

**BUILDING MARKETING PERFORMANCE THROUGH
COMPETITOR ORIENTATION
(Empirical Study on Baitul Maal wat Tamwil at Ex-Residency of Semarang)**

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ABSTRACT

This research specifically examines the effect of competitor orientation on marketing performance through service value co-creation quality, service innovation capability and service value proposition. The object of this research is Baitul Maal wat Tamwil (BMT) in ex-Residency Semarang, Central Java, Indonesia. This research is analyzed with Structural Equation Model (SEM) using AMOS software. Based on the result of the research, it can be concluded that competitor orientation positively and significantly can affect the service value co-creation quality and service innovation capability owned by BMT. Service value co-creation quality positively and significantly can affect the service innovation capability and marketing performance of BMT. Service innovation capability positively and significantly influences the service value proposition and service value proposition positively and significantly can influence BMT's marketing performance.

Keywords: *competitor orientation, service value co-creation quality, service innovation capability, service value proposition, marketing performance.*

INTRODUCTION

The economic growth of the world brings impacts to almost all industries, especially the banking industry. This is due to the many competitors in the banking industry both state-owned and private-owned banks. In addition, in terms of operations, the banking industry faces competition both with banks operating on a national and international scale. In order to excel in the competition, the banking

industry needs to continue to improve and improve its services to customers (Emerson, 2017).

The development of conventional banking by expanding its wings in the Islamic banking industry is one of the efforts undertaken in improving services to customers (Kazemian, 2014). Currently, the Islamic banking industry began to grow and attracted many people because of the many people who began to realize the importance of applying the Islamic concept in terms of financial transactions. This is marked by the positive growth in the Islamic banking industry in Indonesia.

However, the positive development in the Islamic banking industry has not been felt by all customers, especially customers who have operations in the small and medium business sector. Seeing these opportunities emerged microfinance institutions such as Bank Perkreditan Rakyat (BPR) Syariah and Baitul Maal wat Tamwil (BMT) which in its operations reach the customers so as to meet their needs. Companies that implement competitor orientation will always look for ways to be superior to their competitors. The competitor's orientation by the company can hone the ability of the company to always excel from the competitors, one of which is the ability to innovate its services. Service innovation is integration with customer value creation, which demonstrates product attribute, product performance and consequences for product use. In the innovation of service, the company needs to anticipate customer needs.

Innovation service that can be done by applying a new idea to the product to give value added either directly to the company or indirectly to its customer, that is with renewal either in product, service, operation, management or marketing company (Saunila, 2014). In conducting service innovation, BMT as a financial institution whose products are difficult to innovate has made innovations in terms of service, namely by picking up the ball to serve its customers.

Such service innovation is expected to lead to a service value proposition. The value proposition of the service is the certainty of the benefits that the producer will give to its customers. Companies that can emerge services value proposition on products it creates are expected to increase sales volume and growth of these products so that its marketing performance can increase. Marketing performance is also expected to increase if companies pay attention to the creation of shared value on their products. Service value co-creation is the company's ability to engage its customers to create value for products that BMTs provide to customers.

LITERATURE REVIEW

Competitor Orientation

The competitor's orientation is how companies can investigate and analyze competitors' weaknesses and strengths (Narver and Slater 1990). By investigating

competitors' weaknesses and strengths, firms can determine the right strategy to outperform competitors' weaknesses and anticipate competitors' strengths. By analyzing the strengths and weaknesses of competitors, it is expected that companies can respond to every activity and strategy that competitors do in order to provide services to their customers. Orientation to competitors involves understanding short-term strengths and weaknesses and capabilities in the long run. Competitors that need to be noticed not only at current competitors, but also potential competitors in the future so it can be a navigator in determining the company's marketing plan in the future.

