The Mediating Role for Improving Marketing Performance

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Abstract

This research aims to examine the effect of marketing knowledge competence and customer orientation on performance of marketing toward marketing capabilities. The population data in this research is the hawkers of Tuin Van Java centre in Magelang City. The total sample is 127 respondents. This research using a saturated sampling. The data analysis method in this research using descriptive analysis, regression analysis, and path analysis with IBM SPSS versi 21. The research result shows that marketing knowledge competence and customer orientation had positive and significant influence on marketing performance through marketing capabilities. Marketing capabilities are also able to mediate the effect of marketing knowledge competence and customer orientation toward marketing performance.

INTRODUCTION

Performance measurement is an important thing to do for every company. Performance measurement is an effort to map strategies into actions to achieve certain targets, not only the final target that needs to be measured but also related to the competencies and processes that have been implemented (Handayani, 2011). In a management control system in a business organization, performance measurement is an effort made by management to evaluate the results of activities that have been carried out compared with established benchmarks (Rumintjap, 2013). The right performance measurement system will improve company performance in managing all potential existing resources more efficiently and optimally and provide appropriate feedback for future performance improvement (Amelia, 2013).

Marketing performance is a concept to measure the market achievement of a product (Wahyono, 2002). The company’s performance can be said to be successful if the company not only introduces products, but also focuses on consumers to be able to attract consumers and outperform competitors by satisfying and satisfying consumer needs, this is one of marketing effectiveness aimed at retaining customers (Kotler, 2000). Marketing capability is able to provide added value and create value for customers and be competitive (Mawu et al., 2016). In addition, marketing capabilities are also used for efforts to collect information about market needs and target market segmentation recovery, development of new services to meet the needs of targeted segments, service or product prices and benefit communication services that are targeted at target markets (Halim et al., 2012). Not only capabilities, marketing knowledge is also able to optimize marketing performance (Reza & Ami-ni, 2016).
Several studies have shown the effect of marketing capabilities and marketing performance. Research shows that there is influence between the variables of marketing knowledge competencies, entrepreneurial orientation, marketing performance and marketing capabilities as intervening variables in SMEs in Semarang (Sugiyarti, 2015). Previous research has shown that a relationship between strategic orientation consisting of competitor orientation, consumer orientation, technology orientation, and learning orientation has an influence on company performance through marketing capabilities in companies in Korea (Shin & Aiken, 2012).

The influence of marketing knowledge variables on marketing capabilities is proven by previous research which states that there is a significant influence between marketing knowledge competencies on marketing capabilities (Sugiyarti, 2015). Although marketing knowledge competence has an indirect positive effect on marketing performance through marketing capabilities, the direct effect of marketing knowledge on performance is not significant (Tsai & Shih, 2014). Research on wooden house entrepreneurs shows that the influence of marketing knowledge and marketing performance is not significant (Mawu et al., 2016). Different studies show that there is an influence of marketing knowledge management variables on marketing performance in companies producing in Iran (Reza & Amini, 2016).

Research on the petrochemical industry shows that there is an influence between consumer orientation and marketing capabilities (Dalvi, 2014). The results of previous studies also showed that there is an influence between consumer orientation with marketing performance. One of the previous studies showed that consumer orientation had a positive and significant effect on market performance (Zhu et al., 2015). However, other studies have shown that consumer orientation has a negative influence on performance in the theater industry (Voss & Voss, 2000). Research by Halim et al. (2012) market orientation with indicators of consumer orientation and marketing performance was not successfully mediated by marketing capabilities. According to previous research, it states that marketing capabilities are positively correlated to marketing performance (Dalvi & Scifi, 2014).

The purpose of this study was to determine the effect of competence knowledge of marketing and consumer orientation toward marketing performance through marketing capability at the center of hawkers five Tuin van Java city of Magelang.

