THE EFFECT OF MSME PRODUCT MARKETING ABILITY AND INNOVATION ON COMPETITIVE ADVANTAGE DURING THE COVID-19 PANDEMIC

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ABSTRACT
The goal of this research is to analyze and calculate the impact of marketability and product innovation variables on competitive advantage. The researchers took a quantitative approach, employing narrative and associative methods. The population in this study was Tegal city banana chip/lanntak SMEs, with a total sample of 31 Tegal banana/lanntak chip SMEs with specified criteria, non-probabilistic or using saturated sampling techniques. The analytical method used is multiple correlation analysis, multiple regression analysis, the certainty test, and partial hypothesis testing (t-test) combined with the F-test. Based on the t-test results, the'marketability' variable has a significant positive effect on the 'competitive advantage' variable, while the 'product innovation' variable has a significant negative effect on the 'competitive advantage' variable. show. ". According to the F-Test results, the ability to market and transform products at the same time has a significant effect on competitive advantage variables.
Keywords:Marketing Capability, Product Innovation, Competitive Advantage, SMEs

1. INTRODUCTION

Covid-19 is a new type of virus in 2019 and has never been known to attack the public. At first, these findings were only thought to resemble the symptoms of the common cold. However, unlike the flu, the Covid-19 virus can quickly infect vital organs in the human body. Because the transmission of the Covid-19 virus is very fast and easy in any country. The Health Organization (WHO) declared the Covid-19 virus a pandemic on 11 March 2020

MSMEs are one of the business sectors that play an important role in economic growth. MSMEs also play a role in absorbing labor and distributing development results. Currently the Indonesian economy is mainly contributed by activities based on micro, small and medium enterprises (MSMEs).

In the Tegal dry food sector, many businesses have closed because of lack of marketing capability, having a broad marketing reach, lack of product innovation by bringing up the development of new product ideas, and in terms of product competitive advantage, by a lack of placing product designs and placing affordable prices. and various elements that support it. The following is dry food data in the city of Tegal annually from January 2018 – 2021

Table 1. Data on the Number of MSMEs in the Tegal City Food Industry

Number of MSMEs in Tegal City		
Year	Amount	Percentage
2019	11359	0
2020	5892	93%
2021	3223	83%

Source: Recap of Tegal City MSME Data Base, 2021

The data above shows a clear decline in the number of MSMEs in the food industry from 2019 to 2021, as a result of the Covid-19 pandemic and in this table a problem arises, namely that there are many new competitors and many business actors are already using developing technology, making it difficult for companies to excel. in competing with a lack of competitive advantage, because banana chip SMEs do not yet have a uniqueness or special features to attract consumers and differentiate from other competitors.

This problem arose allegedly because many banana chip MSMEs experienced a decrease in creativity or new ideas in realizing new innovations such as many business owners experiencing a lack of confidence resulting in a decrease in the number of requests and also the number of business actors not being able to take advantage of developing technology

2. LITERATURE REVIEW

2.1. Marketing Capability

According to (Kayabasi & mtetwa, 2016), marketing skills include a company's ability to deal with marketing and performance issues. Marketing skills are created by integrating company market knowledge and HR skills (human resources). Marketing skills cover the following metrics:.

1) This product is complex that you can touch Good tangibles, including packaging, Price, company fame, Company services accepted by the buyer to fulfill his wants and needs.

2) Price is the amount charged for a product or service. More generally, price is the sum of all the values that customers give up for the benefits of having or using a product or service.

3) *place*Place and location is one of the determinants of your business. Therefore, choose the right place or the right place. This means choosing a strategic and appropriate location.

4) Promotional advertising is a communication activity between sellers and buyers in order to provide accurate information, as well as change the attitudes and behavior of buyers who previously did not know each other, become

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buyers and remember each other about our products.

2.2. Product Innovation

According to (Dalimunthe, 2017) Businesses can disrupt by creating or developing new products or by improving their production and distribution processes to compete with competitors and capture new market segments. :

1) Creating and developing new ideas Product development is a process and strategy that must be carried out by companies in developing a product.