Service Value Co-Creation Quality

Value co-creation is a concept that illustrates the collaboration between a company as a service provider and a customer as a service user in creating value for a given service. In generating a service, companies need to engage customers to create shared value. Creating value together is a concept of cooperation in solving problems that involve integration between the company and the customer in a process of interaction. Companies contribute with professional expertise, methods, and ultimate decisions while customers contribute to their resources, such as knowledge of what customers need in order to create the optimal and most balanced value to produce mutual satisfaction (Aarikka-Stenroos and Jaakkola 2012). The quality of mutual value creation is a good level of bad ability of the company and the customer in creating a shared value so as to meet the satisfaction of a value created for both the company and the customer.

Service Innovation Capability

Facing increasingly fierce competition requires companies to have the ability to continue to innovate in order to face the competition. Innovation by the company is a renewal both in terms of company operations, products or services produced or services provided to customers. Innovation by the company can take the form of applying new ideas to the company to create added value either directly to the company or indirectly for its customers by adding value either to the organization, product or service activities, management activities or marketing system (Niaki and Mirhasheminasab 2016).

Service Value Proposition

The value proposition is the various set of uses contained in a company-generated product that will be felt by the customer if the customer uses the product. The value proposition of services is the way the company transfers the value of the services provided to the customer (Smith, 2016). The value proposition of a service is a

statement of the benefits to be derived from a service paid by the customer (Ballantyne, Frow, et al., 2011). Value propositions are also used by companies as advertising media to show the benefits customers will receive when using company services (Baumann, Le Meunier-FitzHugh et al., 2017). Companies should be able to embed value propositions contained in their products or services so that customers can remember the products or services provided by the company if the customer needs the product or service.

Marketing Performance

The technique of maximizing organizational performance in a long-term business must know and build a mutually beneficial relationship with its buyers. Businesses that place consumers as the king in the organization mean showing that the company wants to give more value to customers in the hope of gaining long-term competitive advantage, so it can provide superior benefits (Narver & Slater, 1990). Marketing performance is one type of performance indicators within an organization. The company's marketing performance that can be measured by sales volume, market share, and sales growth can be achieved if the company's strategy is always directed to achieve the marketing performance, so as to measure the level of performance through sales turnover, number of buyers, profit and sales growth (Ferdinand, 2015).

Hypothesis Implications

The implications of the hypothesis proposed in this research are:

- H1: The greater level of competitor orientation, the greater ability of service innovation.
- H2: The greater level of competitor orientation, the greater quality of shared value creation.
- H3: The greater quality of mutual value creation, the greater ability of service innovation.
- H4: The greater the ability of service innovation, the greater the value proposition of service.
- H5: The greater the value proposition of services, the greater the marketing performance.
- H6: The greater quality of shared value creation, the greater marketing performance

RESEARCH METHOD

Types and Data Sources

The type of data used in this study is primary and secondary data. Primary data were obtained from questionnaires distributed to BMT's manager. The secondary data obtained from journals and other literature that support the research. From the 150 questionnaires that were distributed there were 141 questionnaires that returned because there is any BMT's manager that is not operating and have not pleased to be respondent of the research.

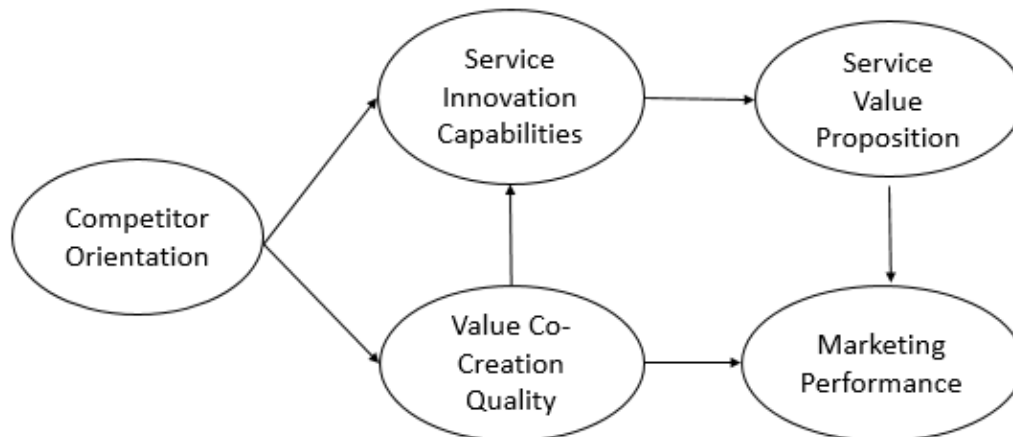
Population and Sample

Population in this research as much 150 BMT in ex Residency of Semarang. To be able to meet the requirements of using SEM then this study is a population study.