**Hypothesis Development**

Companies that do not have the ability to market knowledge, competitors, consumers, environmental trends, and technology will experience difficulties in running their businesses, which means they are unable to survive and compete, which in turn will affect the company's profits. Evidence by research belonging to Reza and Amini (2016) which states that marketing knowledge has a positive and significant effect on marketing performance. In addition, the results of research conducted by Azizah (2017) also states that there is a positive and significant relationship between marketing knowledge competencies and marketing performance through marketing capabilities. Another study belonging to Mawu et al. (2016) also states the same thing that there is a positive and significant relationship between marketing knowledge competencies and marketing performance through marketing capabilities. H1: Competence marketing knowledge has a positive and significant impact on the performance of marketing.

Companies must view customers as financial assets that need to be managed and maximized like other assets. Realizing the value of these assets is expected to lead companies to redesign their entire marketing system and direct it towards the customer share and customer life cycle through their product or service portfolio and through a checking strategy (Kotler, 2003).

The influence of consumer orientation on marketing performance is evidenced by research by Zhu et al. (2015) which states that consumer orientation has a positive effect on marketing performance. Based on the explanation above, it can be concluded that consumer orientation can improve marketing performance which will refer to the company's profits and profits.

Consumer orientation is defined as collect, share, and use knowledge of the consumer at the level of the organization to coordinate the actions of what is done based on the knowledge (Pekovic, 2012). Consumer orientation is a set of behaviors and beliefs that put the wishes of consumers as a priority and provide superior value is kept constant (Thoumrungrejo & Racella, 2013).

Evidence by the results of research by Shin and Aiken (2012) which states that there is a relationship between consumer orientation on marketing performance through marketing capabilities. Likewise with the results of research conducted by Dalvi (2014) states that there is a positi-
ve and significant relationship between consumer orientation and marketing performance through marketing capabilities.

**H2:** Consumer orientation has a positive and significant influence on marketing performance

Marketing capability is one of the performance processes in marketing. Marketing capability is measured based on the marketing mix approach as practiced by Tsai and Shih (2014) by using distribution networks, product development, pricing strategies, production management and marketing research as indicators. There is an influence between marketing capabilities on marketing performance according to research conducted by Dalvi and Seifi (2014). Capability becomes an important part in the success of a marketing performance. In addition Hatta (2015) also stated that one of the strategies that could improve marketing performance was to increase marketing capabilities. This means that marketing capabilities have a relationship that is directly proportional to marketing performance. Other research by Kajalo and Lindbolm (2015) also states that marketing capabilities have a significant effect on marketing performance. Agree with the results of research by Farida (2016) that marketing capabilities have a positive effect on marketing performance. Marketing capability is located as an intervening variable, marketing performance variable is the dependent variable. Marketing knowledge competence and consumer orientation become independent variables.

**H3:** Marketing capabilities have a positive and significant impact on marketing performance through marketing capabilities

Marketing knowledge is knowledge related to the marketing process of an organization, marketing activities, and knowledge about the use of assets and capabilities related to marketing. Marketing knowledge possessed by a company is useful for carrying out marketing activities and running a business. Marketing knowledge can be in the form of knowledge about market conditions, trends, consumer preferences, and others. So if a company has good marketing knowledge, it can improve marketing performance (Reza & Amini, 2016). Evidenced by the competence of marketing knowledge has an indirect positive effect on marketing performance through marketing capabilities. Reza and Amini (2016) in their research also revealed that there is a relationship between marketing knowledge and marketing performance. Whereas other research shows that marketing knowledge competence does not significantly influence marketing performance (Tsai & Shih, 2014).

**H4:** Competence marketing knowledge has a positive and significant impact on the performance of marketing through marketing capability

Consumer orientation is one of the strategies in improving marketing performance. However, consumer orientation will contribute to the higher influence on marketing performance through marketing capabilities as an intervening variable.

