PRODUCT INNOVATION MEDIATES MARKET ORIENTATION EFFECT ON CULINARY MSMES MARKETING PERFORMANCE IN TERNATE CITY

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Abstract

This study is important to answer the problems faced by culinary business owners in Ternate by examining the influence of customer orientation, competitor orientation that affects business performance and trying to trace the involvement of aesthetic innovation variables as mediating variables. The type of research used in this study is explanatory research or causal study which aims to explain the relationship and influence between observed variables through hypothesis testing. The population used in this study were all culinary MSMEs in Ternate City that had been running their business for more than 1 year. The result shows that study show the indirect effect of Market Orientation toward Marketing Perfomance with Product Inovation as mediating variable is positive and significant. Also, Market Orientation towards Product Innovation and Product Innovation towards Marketing Performance are positive and significant, while Market Orientation on Marketing is negative and insignificant. In Conclustion, culinary MSMEs in Ternate City should innovate their product in order to stimulate market orientation effects on marketing performance.

Keywords: Market Orientation, Product Innovation, Marketing Performance

INTRODUCTION

Over time, culinary businesses in this modern era are a promising business. Not only as a place to eat, many people make cafes/restaurants a place to gather and even as a place for work meetings. This is seen from the lifestyle of today's society who tend to like to meet face to face, relax and chat. It has become a habit for people to socialize, and people need a means to realize their desires. Therefore, the existence of culinary MSMEs is intended to realize the needs of the community, namely a means of gathering. The many culinary MSMEs that have emerged have resulted in owners thinking more creatively to create designs that are different from those that already exist. This is needed to attract the attention of visitors. In general, culinary MSME owners first survey what is trending in the community market or from people's habits. People basically really like something new and different from what already exists. To increase the number of visitors, business actors must have creative ideas in order to attract the attention of visitors, starting from the menu offered or a unique design. Given the many competitors that have emerged, cafe leaders must be able to attract visitors to come to their cafes. This needs to be done in order to survive and balance or even surpass competitors. By fulfilling the desires of visitors every day through creative ideas, it will instill a sense of curiosity in visitors to continue to come to the cafe so that the business being run can continue to survive.

One of the creative ideas that can influence the increase in visitors is an attractive design. A creative design will be more able to attract visitors. Visitors are generally more interested in a new atmosphere with an attractive design and different from what already exists. If a place is neatly arranged, using a certain theme will make visitors comfortable. Because those who visit the cafe are not only to fill their stomachs by simply eating and drinking, but to relax and spend free time with family, friends or work colleagues. Therefore, the owner of a culinary UMKM must be able to offer an attractive design for visitors, both a natural simplicity design and the luxury that must be offered.

Based on data from the North Maluku Province Tourism Office, the number of restaurants/cafes by Regency/City in North Maluku Province in 2019-2022 is as follows

Table 1.
Number Of Restaurants/Cafes by Regency/City in North Maluku Province In 2019-2022

Regency/City	2019	2020	2021	2022
Halmahera Barat	48	48	90	49
Halmahera Tengah	22	22	24	24
Kepulauan Sula	27	27	12	28
Halmahera Selatan	16	16	24	88
Halmahera Utara	15	15	15	81
Halmahera Timur	36	36	35	33
Pulau Morotai	73	73	72	23
Pulau Taliabu	14	21	21	6

Kota Ternate	170	176	195	233
Kota Tidore Kepulauan	13	13	24	26

Source: North Maluku Province Tourism Office,

Etymologically, business performance can be interpreted as something achieved, demonstrated achievement and work ability. In general, performance can be expected by the company in a certain period. The work performance that the company wants to achieve is generally related to the goals that the company wants to achieve. Glancey (1998) defines performance as the level of achievement or accomplishment of the company in a certain period of time. The performance of a company is very important in the development of the company. As we know that the company's goal is basically to maximize the value of the company reflected in various performance measures. The performance of small companies can be seen in the acquisition of profits and the development of its sales level.

This study is important to try to answer the problems faced by culinary business owners in Ternate by examining the influence of customer orientation, competitor orientation that affects business performance and trying to trace the involvement of aesthetic innovation variables as mediating variables.

