Customer Orientation and Competitor Orientation Influence on the Marketing Performance of Restaurants MSEs in the Buleleng District

Ni Nyoman Yulianthini[1,*] Ni Made Dwi Ariani Mayasari[1] Made Amanda Dewanti[1]

Rahutama Atidira[1]

[1] *Department of Management, Universitas Pendidikan Ganesha, Singaraja, Indonesia*
[*]*Corresponding Author. Email:* nyoman.yulianthini@undiksha.ac.id

ABSTRACT

The purpose of this research is to analyze the impact on marketing success of both a customer- and a competitor-oriented approach simultaneously or in part. A causal quantitative research method is employed. Analyzing the relationship and influence of one variable on another, such as determining the causal relationship between the independent variable (X) and dependent variable (Y), is the goal of causality study design (Y). An investigation on the small and medium-sized businesses (SMEs) restaurants in the Buleleng Regency and its neighboring areas is the focus of this study. SMEs Restaurant in Buleleng Regency, mainly Singaraja City, were asked to fill up a questionnaire or questionnaire as part of this study's data collection method. Non-probability sampling, or incidental sampling, is employed in this study. The Slovin formula uses 100 respondents as a sample size. Following the validation and reliability tests, hypothesis testing was carried out using SPSS (Statistic Package and Social Science) software version 21.0 for Windows, which includes the F and t tests. The findings reveal that customer and competitor orientation have a favorable and significant effect on marketing performance. Customers and competitors who are more focused on each other will have a greater impact on marketing performance. It is important for business owners to organize their marketing efforts if they want to expand their customer base.

Keywords: Customer orientation, Competitor orientation, Marketing performance, SMEs.

1. INTRODUCTION

SMEs are productive business actors who have such a large amount of income have contributed no less to the national and regional economy. SMEs generally have advantages in utilizing local and labor-intensive natural resources, such as food crop agriculture, plantations, livestock, fisheries, trade, and restaurants. Therefore, SMEs also make a very significant contribution to local governments through local revenue (PAD). Therefore, it is necessary to develop and improve the existence of SMEs in Indonesia.

As is the case with small industries in general, the development of the food industry in Indonesia is dominated by small businesses, not by large scale businesses. Therefore, the role of small businesses, especially micro, in the food industry is very important. However, the development of the food industry has resulted in greater competition and narrowing of market share, this is due to large numbers of producers and selling prices that are the same or close to the cost of production.

Responding to these estimates, companies in this case the SME sector of the food industry need to carry out marketing strategies such as promotions. Marketing strategy is important in the continuity of a business to be able to achieve competitive advantage and can provide satisfaction to consumers. So that the marketing strategy is the right thing for business people to be able to compete with their competitors. Considering the need for food is the main thing in human needs that absolutely must be met, the business in the restaurant sector is currently an attraction for business people in general. Of course, with the increase in business people in the food business, more and more competitors will be faced.

The food industry SMEs which in this study focuses on restaurant SMEs are small and medium industries that need to work extra to be able to compete with restaurant industries that already havebrand the strong one. The restaurant is one of the places that provide food needs. Restaurants are growing rapidly as a result of changes in customer orientation, where current customer orientation requires individuals to do a lot activities outside the home. This causes people today do not have enough time to cook their own food at home. This is what encourages the growth of restaurants as providers of food needs outside the home.

The capital city of Buleleng Regency, Singaraja, is one of the rapidly growing cities in Bali. Buleleng Regency has a population of 82,827 people. As a city that has a high population tendency and can serve the entire planning area as well as on a regional scale and is supported by the existence of facilities and infrastructure. The SME Restaurant in Buleleng Regency has great potential for businessmen who want to start their business in the restaurant sector. This is proven based on data on the economic growth rate of Buleleng Regency over the last few periods that it can be maintained at a positive number. The number of SMEs currently causing business continuity to experience a high level of competition, especially industries that produce similar products. Therefore, it is expected that the industry has its own strategy designed to realize competitive advantage. If a product is successful, consumers will look at its marketing performance, which will determine whether or not it has a distinct advantage or disadvantage over other products in a market [1].

Narver and Slater (1990) define market orientation as having three dimensions: customer, competition, and function coordination. In order to deliver greater value to the customer, the organization must understand the target buyer. In [2] the customer's desires are stated to

be more important than the items currently given. Using the principle of knowing what customers want and meeting it. [3] argues that marketing must focus on client satisfaction and values, with transactions as the foundation for analysis. Management's adoption of market orientation is the execution of a company's marketing philosophy. Given that market orientation is a sort of marketing execution, one could argue that market-oriented businesses always operate in line with marketing concepts.