2) Creating attractive designs Product design is a series of efforts to research and make wearable devices that are functional, ergonomic and aesthetically pleasing to the user.

3) Product additions as a result of new product development, product modifications, and new brands developed by the Company through its own design efforts.

4) Creating products that form Cooperation Cooperation not only facilitates work within social groups, but also encourages correction and mutual trust between people.

2.3. Competitive Advantage

According to (Elwisam et al., 2019) explains that competitive is the center of marketing performance to fight competition. Competitive advantage is defined as the strategic advantages of companies working together to build a more effective competitive advantage in the market.

1) Quality products built by the company successfully. Choose quality raw materials wisely to produce quality products or products that outperform the competition

2) Brand awareness Brand awareness is a business need for the general public or potential customers to know about a particular company or company brand.

3) Innovation is a development or engineering that is carried out with the aim of developing a business.

4) Time to market is the extent to which a company can introduce new products faster than its competitors.

3. RESEARCH METHODOLOGY

The research method is a scientific method for collecting data with a purpose and usability. On this basis, four factors must be considered scientific method

(Sugiyono, 2013), data aims and excellence. The scientific path means that research must be based on the characteristics of scientific research, such as rational, empirical and systematic. Research also has three objectives: find, prove, and develop. The benefits of investigation can be used to understand, investigate, and avoid problems. The research method is a scientific method for collecting data with a purpose and usability. On this basis, four factors must be considered: The research method used

by researchers to find and obtain answers to the problems studied is a descriptive research method combined with quantitative associative research methods

4. RESULTS AND DISCUSSION

4.1. Normality test

As for results processing dor test normality kolmogorov-smirnov with using IBM SPSS Statistics Version 28 which can be seen in table 4.11

Table 2. Kolmogirov-Smirnov One-Sample Normality Test

ResultsOne-Sample Kolmogorov-Smirnov Test			Unstandardized residual
N			31
Normal Parameters, b	Means		.0000000
	std. Deviation		.59067322
Most Extreme Differences	absolute		.182
	Positive		085
	Negative		-.182
Test Statistics			.182
asymp. Sig. (2-tailed) c			010
Monte Carlo Sig. (2-tailed) d	Sig.		011
	99% Confidence Intervals	Lower Bound	008
		Upper bound	014

a. Test distribution is Normal.
b. Calculated from data.
c. Lilliefors Significance Correction.
d. Lilliefors' method based on 10000 Monte Carlo samples with starting seed 299883525.
Source: Data Processing Results, 2022

From the results of the table above, the results of the Kolmogirov-Smirnov normality test for this study show the number 0.011 which explains the level of significance. In conclusion, the variables marketability (X1), product innovation (X2), and competitive advantage (Y) are normally distributed in this study.

4.2. Multiple Regression Analysis

This research uses IBM SPSS Version 28

Table 3. The results of calculating the multiple linear regression coefficients

	Coefficients^a				
	Unstandardized Coefficients		Standardized Coefficients		
Model	B	Std. Error	Beta	t	Sig.
(Constant)	3.256	1.818		1.791	.084
Marketing Capability	-051	.039	-048	1.301	.204
Product Inovation	1.102	.042	.975	26.385	<.001

Source: Data Processing Results, 2021

From the results of the multiple linear regression computational test above, there is a regression equation multiple linear for both predictors are as follows:

$Y* = a + b1(X1) + b2(X2)$

Based on the results of the multiple linear regression equation above, it can be explained that there is a relationship

between marketing capability (X1) and product innovation (X2), with the regression value for competitive advantage (Y), selling power is -0.051, and the regression value for innovative products more greater than the market possibility variable, namely 1.102. . Therefore, it can be concluded that marketability and product innovation have a positive effect on competitive advantage. Therefore, if Banana Chips SMEs in Tegal City can apply both marketing capabilities and product innovation in carrying out their duties, it will be very easy for small banana chip businesses in Tegal City to increase their competitive advantage.