Several opinions from previous experts suggest that market orientation as a single construct according to Narver and Slater (1990), consists of three dimensions, namely: 1) customer orientation, 2) competitor orientation and 3) coordination between functions. Customer orientation is the company's understanding of target buyers so that it can create superior value for them continuously. For this, marketers need to understand the entire consumer value chain, not only now but also in its development along with the dynamics of internal market conditions. Through customer orientation, companies try to understand their current customers and potential customers in the future and what can be offered to satisfy those desires now or in the future.

Kotler (2007) states that what customers want is more important than the products currently sold to customers. Marketing must use the concept of how companies know what customers / consumers want and fulfill it by placing customer satisfaction and values as the main thing and transactions as the basis for analysis. The operational definition which is the implementation of the marketing philosophy is the implementation of market orientation by company management. Therefore, market orientation is an implementation of the marketing concept, it can be concluded that a company that is oriented to the customer / consumer market is a company whose actions are always consistent with the marketing concept.

Competitor orientation means needing to know the strengths and weaknesses of the short term and long-term capabilities, as well as the strategies carried out by key competitors now and in the future (Aaker, 1988; Day and Wensley, 1988). Competitor orientation can be expressed through monitoring information about competitors and disseminating various information to all functions in the company, for example the research and product development division or discussing with top management how strong competitors are and the strategies they develop, both regarding current actions and future actions. Companies that are oriented towards competitors will always use most of their time to track the use of strategies and market share of competitors and try to find various strategies to counter them (Zhou et al., 2005). Schumpeter (1934) first introduced the term innovation where innovation is seen as a creation and implementation of new combinations that refer to new products, services, work processes, markets, policies and systems. Innovation starts from what already exists and is then given added value. The subject of the application of innovation can be individuals, groups or companies. Etymologically, the term aesthetic comes from the Latin aestheticus or Greek aestheticos which means to feel or things that can be absorbed by the five human senses. According to Herbert Read (in Thistlewood, 1979) the definition of aesthetics is the unity and relationship of forms that exist between our sensory absorption. In general, people assume that what is beautiful is art or that art will always be beautiful, and that what is not beautiful is not art. This kind of view will make it difficult for people to appreciate art, because art does not always have to be beautiful, in his opinion.

According to Allsopp (1984), aesthetics is a science that studies the process of enjoyment and rules in creating a sense of comfort. Aesthetics can create positive feelings for people who see and feel it. Kattsoff (1986) defines that aesthetics is related to a person's feelings, and this feeling is specifically for beautiful feelings. The beautiful value in question does not only define its form but can also involve the beauty of the content or meaning contained therein.

REVIEW OF LITERATURE

Marketing Performance

Marketing performance can be interpreted etymologically as something achieved, demonstrated achievement and work ability. In general, performance can be expected by the company in a certain period. The work performance that the company wants to achieve is generally related to the goals that the company wants to achieve. Glancey (1998) defines performance as the level of achievement or achievement of the company in a certain period of time. The performance of a company is very important in the development of the company. As we know that the company's goal is basically to maximize the value of the company reflected in various performance measures. The performance of small companies can be seen in the acquisition of profits and the development of their sales levels. Outcomes or end results are usually measured in three forms, namely performance such as quantity and quality of products or services and customer satisfaction; employee satisfaction such as low absenteeism and employee turnover; rational growth and development (Newsrtom & Davis, 2017); Bernardin and Russell (1993) define performance as "performance is defined as the record of outcomes produced on specific job function or activity during a specific time period" which means performance is defined as a record of outcomes produced from a particular activity during a certain period of time. Performance is the result that can be achieved by a person or group of people in an organization in accordance with their respective authorities and responsibilities in an effort to achieve the goals of the organization concerned legally, without violating the law and in accordance with morals and ethics. In addition, performance can be interpreted as the result of a worker's work where the results of the work must be able to be shown concretely and can be measured (Sedermayanti, 2004).

Market Orientation Effect Towards Marketing Performance

Market orientation in this case customers have a positive effect on marketing performance and financial performance (Zahra & Garvis, 2000) and Rocelis (2006) in his research results stated that marketing or customer focus orientation, innovation orientation and human resources improve financial performance and marketing performance. Then

Maçães et al. (2007), stated that market orientation behavior has a positive impact on organizational performance including marketing performance. Eris and Ozmen (2012) stated that companies that are market-oriented, learning-oriented, and innovative effectively improve performance. Hwang and Norton's research (2010), stated that the use of several market orientation strategies, namely customer orientation, competitors and functional coordination have a positive effect on performance. Then Xinming and Yingqi (2011) stated that companies that implement market orientation according to their market tend to have better performance.