A "competitor orientation" is an understanding of existing and potential competitors' strengths, weaknesses, capabilities, and goals. It is a seller's capacity to identify short-term and long-term competitive strengths and weaknesses [4]. In addition, knowing how their competitors run their firms and the strategy model they utilize will help management feel more confident in their own plans and actions. According to [5] customers, rivals, and functions all influence market orientation. Market orientation increases marketing performance. Because of free commerce and global competition, every company must be ready to compete. Companies must be able to create new products that are distinct and superior to those supplied by competitors. This is required due to increased competition and customer skepticism.

Based on the phenomena, the researchers conduct a study entitled "Customer Orientation and Competitor Orientation Influence on Marketing Performance in Small and Medium Enterprises Restaurant in Buleleng Regency".

Based on the above background, the following problems can be formulated: 1) Do customer orientation and competitor orientation affect the marketing performance of restaurant SMEs in Buleleng Regency? 2) Does customer orientation affect the marketing performance of restaurant SMEs in Buleleng Regency? And 3) Does competitor orientation affect the marketing performance of restaurant SMEs in Buleleng Regency?

2. LITERATURE REVIEW

2.1. Marketing Performance

A company's marketing performance is commonly regarded as a measure of its strategy's success, according to [6]. In general, the company's performance may be judged by its marketing performance, and this is why marketing performance is an important part of the company's performance. It is possible to measure a company's marketing success using the term marketing performance. Every firm wants to know how well it's doing in the market, and it's a good indicator of how

well it's doing. "Sales growth, customer growth, and product success" are all terms used by [6] to describe the outcomes of putting the company's plan into action.

The marketing performance measurement scale in this study uses the approach proposed by [6] which uses three indicators including: sales growth, customer growth, and product success.

2.2. Market Orientation

According to increasing global competition and changes in client expectations, organizations know that they must always be near to their markets. Market orientation is vital for companies. Having a strong focus on the market means that the company has a long-term goal of providing customers with exceptional value.

When it comes to providing superior value for customers and business performance, market orientation has been found to be the most effective organizational culture. When it comes to creating and satisfying customers, [7] describes market orientation as a continual assessment of customers' requirements and aspirations. The company's performance will improve as a result of the use of market orientation.

[8] state that market orientation consists of three components, namely:

1) *Customer Orientation*; The concept of customer orientation can also be interpreted as an understanding that marks the targeted customers by a seller who is able to create the best continuous value for the goods purchased by the buyer. According to [8] to create "products that buyers love" continuously. Understanding here includes an understanding of the entire value chain of buyers both at the present time and at the time of its development in the future. This effort can be achieved through the process of finding information about customers [7] With this information, the selling company will understand who its potential customers are, both now and in the future.

2) *Competitor Orientation*; Competitor orientation means that the company understands the short-term strengths, weaknesses, long-term capabilities, and strategies of its potential competitors. This type of company has a strategy and knows how to respond to its competitors' activities. It also understands how top management responds to competitors' strategies. It's important to keep an eye on your competitors' technology capabilities to see if they're able to meet the needs of the same target buyer as you are [8]. Competitor orientation

focuses on three statements: How do we know who our competition is? What kinds of technology do they have? do buyers see them as a viable alternative to the current offerings?

3) *Inter-Function Coordination*; "Coordination between functions" is defined by [8] as "the utilization of coordinated business resources to create higher value for targeted Function coordination refers to characteristics of an organizational structure that allow communication across functions. The goal of business alignment is to produce higher value for consumers by coordinating amongst functions. Function coordination can improve consumer and competitor communication and exchange. As well as updating market trends. This builds confidence and independence across different functional groups, making the organization more receptive to a whole new product based on client wants.

2.3. Framework

The research thinking framework depict in Figure 1 below.

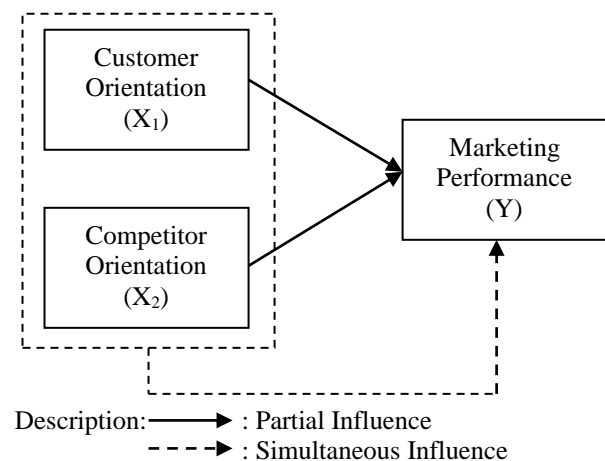Description: ——▶ : Partial Influence
- - -▶ : Simultaneous Influence

Figure 1 Thinking Framework on the Influence of Customer Orientation and Competitor Orientation on Marketing Performance of Restaurant SMEs in Buleleng Regency

2.4. Research Hypothesis

Based on the background, relevant research results, and framework of thinking, the following hypotheses can be formulated:

H_1: Customer orientation and competitor orientation have a significant effect on SME Marketing

Performance

H₂: Customer orientation has a positive and significant impact on SME Marketing Performance

H₃: Competitor orientation has a positive and significant impact on SME Marketing Performance.