Some previous studies state that there is a relationship between consumer orientation and company performance through marketing capabilities in companies in Korea (Shin & Aiken, 2012). The results of the study indicate that there is an effect of consumer orientation on marketing performance indirectly and there is a direct effect between marketing capabilities on marketing performance.

**H5:** Consumer orientation has a positive and significant influence on marketing performance through marketing capabilities

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**Figure 1. Research Model**

**METHOD**

The object of this research is the vendor of five centers Tuin Van Java Magelang city, with a total population of 127 merchants. The population size is relatively small, allowing members of the population to be studied. The number of samples in this study were 127 traders.

In this study, using a sample of saturated, said saturated samples for retrieval member samples was done by way of making all of the population being sampled. So that researchers are able to generalize with very small errors.

The independent variable is the variable that affects changes in the dependent variable and has a positive or negative relationship for the dependent variable (Kuncoro, 2013). The independent variables in this study are marketing capabilities.
knowledge competence and consumer orientation. While intervening variables are factors that theoretically affect observed phenomena; I cannot be seen, measured, or manipulated, but the impact can be concluded based on the impact of independent and moderating variables on observed phenomena (Kuncoro, 2013). The intervening variable in this study is marketing capability that connects marketing knowledge competence and consumer orientation to marketing performance.

Data collection methods in this study were questionnaire and documentation. In this study, a questionnaire addressed to vendors five centers Tuin van Java city of Magelang. To measure the value of variables in this questionnaire using a Likert scale. Likert scale is used to measure the attitudes, opinions, and perceptions of a person and a group of people about social phenomena, hereinafter referred to as research variables. The answer to each instrument item that uses a Likert scale has a gradation from very positive to very negative.

Validity test

The results and testing of the instrument from the research questionnaire were carried out with the submission of validity and reliability. Validity testing is used to assess the accuracy of the instrument's validity. Validity test calculation is done with SPSS version 21. This validity testing is performed on 20 respondents. Significance tests were carried out to see the instrument score sig 2 tailed < 0.05. The instrument is said to be valid if the significance value of the instrument score sig 2 tailed < 0.05.

Based on the results of the test of the validity of marketing performance variables shows that all items used are declared valid. The marketing capability variable indicates that there are three items declared otherwise invalid. While the marketing knowledge competency and customer orientation variables of each variable indicate that there is one variable that is declared invalid with a sig 2 tailed item score > 0.05.

From the results of testing the instrument validity can be explained that of the total statement instruments there are only 43 statements that can be used in this study, with 9 items marketing performance variable details, 15 items marketing capability variable, 8 items marketing knowledge competency variable and 11 items consumer orientation variable.

Reliability Test

A variable is said to be reliable (reliable) if it has a Cronbach Alpha value > 0.70, the reliability test in this study was processed using the SPSS version 22 program.

Based on the results of SPSS output shows that the Cronbach Alpha value for knowledge marketing competence variable is 0.775 > 0.70, and the Cronbach Alpha value for wocustomer orientation variable is 0.865 > 0.70, and the Cronbach Alpha value for marketing capabilities variable is 0.890 > 0.70. That is, the variables of marketing knowledge competence, customer orientation, marketing capabilities and marketing performance are said to be reliable.

RESULT AND DISCUSSION

Normality Test conducted in this study shows that all existing data are normally distributed. Test results with probability plots illustrate the spread of data illustrated by points forming a pattern following a diagonal line. These results indicate that the data are normally distributed. To strengthen these assumptions, a statistical analysis was also carried out using the Kolmogorov-Smirnov test. Test results show that the Kolmogorov-Smirnov value is 1.069 with an Asymp Sig value of 0.204> a probability value of 0.05, then the research data is normally distributed. If