. Customer orientation has a positive influence on innovation, Innovation will encourage the achievement of subjective performance in the company which in turn will encourage the achievement of objective performance (Kirca, et al. 2005). Grawe (2009) in his research supports the relationship between customer orientation, competitor orientation and innovation, namely customer orientation and competitor orientation have a significant effect on innovation. Research on innovation was conducted by Pau (2011), the results of his research stated that culture influences the ability to implement new ideas, new production processes and new types of products. Fulfilling customer desires, customer needs is the key to a company's success. Innovation has the potential to create new markets and consumers. If the company views customers as parties that must be served, the company will implement customer and competitor orientation, but if it views them as sensitive price determinants, the company will develop competitor orientation. The stronger the customer orientation, the more companies develop competitive advantages with innovation and differentiation. Market orientation in this case competitor orientation, in addition to influencing marketing performance and financial performance, also influences HR performance (Kara, Spillan & Oscar, 2005; Gleason & Wiggenorn, 2007). Competitor orientation has a positive effect on company performance (Johnson et al., 2009). Research on the effect of competitor orientation on marketing performance for companies engaged in the logistics sector (Eris & Ozmen, 2012) and (Distanont & Khongmalai, 2018), shows that companies that are competitor-oriented, learning-oriented, and innovative can improve performance. Research on the effect of competitor orientation on marketing performance concludes that market orientation is the main thing in marketing performance. Distanont & Khongmalai (2018) stated that competitor orientation influences innovation that leads to competitive advantage. Innovation will be a strategic tool in competition in creating and improving business to create equal or better competitive advantages in order to realize sustainable development. Innovation will encourage the achievement of subjective performance in the company which in turn will encourage the achievement of objective performance (Kirca et al., 2005). Sergio and Roberto (2008) the results of their research show that there is a significant impact between technical innovation and administrative innovation on competitor orientation. Grawe (2009) in his research supports the relationship between market orientation and innovation, namely customer orientation and competitor orientation have a significant effect on innovation orientation. and Lewrick et al. (2011) explain that strong competitor orientation, the main ingredient of market orientation, has a positive relationship to incremental innovation for start-up companies that are counterproductive to established companies.

H1. Market orientation has a positive effect on marketing performance

H2. Market orientation has a positive effect on innovation

Product Innovation Effect Towards Marketing Performance

R.P Jayani Rajapathirana, Yan Hui (2017) stated that innovation is widely considered as a factor of peak success of highly competitive and global economies. Companies with higher innovation capabilities have greatly and strongly influenced company performance, but innovation capabilities and deficiencies are obstacles. Research from Al-Zyadaat et al. (2012) found that the lack of attention to marketing innovation by industrial organizations and their concern for producing distinctive products can affect performance. Research from Rosli MM et al. (2013) innovation products and innovation processes significantly affect company performance. In theory, it is undeniable that innovation will improve company performance. Practically, those who innovate get better performance. Of course this is very good for companies in a competitive environment like today. Research conducted by Frans Verhees (2011) that product innovation can strengthen the relationship between market orientation in this case customer orientation with marketing performance in small and medium enterprises, this means that customer orientation can improve service to customers so that it can improve the performance of the service that will be produced so as to increase profit and market growth. Likewise, the results of Guangping Wang's research, C. Fred Miao (2015) showed that the effect of marketing creativity on marketing performance increased with the mediation of innovation implementation

Research conducted by al Saed and Abu Saleh (2017) stated that product innovation strengthens the relationship between market orientation in this case competitor orientation with marketing performance. In line with research conducted by Frans Verhees (2011) that product innovation can strengthen the relationship between market orientation in this case competitor orientation with marketing performance in small and medium enterprises, this means that competitor orientation can increase business competition, especially the innovation capabilities of competitors so that they can improve the performance of the products that will be produced so as to increase market growth.

H3. Product innovation has a positive effect on marketing performance

H4. Product innovation mediates market orientation on marketing performance

Based on the theoretical study and the proposed hypothesis, a conceptual framework for the research model can be made in Figure 1 below.