3. METHOD

3.1. Research Design

This research is quantitative descriptive. [9] believes that quantitative research is research that uses data to make an interpretation. This study used primary data. The research approach employed is a survey, which collects primary data from respondents. Statistical calculations directly use field data, namely from information obtained from respondents. Data collection is carried out using a list of statements (questionnaires) with the aim of collecting information from MSE actors. Restaurants in Buleleng Regency, especially in Singaraja City. Based on the level of explanation, it is classified as causal associative research, namely research to determine causal relationships.

3.2. Population and Research Sample

3.2.1. Research Subjects and Objects

The subjects used in this study were MSEs in Singaraja City. While the object of this research is customer orientation, competitor orientation and marketing performance.

3.2.2. Population and Research Sample

This study uses non-probability sampling. Non-probability sampling, according to [10], is a sampling approach that does not give equal opportunity to each element or member of the population. Incidental sampling was used in this study. Owners of restaurants in Singaraja City who have been in business for one year or more are eligible. This study's population is 5,238 Micro, Small and Medium Enterprises (MSEs) in Buleleng Regency. In determining the number of samples, this study used the Slovin method, so that the number of samples obtained was 100.

3.3 Data Analysis Methods and Techniques

This study uses multiple linear regression. The SPSS16 for Windows program is used in this study to solve the problem and test the hypothesis. The equations of the multiple linear regression analysis model are as follows [11]

$$Y = a + b_1X_1 + b_2X_2 \qquad (1)$$

3.4. Classical Assumption Test

Before utilizing multiple regression analysis to examine the effect of the variables studied, the traditional assumptions must be met. Classical assumptions like normality, multicollinearity, and heteroscedasticity must not be used in regression analysis.

1) The data spreads around the diagonal line and follows the diagonal line's direction, or the histogram graph exhibits a normal distribution.

2) In this study, all variables, including customer orientation and reference group, had tolerance values of 0.759 or greater than 0.10 and VIF values of 1.317 or less than 10. So there is no multicollinearity.

3) The heteroscedasticity test indicates no apparent pattern and points spread above and below 0 on the Y axis, indicating that the regression model in this study does not exist.

3.5. Statistical Hypothesis

3.5.1. Simultaneous Significance Test (F Test)

The independent variables customer, rival and marketing strategy all have a major impact on the dependent variable marketing performance.

Hypothesis Formulation:

Ho: b1, b2 = 0,

This suggests that consumer and competition orientations do not effect marketing performance simultaneously.

Ha: b1, b2≠ 0,

This suggests that marketing performance is influenced by both customer and competitive orientation.

Hypothesis testing criteria:

(a) Reject Ho: p-value (<0.05) indicates that both customer and rival orientations influence marketing performance.

(b) Receiving Ho: Customer and competitor orientation have no simultaneous effect on marketing performance if p-value >0.05.

3.5.2. Partial Significance Test (t Test)

To see if the independent factors, customer and competition orientation, have any effect on the dependent variable, marketing performance.

Hypothesis Formulation:

(a) The customer orientation variable has an influence on marketing performance.

Ho: b1 = 0,

This means that there is no influence of customer orientation on marketing performance.

Ha: b1≠ 0,

This means that there is an influence of customer orientation on marketing performance

(b) Competitor orientation variable has an influence on marketing performance

Ho: b2 = 0,

This means that there is no influence of competitor orientation on marketing performance.

Ha: b2≠ 0,

This means that there is an influence of competitor orientation on marketing performance.

Hypothesis testing criteria:

(a) Reject Ho: Customer and competitor orientation have a partial effect on marketing performance (p-value 0.05).

(b) Receiving Ho: No partial influence of customer and competition orientation on marketing success (p-value > 0.05).

3.6. Analysis of the Coefficient of Determination (R^2)

Determinant coefficient R2 assesses the regression model's ability to explain the dependent variation. The coefficient of determination ranges from 0% to 1%. A low R2 indicates that the independent variables' ability to explain the dependent variable's variation is limited [12]. A result near 1% suggests that the independent variables virtually completely predict the dependent variable's variance.

4. RESULTS & DISCUSSION

4.1. Results

Based on the results of multiple regression tests, The results obtained by the constant value (α) of 3.887 The value of the customer orientation regression coefficient (b1) is 0.195, the competitor orientation coefficient value (b2) is 0.442. So the regression equation is formulated as follows:

Y = 3.887 + 0.195 X1 + 0.442 X2

From the multiple linear equations, it shows that:

1) Customer orientation (X1) and competitor orientation (X2) are equal to 0, hence marketing performance (Y) is equal to 3.887.