<table>
<thead>
<tr>
<th>Coefficientsa</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>T</th>
<th>Sig.</th>
</tr>
</thead>
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<tr>
<td>Model 1 (Constant)</td>
<td>0.515</td>
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<td>0.379</td>
<td>0.705</td>
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<tr>
<td>Knowledge marketing competence</td>
<td>0.162</td>
<td>0.050</td>
<td>0.179</td>
<td>3.249</td>
</tr>
<tr>
<td>Customer orientation</td>
<td>0.319</td>
<td>0.060</td>
<td>0.340</td>
<td>5.307</td>
</tr>
<tr>
<td>Capabilities marketing</td>
<td>0.400</td>
<td>0.052</td>
<td>0.477</td>
<td>7.682</td>
</tr>
</tbody>
</table>

a. Dependent Variable: Marketing Performance
the Kolmogorov-Smirnov value > α = 0.05 then the data is normally distributed (Ghozali, 2013).

The marketing knowledge competency variable has a tolerance value of 0.422, a consumer orientation of 0.312, and a marketing capability of 0.332. A good model does not occur multicollinearity, the commonly used cutoff value is a tolerance value ≥ 0.10 (Ghozali, 2013). While the VIF value on the multicollinearity calculation results shows the results of the VIF value on all variables less than 10 which indicates no multicollinearity. So it can be concluded that there is no multicollinearity between the independent variables in the regression model.

According to Ghozali (2013) the heteroscedasticity test aims to test whether in the regression model there is an unequal variance from the residuals of one observation to another. If the variance from one observation to another is fixed then it is called homoscedasticity. A good regression model is homoscedasticity or heteroscedasticity does not occur. Heteroscedasticity test in this study uses scatter plot, it can be seen that there is no clear pattern, and the points spread above and below the zero marketing performance's axis. Therefore it can be concluded that in this model heteroscedasticity does not occur.

Based on the data testing carried out, it can be known that the statistical test results of the marketing knowledge competency variable obtained t value of 3.249 with a significance level 0.001 < 0.05. This shows that H1 which states that marketing knowledge competence has a positive and significant effect on marketing performance is accepted. This shows that the higher or increase the competency of marketing knowledge can improve marketing performance. The results of this study are in accordance with Sugiarty (2015) which states that there is a positive and significant relationship between marketing knowledge competencies and marketing performance. Other research that supports this is the result of research by Reza and Amini (2016) that marketing knowledge competence has a positive and significant effect on marketing performance, meaning that marketing knowledge competence variables can improve marketing performance. Azizah (2017) research results also state that marketing knowledge competence has a positive and significant effect on marketing performance.

While the consumer orientation variable obtained t value 5.307 with a significance level of 0.000 < 0.05. This shows that consumer orientation has a positive and significant effect on accepted marketing performance. This shows that the higher or higher consumer orientation can improve marketing performance. The results of this study are supported by the theory conveyed by Kotler (2003) that companies that are customer oriented will have a better position in developing marketing networks, making offers and determining input and ending up in their assets. So that will improve marketing performance at the company.

Other research by Shin and Aiken (2012) also states that there is a positive and significant influence between consumer orientation on marketing performance. In addition, the results of the study of Dalvi and Sheirifi (2014) stated that there was a significant influence between consumer orientation on marketing performance. Likewise with the results of research belonging to Zhu et al. (2015) that there is a positive and significant relationship between consumer orientation and marketing performance. Not only the competence variable of marketing knowledge and consumer orientation, the marketing capability variable in this study also shows that marketing capability has a positive and significant effect on marketing performance by obtaining a t value of 7.682 with a significance 0.000 < 0.05. The results of this study are consistent with the statement conveyed by Hatta (2015) that one of the strategies that can improve marketing performance is to increase marketing capabilities. This means that marketing capabilities have a relationship that is directly proportional to marketing performance.