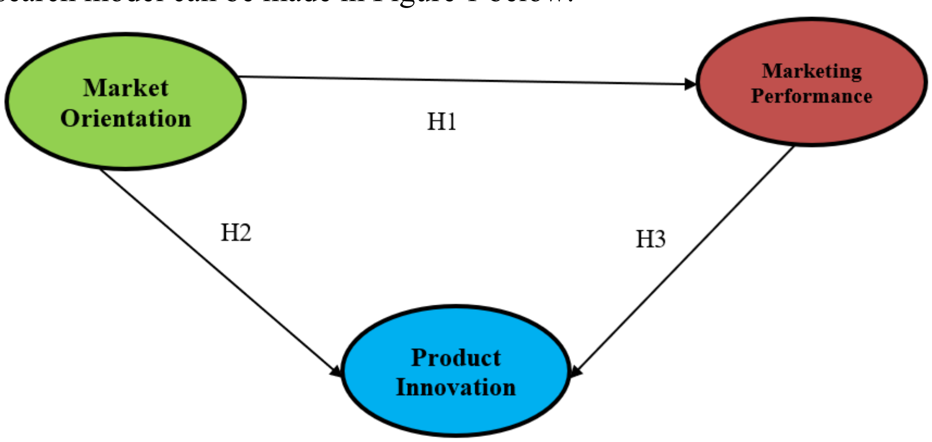

Figure 1.
Conceptual Framework of Research Model
Source: Data, Analyzed

RESEARCH METHOD

Research Type

In this study, the type of research used is explanatory research or causal study which aims to explain the relationship and influence between observed variables through hypothesis testing (Sekaran and Beugie 2013). The objectives to be achieved in this study are to systematically analyze customer orientation and competitor orientation on business performance. Knowing the role of aesthetic innovation in mediating the influence of customer orientation and competitor orientation on business performance.

Population and Sample

Population is a group, person, event or thing that is the focus of research, determined by elements, territorial boundaries and time limits, according to the objectives and scope of the study, so that conclusions can be drawn based on sample statistics (Sekaran and Beugie, 2013), Wiyono (2011), Population is also not just the number of objects or subjects of research, but also includes all the characteristics or traits possessed by the subjects or objects in a study. The population used in this study were all culinary MSMEs in Ternate City. The sample is part of the population as a representative element and will be studied or part of the number of characteristics possessed by the population (Wiyono, 2011; Sakaran & Bougie, 2013). The sample in this study was culinary MSMEs in Ternate City that had been running their business for more than 1 year.

Data Collection Method

Sakaran and Bougie (2013), stated that data can be obtained from primary or secondary sources. This study uses primary data, namely data obtained directly by distributing questionnaires to cafe owners selected based on predetermined criteria.

Metode Analisis Data

Descriptive analysis is used to interpret the data. The data interpreted using the descriptive analysis method is in the form of qualitative variables that aim to find out the description of the variables studied in this study. Descriptive analysis can also be done by analyzing the statement items contained in the questionnaire and then scoring them on a Likert scale from one to five (1-5). In the inferential analysis, the tool used is the Structural Equation Modeling (SEM) analysis with the SmartPLS program and the development of the hierarchies second order model (HSOM) is used to see the relationships formed that are related to the primary construct, sub-construct and indicators. The use of SmartPLS is considered for: 1) SEM-PLS is an appropriate method for research that seeks to develop theory, 2) SEM-PLS relies on network relationships between constructs and between constructs and their measurements, 3) SEM-PLS has broad consistency, 4) High level of statistical power, 5) Evaluation criteria with both reflective and formative model measurements with reliability and validity assessment with various criteria, 6) evaluation of structural models with model prediction capabilities, 7) Level of efficiency, and 8) analyzing mediation effects and others Hair et al., (2014). Structural Equation Modeling (SEM) analysis in principle consists of confirmatory factor analysis (CFA) and regression analysis or path analysis which are also used to check the validity and reliability of research instruments (Solimun 2006). In this research analysis, structural model testing can be carried out using the Partial Least Square (PLS) technique. PLS is a Structural Equation Modeling

(SEM) technique that is able to analyze latent variables, indicator variables and measurement errors directly (Wiyono G., 2011).

