a decision can be taken to reject H_0 . Therefore, the results of statistical testing showed that Social Media Usage had an effect on Marketing Performance.

Service Differentiation on Marketing Performance

The coefficient value of the influence of Service Differentiation on Marketing Performance was 0.370, with a regression weight (Regression Weights) of 0.350 and a CR (t-count) value for statistical tests of 4.474 and a p-value (significance) of 0.000. This result had a significance value (p) = 0.000 < 0.05, in meaning the test was significant. Therefore, statistical testing showed that Service Differentiation had an effect on Marketing Performance.

5. CONCLUSION

There was a positive influence of Market Orientation on Marketing Performance, resulting in a unidirectional impact. When implemented effectively, Market Orientation positively influenced Marketing Performance. There was a positive influence of Market Orientation on Service Differentiation, leading to a unidirectional effect. Effective implementation of Market Orientation contributed positively to Service Differentiation. Social Media Usage had a positive influence on Service Differentiation, resulting in a directional impact. When

implemented effectively, Social Media Usage significantly influenced Service Differentiation. There was a positive influence of Social Media Usage on Marketing Performance, leading to a unidirectional impact. When effectively implemented, Social Media Usage positively affected Marketing Performance. Service Differentiation had a positive influence on Marketing Performance, resulting in a unidirectional impact. Effective implementation of Service Differentiation positively influenced Marketing Performance.

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