Other research by Kajalo and Lindholm (2015) also states that marketing capabilities have a significant effect on marketing performance. Agree with the results of research by Farida (2016) that marketing capabilities have a positive effect on marketing performance. It can also be seen the influence of marketing knowledge competency variables on marketing performance through marketing capabilities by multiplying the path coefficient of marketing knowledge competence on marketing capability (β1) 0.274 and marketing capability path coefficient on marketing performance (β2) 0.477, then adding the competency path coefficient marketing knowledge on marketing performance (β3) 0.179. So the calculation of the total effect of the path coefficient becomes:

\[ (β_1 x β_2) + β_3 = (0.274 \times 0.477) + 0.179 = 0.310 \]

Based on the results of the calculation of the coefficient above it is known that the total effect of marketing knowledge competence on marketing performance through marketing capabilities is equal to 0.310, while the path
coefficient results of the direct influence of marketing knowledge competence on marketing performance of 0.179, therefore the total indirect path coefficient > direct path coefficient. So it can be said that H4 stating that the competence of marketing knowledge and significant positive effect on the performance of marketing through marketing capabilities is received.

It can also be seen the effect of consumer orientation on marketing performance through marketing capabilities by multiplying the path coefficient of consumer orientation towards marketing capability ($\beta_2$) 0.595 and marketing capability path coefficient on marketing performance ($\beta_3$) 0.477, then adding the consumer orientation path coefficient to performance marketing ($\beta_5$) 0.340. So the calculation of the total effect of the path coefficient becomes:

$$(\beta_2 \times \beta_3) + \beta_5 = (0.595 \times 0.477) + 0.340 = 0.624$$

Based on the results of the calculation of the coefficient above it is known that the total influence of consumer orientation on performance through marketing capabilities is equal to 0.624, while the path coefficient results of the direct influence of consumer orientation on marketing performance of 0.340, therefore the total indirect path coefficient > direct path coefficient. So it can be said that H5 which states that consumer orientation has a positive and significant effect on marketing performance through marketing capabilities is accepted.

Effect of Consumer Orientation on Marketing Performance

Based on the results of the partial test data (t test) that has been done, it can be seen that consumer orientation has a positive and significant effect on marketing performance. These results are consistent with H2 which states consumer orientation and a positive effect on the performance of marketing significant accepted. This means that the higher consumer orientation will increase marketing performance. Thus, marketing performance will be better when a business is oriented to consumers. The indicators that have the highest contribution in representing consumer orientation variables are commitment to serve consumers and the lowest contribution is represented by indicators understanding consumer needs.

The results of this study are supported by the theory conveyed by Kotler (2003) that companies that are customer oriented will have a better position in developing marketing networks, making offers and determining input and ending up in their assets. So that will improve marketing performance at the company. Other research by Shin and Aiken (2012) also states that there is a positive and significant influence between consumer orientation on marketing performance. In addition, the results of the study of Dalvi and Sheirifi (2014) stated that there was a significant influence
between consumer orientation on marketing performance. Likewise with the results of research belonging to Zhu et al. (2015) that there is a positive and significant relationship between consumer orientation and marketing performance.

Effect of Marketing Capability on Marketing Performance

Based on the results of the processing and analysis of partial test data (t test), it can be seen that marketing capabilities have a positive and significant effect on marketing performance. These results are consistent with H3 which states that the positive effect of marketing capabilities and signifikannya on acceptable marketing performance. This means that the higher the marketing capabilities, the better the marketing performance will be. So that marketing performance will get better when a business increases marketing capabilities. The indicators that have the highest contribution in representing marketing capability variables are responsive services and the lowest contribution is represented by indicators of marketing implementation capability.

The results of this study are consistent with the statement conveyed by Hatta (2015) that one of the strategies that can improve marketing performance is to increase marketing capabilities. This means that marketing capabilities have a relationship that is directly proportional to marketing performance. Another study owned by Kajalo and Lindbolm (2015) also stated that marketing capabilities had a significant effect on marketing performance, while research results belonging to Farida (2016) marketing capabilities had a positive effect on marketing performance.