RESULT AND DISCUSSION

Data Collection Result

Primary data collection in the form of a questionnaire via Google Form was carried out during August 2024. This Google Form questionnaire was conducted to facilitate data collection. The number of samples for this study was 80 culinary MSMEs spread across Ternate City. The samples were those that met the criteria set in this study, namely culinary MSMEs in Ternate with a business period of more than 1 year. The number of respondents was 80 culinary MSMEs where the characteristics based on gender were dominated by women as many as 42 people (52.50%) and men as many as 38 people (47.50%). According to the facts in the field, women are better able to handle this culinary MSME because they deal with the taste and presentation of the menu. Furthermore, for characteristics based on age, it was found that the age under 20 years was 2 people (2.50%), the age range of 20-30 years was 27 people (33.75%), the age of 31-40 years was 32 people (40%), the age range of 41-50 years was 14 people (17.50%) and the age over 50 years was 5 people (6.25%). This is in accordance with the facts in the field that the age of 31-40 years is a productive age in managing Culinary MSMEs. Furthermore, this study also found the fact that the last education of respondents was dominated by undergraduate education level as many as 37 people (46.25%), then high school 33 people (41.25%) Diploma and junior high school each as many as 4 people (5%) and elementary school as many as 2 people (2.50%). This is in accordance with the facts in the field that culinary UMKM in Ternate are owned and managed by graduates, because this culinary business is considered promising in addition to the respondents' core jobs. For the characteristics of respondents based on the length of business under 3 years as many as 41 culinary UMKM (51.25%) and over 3 years as many as 39 culinary UMKM (48.75%).