2) A coefficient (b1) of 0.195 indicates that client focus improves marketing performance (Y). That is, if the other independent variables remain constant, the marketing performance variable rises by 0.195 for every unit increase in client orientation.

3) A competitor orientation coefficient (b2) of 0.442 indicates a positive effect on marketing success (Y). That is, if the other independent variables remain constant, the marketing performance variable rises by 0.442 for every unit increase in competitor orientation.

4.1.1 Coefficient of Determination (R^2)

R2 = 0.732 in this study (73.2 percent). Based on the analysis, the p-value (0.000) = 0.05. In Buleleng Regency, competition orientation has a substantial impact on marketing performance at UMK Restaurants. The influence of client orientation on marketing performance is 0.583 and the contribution is 33.98 percent. The closeness of the influence connection indicates that marketing performance is influenced by customer and competition orientation by 73.2 percent. Other variables influence the remaining 26.8%.

4.2. Hypothesis Testing

Statistical hypothesis testing is a procedure that allows decisions to be made, namely the decision to reject or accept the hypothesis. The relationship structure of customer orientation and competitor orientation to marketing performance is shown in Figure 2.

Based on the analysis, the p-value (0.000) < 0.05. Customer centricity has a huge impact on marketing performance at UMK Restaurants in Buleleng Regency. The influence of client orientation on marketing success is 0.315 and the contribution is 9.9%. The tight link of influence is positive, indicating that the higher the customer orientation, the better the marketing performance, and vice versa.
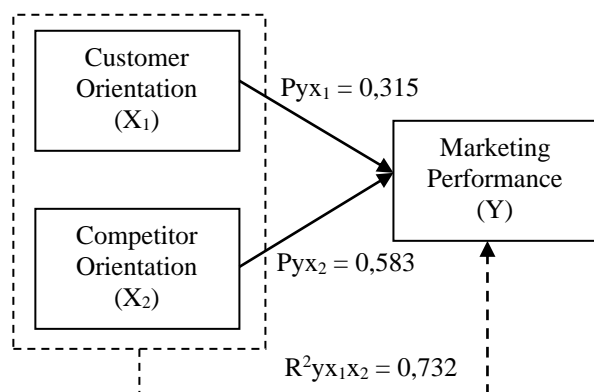
Figure 2. Relationship Structure of Customer Orientation and Competitor Orientation on Marketing Performance.

4.3 Discussion

4.3.1. First hypothesis

Market orientation, which includes customer and competitor orientation, has been demonstrated to significantly impact restaurant SMEs' marketing effectiveness in Buleleng Regency. That is, the more customers and competitors are oriented, the better the marketing performance. Entrepreneurs who want to broaden their marketing reach will plan effectively. These findings support [13]'s claim that market orientation improves marketing performance. This finding is in accordance with [14]'s findings that market orientation influences marketing performance. [15] concluded that market orientation and organizational performance are linked.

Thus, these three factors are things that must get joint attention to improve marketing performance. Competitor orientation has the most dominant influence on marketing performance in Buleleng Regency. As the owner of SMEs, the restaurant must always innovate to develop the cuisine menu and always maintain the quality of the food. Because once the customer feels something that is not comfortable, it will move to another place. Restaurant owners must have a strategy and understand how to respond to competitors' actions and also how to respond to competitors' strategies. What convenience and products are offered by competitors; we must have a strategy to respond to it so that customers remain loyal. For example, with an online marketing strategy, it will make it easier for entrepreneurs to promote their products so that many people know quickly. This activity can be done anytime and anywhere, because with the media of smart phones (android) entrepreneurs can update their products

quickly and precisely. Things like this we must run before our competitors follow.

4.3.2. Second Hypothesis

Customer centricity influences restaurant marketing performance in Buleleng Regency. Marketing performance improves with client orientation.

4.3.3. Third Hypothesis

The results of the study demonstrated that competition orientation positively influenced the marketing performance of restaurant MSEs in Buleleng Regency. Marketing performance improves with competition orientation.

5. CONCLUSION

Several conclusions can be derived from this research: 1) In Buleleng Regency, MSEs' marketing performance is affected by customer and competitive orientation. The results demonstrated a strong correlation between customer and competitor orientation, which suggests that to increase marketing performance, it is required to be able to innovate, manage consumers and competitors. Entrepreneurs who want to broaden their marketing reach will plan effectively. It is important to note that customer orientation has a good and significant impact on marketing performance. 3) Competitor orientation has a positive and significant effect on marketing performance; marketing performance grows as competitor orientation increases. This study is restricted to Buleleng Regency. Future research to broaden the research area. This study only used two independent variables, however future research may include more factors and therefore expand the number of variables.

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