4.3. The coefficient of determination

Is data to determine the importance of the percentage of direct influence of the independent variable which is more closely related to the dependent variable or it can be said that the use of the model is reasonable. The influence of variables X1 and X2 on Y can be determined by the coefficient of determination according to (Sugiyono 2014):

Table 4. Results of the Coefficient of Determination

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.981ᵃ	.962	.959	.61140

a. one. Predictors:(constant), marketability, product innovation
b. Dependent variable: Competitive advantage

Source: Results of data processing, 2022

It is known that the amount from X1 to X2 is: r = 0.981
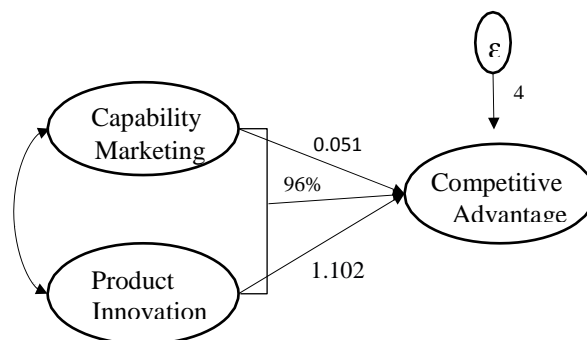can be calculated:

$Kd = 0.981^2 \times 100\%$
$Kd = 96,2\%$

Figure 1. Research Results Model
Source: Data Processing Results, 2022

$rx1x2$ $= 0.981$

$r2x1y$ $= 0.051$

$r2x2y$ $= 1.102$

$r2x1x2y$ $= 96\%$

ε $= 4\%$

Based on the calculation of the coefficient of determination, it can be seen that the coefficient of determination

between Marketing Capability (X1) and Product Innovation (X2) on Competitive Advantage (Y) is 96% while 4% is influenced by other factors which are not included. In this study. Therefore, it can be concluded that the influence between the variables included in this study is strong because the mutually directed determination is equal to 1

4.4. Results of Simultaneous Hypothesis Testing (Test F)

This study conducted simultaneous testing using the following formula (Sugiyono, 2013):

$$Fn = \frac{R2/K}{(1-R2)/n-k-1}$$

Based on the results of the Simultaneous Test (F Test) Marketability can change (X1), product innovation (X2) and competitive advantage (Y), an F-number of 354,562 isobtained and a significance value <0 xss =
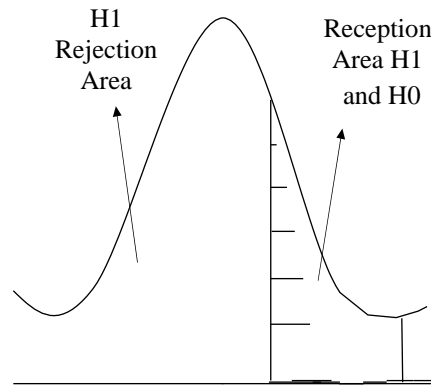

Figure 2. Marketing Capability Curve and Product Innovation Against Competitive
Advantage
Source: Data Processing Results, 2022

Based on the curve above, get the value from table F equal to 3.34. these results indicate that the calculated F value is greater than the F value in the table, ie354,562> 3.34. So it can be concluded that the two independent variables namely Marketing Capability (X1) and Product Innovation (X2) are appropriate to explain the dependent variable namely Competitive Advantage (Y).