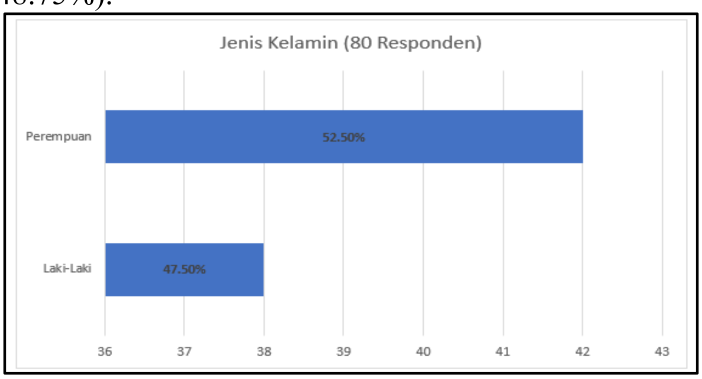

Figure 2.
Respondent Characteristic based on Gender
Source: Data, Analyzed

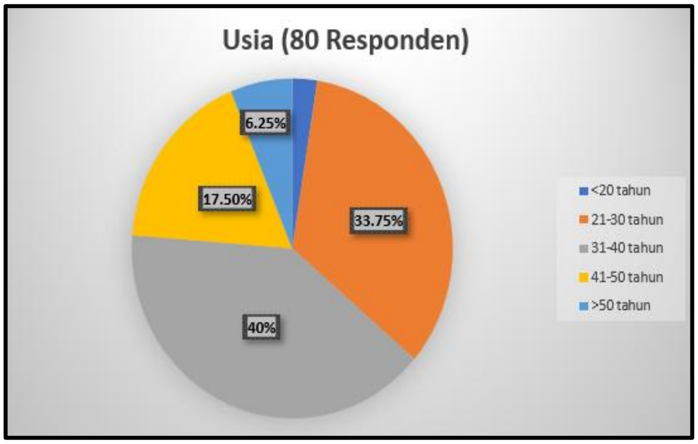

Figure 3.
Respondent Characteristic based on Age
Source: Data, Analyzed

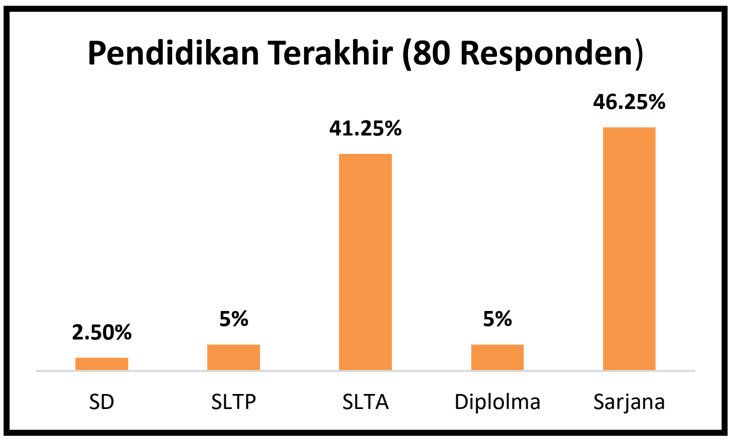

Figure 4.
Respondent Characteristic based on Education
Source: Data, Analyzed

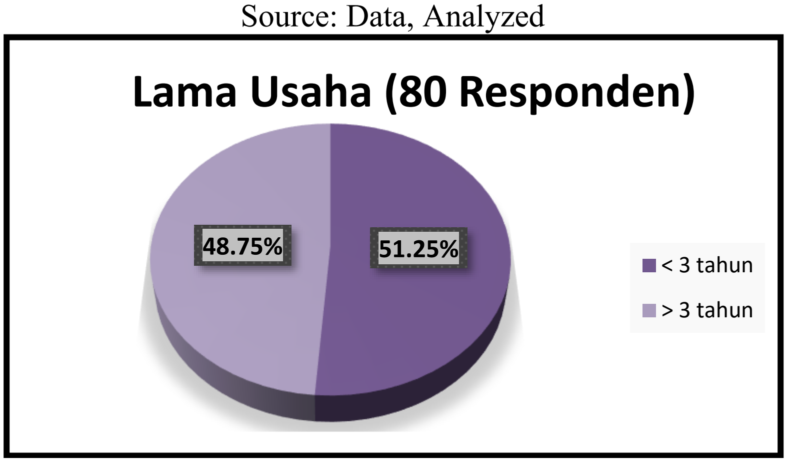

Figure 5.
Respondent Characteristic based on age of Company
Source: Data, Analyzed

Analysis Requirements Test Results
Outer Model

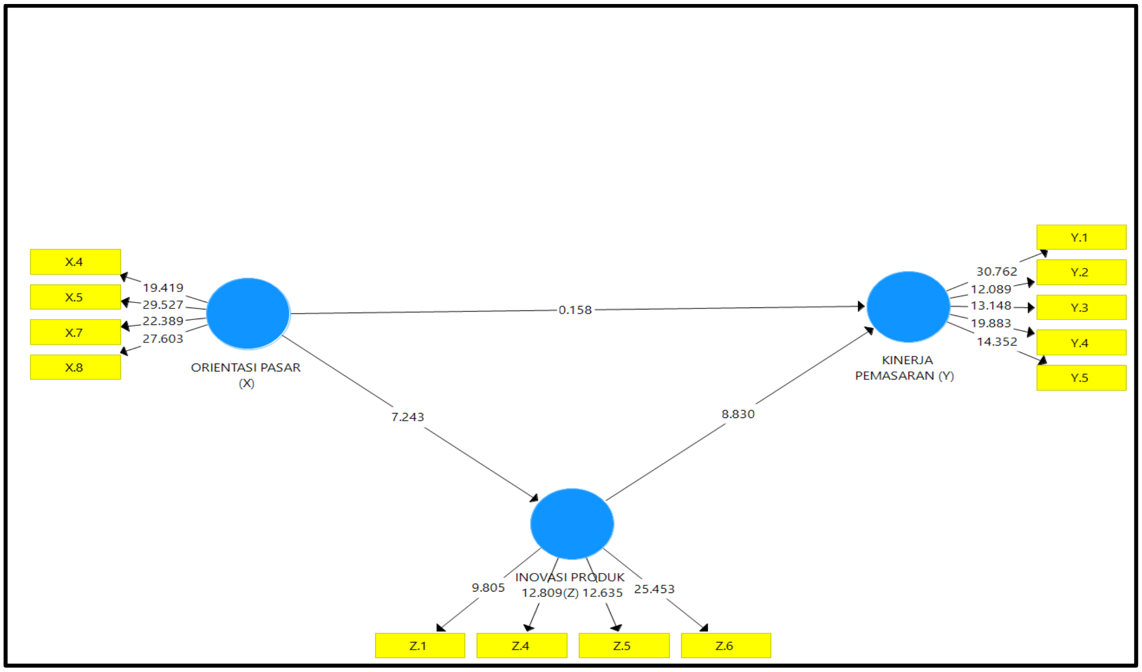

Figure 6.
Result of Full-sample Outer Model
Source: Data, Analyzed

The convergent validity value is the loading factor value on the latent variable with the indicators. Where the loading factor value> 0.7 is said to be ideal and the loading factor value> 0.5 is still acceptable, besides that, seeing the AVE value must be> 0.5 (Hair et al., 2014). The relationship between the index and the latent variable is explained in this model. In other words, each relationship between the indicator (manifest) and its latent variable is determined by the model (extrinsic). According to (Musyaffi et al., 2021), the things that must be considered in the outer model are as follows;