Effect of Marketing Knowledge Competence on Marketing Performance through Marketing Capabilities

Based on the results of data analysis tests that have been done, it can be seen that the competence of marketing knowledge has a positive and significant effect on marketing performance through marketing capabilities. This is known through the path coefficient analysis of the direct influence of marketing knowledge competencies on marketing performance is smaller than the total indirect effect of marketing knowledge competencies on marketing performance through marketing capabilities. Thus we can conclude that H4 which mentions the competency of marketing knowledge and significant positive effect on the performance of marketing through marketing capabilities is received. In other words, marketing capabilities are able to mediate the competence of marketing knowledge to marketing performance. This means that the higher or increase the competency of marketing knowledge of marketing capabilities will improve marketing performance. So to improve marketing performance a business needs to consider and increase marketing capability variables.

The results of this study are in accordance with research conducted by Azizah et al. (2017) which states that there is a positive and significant relationship between marketing knowledge competencies and marketing performance through marketing capabilities. Another study belonging to Mawu et al. (2016) also states the same thing that there is a positive and significant relationship between marketing knowledge competencies and marketing performance through marketing capabilities.

Effect of Consumer Orientation on Marketing Performance through Marketing Capabilities

Based on data analysis that has been done, it can be seen that consumer orientation has a positive and significant effect on marketing performance through marketing capabilities. This is known through the path coefficient analysis of the direct influence of consumer orientation on marketing performance is smaller than the total effect of indirect consumer orientation on marketing performance through marketing capabilities. Thus we can conclude that H5 which states that the consumer orientation and signifikannya positive effect on the performance of marketing through marketing capabilities is received. This means that the higher the consumer's orientation towards marketing capabilities will improve marketing performance. This means that marketing capabilities are able to mediate consumer orientation variables to marketing performance. So to improve marketing performance a business needs to consider and improve marketing capabilities.

The results of this research are supported by research by Shin and Aiken (2012) which states that there is a relationship between consumer orientation and marketing performance through marketing capabilities. Likewise with the results of research conducted by Dalvi (2014) states that there is a positive and significant relationship between consumer orientation and marketing performance through marketing capabilities.

CONCLUSION AND RECOMMENDATION

Marketing knowledge competence has a positive and significant effect on marketing performance. This means that the higher or increase in marketing capability will improve marketing performance. So to improve marketing performance a business needs to consider and increase marketing capability variables.
formance, the higher the marketing knowledge competency, the higher the marketing performance. Marketing knowledge competence also has a positive and significant effect on marketing performance through marketing capabilities. This means that marketing knowledge competencies affect marketing capabilities. Consumer orientation influences marketing performance. In addition, consumer orientation also influences marketing performance through marketing capabilities. This means that consumer orientation can improve marketing performance. The higher consumer orientation customers in order to improve their marketing performance will create the fulfillment of the needs and desires of the market so that it will affect the performance of street vendors selling to increase. In addition, the formation of high marketing capabilities will also improve marketing performance.

Based on the results of research and discussion, it is known that marketing capabilities are able to mediate the influence of marketing knowledge competency variables and consumer orientation on marketing performance. With the results of the coefficient received is greater than the direct effect. So to improve and maximize the marketing performance of street vendors Tuin Van Java needs to further improve and consider marketing capabilities in making business decisions. But seen through descriptive marketing capability variables are classified as less good, namely the indicators of marketing communication skills, the ability to sell, and the ability to implement marketing. Thus, the street vendor Tuin Van Java should be more motivated to proactive offer and communicate directly with potential.

Researchers are aware that in this study there are still shortcomings. One of them is in this study using only two independent variables, namely marketing knowledge competence and consumer orientation. In addition, the data analysis in this study uses the help of the spss version 21 data analysis program. So it is recommended for future researchers to expand the scope of variables such as technology orientation to strengthen the formation of marketing performance by using different data analyzes such as pls or sem, and it is hoped that further researchers can look for the scope of different and broader objects.

REFERENCES