4.5. Perisal Hypothesis Testing Results (T Test)

To determine whether there is influence or not each independent variable partially on the dependent variable can be seen at the 0.05 significance level. According to (Sugiyono, 2017), the t-test is solved by the formula, as follows:

$$= \frac{r\sqrt{n-2}}{\sqrt{1-r^2}}$$

Table 5. Partial Test Results (T Test) of Marketing Capability and Product Innovation on Competitive Advantage

Model	Unstandardized Coefficients		standardized Coefficients		
	B	std. Error	Betas	t	Sig.
1 (Constant)	3,256	1,818		1,791	084
Marketing Capability	-051	039	-048	1,301	.204
Product Innovation	1.102	042	.975	26,385	<.001

Dependent Variable: Marketing Capability and Product Innovation

The results in Table 4.17 show that the T-count between Product Innovation and Competitive Advantage is 1.301, while Product Innovation versus Competitive Advantage is 26,385 and Ttable is 1.791, a significant value <0.001. Therefore, it can be said that "significant influence with marketing capabilities and product innovation on excellence" is accepted.

The following is the marketing capability curve to competitive advantage:

Rejection area H1 and

The area of acceptance of H1 and rejection of H0
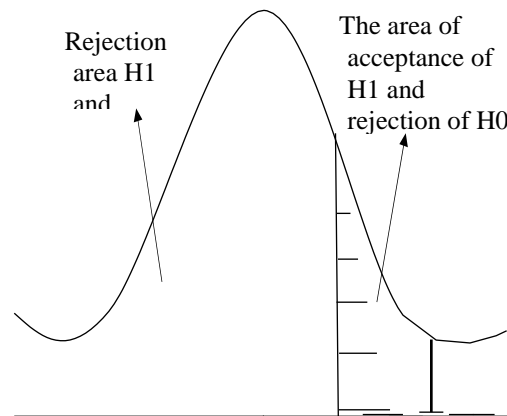
Figure 3. Marketing Capability Curve (X1) Against Competitive Advantage (Y)

The product innovation curve to competitive advantage is as follows:

Rejection area H1 and acceptance

The area of acceptance of H1 and
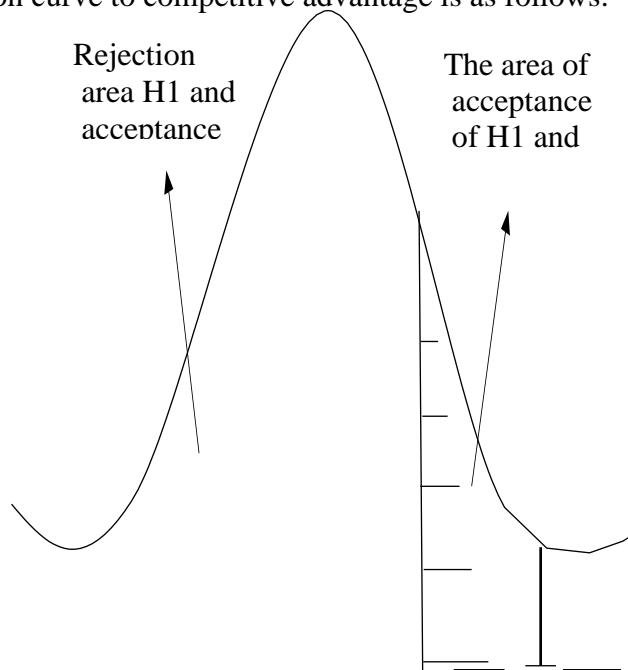
Figure 4. Product Innovation Curve (X2) Against Competitive Advantage (Y) Cover

Based on the results of the research and discussion of the research conducted, the following conclusions can be drawn: according to the research obtained, the selling power described in Banana Chips SMEs in Tegal City is very good. application in different dimensions. It can be concluded from the aspects of selling power such as, product, price, location, promotion is quite good in its application. In terms of product innovation towards creativity and developing new ideas, creating attractive designs, adding new products, producing products in the form of collaboration. Many people stated that they strongly agreed because the Banana Chips MSMEs in the city of Tegal had implemented it very well. In the variable Competitive Advantage in various aspects such as Quality, Success, Innovation, Time to market, it has been very well implemented for small and medium businesses by Banana Chips. This allows competitive advantage to analyze the growth and decline of business innovation. Influence marketing capabilities and product innovation on competitive advantage. With all the aspects presented, it is very well implemented.

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