Research Model

Based on the results of the literature review obtained research model as follows the Figure 1.

Figure 1
Research Framework



DATA ANALYSIS AND DISCUSSION

The Result of the Full Model Test

Based on the result of confirmatory factor analysis it is known that exogenous and endogenous constructs have met the criteria of goodness of fit model so that model can be used. Figure 2 and Table 1 show the results of the full model test with SEM.

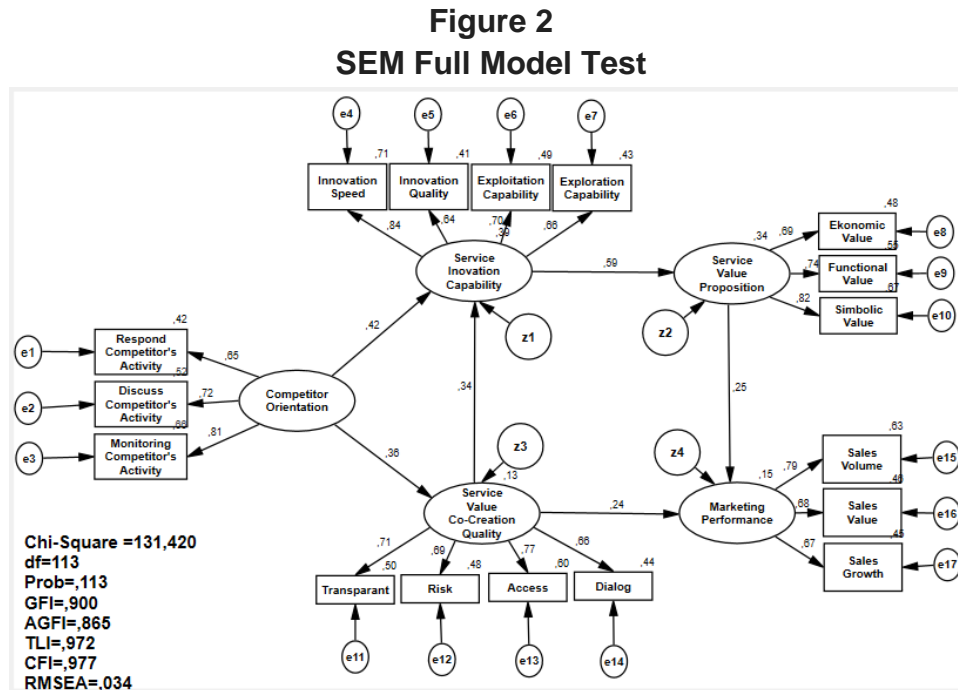


Table 1
SEM Full Model Evaluations

Index	Cut Off Value	Result	Model Evaluation
X ² Chi-Square Statistik	X ² _{count} < X ² _{table} (138,811)	131.420	Good
Significant Probability	≥ 0.05	0.113	Good
RMSEA	≤ 0.08	0.034	Good
GFI	≥ 0.90	0.900	Good
AGFI	≥ 0.90	0.865	Marginal
CMIN/DF	≤ 2.00	1.163	Good
TLI	≥ 0.95	0.972	Good
CFI	≥ 0.95	0.977	Good

Full model feasibility test results show that the research model is developed in this research is acceptable. The relationship between variables become the basis in the hypothesis proposed in this study. For that required statistical test that can be

referenced through regression weight in full model that aims to test the hypothesis about the relationship between variables in this study. The statistical test is performed by observing the significance level of the relationship between variables indicated by the critical ratio (CR) value which is identical with the t-test in the regression and the probability value (P). a significant relationship is marked with a CR value greater than 1.96 and a P value smaller than 0.05.

Table 2
Regression Weight on Full Model

			Estimate	S.E.	C.R.	P
SVCQ	<---	Competitor Orientation	.361	.114	3.158	.002
SIC	<---	Competitor Orientation	.566	.148	3.826	***
SIC	<---	Service Value Co-creation Quality	.449	.137	3.276	.001
SVP	<---	Service Innovation Capability	.449	.085	5.259	***
MP	<---	Service Value Co-creation Quality	.269	.124	2.174	.030
MP	<---	Service Value Proposition	.270	.122	2.222	.026

The results of data processing in Table 2 shows CR value greater than 1.96 and P value below 0.05. this shows a significant causality relationship for each relationship between variables.

Discussion

- (1) The value of p-value of the influence of competitor orientation to the quality of value creation is 0.002 <0.05 and the value of C.R is positive, ie 3.158 > 1.96 indicating that the competitor's orientation has a positive and significant effect on the quality of value creation together. The higher the competitor's orientation the higher the quality of value creation together, and vice versa.
- (2) The value of p-value of competitor orientation influence to service innovation ability is *** (***) assumed a very small value close to 0.000 which means <0.05) with positive positive CR value of 3,826 > 1.96 indicating that competitor orientation has a positive effect and significant to service innovation ability. The higher the competitor's orientation the higher the service innovation ability, and vice versa.
- (3) The value of p-value effect of quality of value creation together to service innovation ability equal to 0.001 <0.05 with the value of C.R positive sign, ie 3.276 > 1.96 which shows that the quality of value creation together has a positive and significant impact on service innovation ability. The higher the

quality of mutual value creation, the higher the service innovation ability, and vice versa.

- (4) The value of p-value of service innovation ability to service value proposition is *** (***) assumed a very small value close to 0.000 which means <0.05) with positive positive CR value of $5,259 > 1.96$ indicating that service innovation ability influence positive and significant to the service value proposition. The higher the service innovation ability the higher the value proposition of service, and vice versa.
- (5) The value of p-value of the effect of quality of value creation together to marketing performance is $0.030 < 0.05$ with the value of C.R is positive, ie $2,174 > 1.96$ which shows that the quality of value creation together has positive and significant effect to marketing performance. The higher the quality of mutual value creation, the higher the marketing performance, and vice versa.
- (6) The value of p-value of the influence of service value proposition to marketing performance is $0.026 < 0.05$ with the value of C.R is positive, ie $2,222 > 1.96$ indicating that service value proposition has positive and significant effect to marketing performance. The higher the value proposition of services the higher the marketing performance, and vice versa.

CONCLUSIONS AND SUGGESTIONS

Conclusions

H1: The greater the level of competitor orientation, the greater the ability of service innovation.

The results of this study accept hypothesis 1 that the greater the level of competitor orientation, the greater the ability of service innovation. Based on the result of research, competitor orientation has a significant effect on service innovation with the p-value of *** and CR 3,826. The influence is unidirectional, ie the better the competitor's orientation, the better the service innovation ability, and vice versa. The contribution of competitor orientation variable to service innovation ability variable is 39.3%. While the rest as much as 60,7% variance of service innovation ability influenced by another factor outside competitor orientation variable

H2: The greater the level of competitor orientation, the greater the quality of shared value creation.

The results of this study accept hypothesis 2 that the greater the level of competitor orientation, the greater the quality of mutual value creation. Based on the result of research, competitor orientation has a significant effect on service innovation ability

with a p-value of 0.002 and CR 3,158. The influence is unidirectional, ie the better the competitor's orientation, the better the quality of value creation together, and vice versa. The contribution given by the competitor's orientation variable to the quality variable of value creation is 12.8%. While the rest as much as 87.2% variance quality of value creation together influenced by other factors outside the competitor's orientation variables.

H3: The greater the quality of mutual value creation, the greater the ability of service innovation.

The results showed that the quality of value creation together affects the ability of service innovation. The results of this study are supported by the opinion that when the company is able to accommodate customer needs by providing a customization opportunity of service then the company has the ability to innovate in services provided to customers (Zhang and Chen 2008).

H4: The greater the ability of service innovation, the greater the value proposition of service.

The results of this study accept hypothesis 4 that the greater the ability of service innovation, the greater the value proposition of service. Based on the result of research, service innovation ability significantly influence service value proposition with a p-value of *** and CR of 5,259. The influence is unidirectional, ie the better the ability of service innovation, the better the service value proposition, and vice versa. The amount of contribution given by the variable of service innovation ability toward the service value proposition variable is 34,4%. While the rest as much as 65.6% variance of the service value proposition is influenced by other factors outside the variable of service innovation capability.

H5: The greater the value proposition of services, the greater the marketing performance.

The results of this study accept hypothesis 5 that the greater the level of service value proposition, the greater the marketing performance. Based on the result of research, the value of service proposition has a significant effect on marketing performance with p-value equal to 0.026 and CR 2,222. The influence is unidirectional, ie the better the value proposition of services performed the better the marketing performance and vice versa. The amount of contribution given by the service value proposition variable to marketing performance variable is 15,4%. While the rest as much as 84.6% variance marketing performance is influenced by other factors outside the variable value service proposition.

H6: The greater the quality of shared value creation, the greater the marketing performance.

The results of this study accept hypothesis 6 that the greater the quality of mutual value creation, the greater the marketing performance. Based on the result of research, the quality of value creation together has a significant effect on marketing performance with p-value 0.030 and CR 2,174. The influence is unidirectional, ie the better the quality of the value creation of the joint is done the better the marketing performance, and vice versa. The amount of contribution given by quality variable of value creation together to marketing performance variable is 39,3%. While the rest as much as 60.7% variance marketing performance is influenced by other factors outside the variable quality of value creation together.

Managerial Implications

Based on the research findings, there are some policy implications according to the priority that can be used as input for the management of the company as measured by the achievement of sales volume target, sales value and sales growth in the new area for the company:

1. Competitor Orientation Variable

BMT's competitor's orientation is to expand the network to gather as much information about the activities of a competitor and then immediately follow up the information in order to respond to the activities of the competitors. The faster the BMT's response to its competitors will further strengthen the position of BMT among its competitors.

2. Service Value Co-Creation Quality Variable

BMT organizers need to pay attention to the intensity of dialogue conducted with their members in order to know what their members need, so the value given BMT through its service products can meet what the needs of its members, so the creation of value both in terms of BMT and members. Giving access to information to members is very important to do in order to facilitate members in collecting information about the activities undertaken BMT so as to improve the closeness of the relationship between BMT with its members. Submission of the existing risks in each product owned BMT provides an overview for members to consider their ability to accept these risks. Transparency made by BMT to members is very important to increase the trust of members to BMT.

3. Service Innovation Capabilities Variable

BMT needs to pay attention to the speed and quality of innovations that it does to attract the attention of its members. The speed and quality of good innovation will increase the value of BMT. In addition, the ability of exploration and exploitation can be done by having a reliable human resources in the field. BMT

also need to have a role model as a reference in equalizing ability of its innovation.

4. Service Value Proposition Variable

BMTs need to increase the economic, functional and symbolic value of products owned by BMTs to their members. The economic value can be increased through the provision of benefits for members who are better off compared with similar products provided by competitors. Functional value can be increased through education to members of the benefits provided by BMT in addition to economic terms. Symbolic value can be given by showing the attachment of members with BMT.

Research Limitation

Research limitations in this study cannot obtain all cities in Central Java. The respondents in this study only cover the ex-residency area of Semarang, which consists of Demak, Grobogan, Kendal, Salatiga, Semarang City, and Semarang District. In the process of collecting research data, the frequency of face-to-face research with direct responders located far from the city of Semarang less intensive so as to allow error filling questionnaire and generate data outlier. The proposed implications are limited to the variables used in the study.

Suggestion for Further Research

Further research can be carried out using a broader object of research in order to obtain better results. Further research is expected to be more intense and focused on the process of data retrieval so that the data obtained more leverage. Further research is expected to develop other variables that may affect marketing performance.

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