a. Convergent Validity where the convergent validity value is the loading factor value on the latent variable with the indicators. loading factor value> 0.7 can be said to be ideal if the loading factor value> 0.5 is still acceptable.
b. Discriminant Validity, namely by comparing the load on the structure concerned, which must be greater than the load on other structures, to this value, the cross-load factor can be used to determine whether a structure is sufficiently discriminatory.
c. Average Variance Extracted (AVE), the expected AVE value reference > 0.5.
d. The Composite Reliability value reference > 0.7 is considered to have high reliability.
e. Cronbach Alpha in reliability test research can be strengthened by looking at the Cronbach alpha value. A variable can be said to be solid if it has a Cronbach alpha value > 0.70, so it is considered a reliable statement scale.

For more details, this can be seen in the following table:

Table 2.
Outer Model PLS Algorithm

	Product Innovation (Z)	Marketing Performance (Y)	Market Orientation (X)
X4			0.876
X5			0.862
X7			0.903
X8			0.920
Y1		0.895	
Y2		0.774	
Y3		0.802	
Y4		0.832	
Y5		0.785	
Z1	0.756		
Z4	0.818		
Z5	0.808		
Z6	0.836		

Source: Data, Analyzed

Table 3.
Validity dan Reliability – PLS Algoritm

Variable	Cronbach's Alpha (Reliability)	rho_A	Composite Reliability	AVE
Product Innovation (Z)	0.821	0.842	0.880	0.648
Marketing Performance (Y)	0.877	0.844	0.910	0.670
Market Orientation (X)	0.914	0.937	0.939	0.793

Source: Data, Analyzed

In the results of the reliability test for each research instrument with validated indicators with reference values >0.70. The results show 3 reliable research instruments with Cronbach's Alpha values of 0.821 for the Product Innovation variable, for the Marketing Performance variable 0.877 and for the Market Orientation variable 0.914.

Structural Model Testing (Inner Model)

In analyzing the structural model, 3 tests are used, namely R-Square; F-Square; and Mediation effects. The following are the test results:

The structural model or inner model test aims to determine the relationship between constructs in this case the manifest variable, significance value and R-Square value as a measuring tool whether the model built in the study is predicted to be good or otherwise (Sugiyono, 2016). In this study, it was found that the coefficient of determination value on the exogenous variable of market orientation was 0.344, which means that this variable has an influence of 34.4% on marketing performance while the remaining 65.6% is influenced by other variables not tested in this study. In addition, the coefficient of determination value on the mediating variable, namely product innovation, of 0.461 indicates that this variable has an influence of 46.1% while the remaining 53.9% is influenced by other variables not tested in this study.

For more details, this can be seen in Table 5 below:

Table 5.
R-Square Values – PLS Algoritm

	R-Square	R-Square Adjusted
Product Innovation (Z)	0.352	0.344
Marketing Performance (Y)	0.474	0.461

Source: Data, Analyzed

F-Square measurement or effect size is a measure used to assess the relative impact of an influencing variable (exogenous) on the influenced variable (endogenous). The f2 (f-square) measurement is also called the effect of R2 changes. This means that the change in the R2 value when a certain exogenous variable is removed from the model can be used to evaluate and determine whether the removed variable has a substantive impact on the endogenous construct (Juliandi, 2018). The F-Square criteria according to Cohen (Juliandi, 2018) are: If the f2 value = 0.02 and above, it means a small effect of the exogenous variable on the endogenous variable. If the f2 value = 0.15 and above, it means a moderate effect of the exogenous variable on the endogenous variable and if the f2 value = 0.35 and above, it means a large effect of the exogenous variable on the endogenous.

From the results of the research data processing, it was found that variable X (market orientation) towards Z (product innovation) has a value of f2 = 0.544, then the large effect of the exogenous variable on the endogenous variable. Variable X (market orientation) towards Y (marketing performance) has a value of f2 = 0.000, then there is no effect of the exogenous variable on the endogenous variable; and Variable Z (product innovation) towards Y (marketing performance) has a value of f2 = 0.602, then the large effect of the exogenous variable on the endogenous variable. For more details, see Table 6 below:

Table 6.
F-Square Values

	Product Innovation (Z)	Marketing Performance (Y)	Market Orientation (X)
Product Innovation (Z)		0.602	
Marketing Performance (Y)			
Market Orientation (X)	0.544	0.000	

Source: Data, Analyzed

Hypothesis Testing

The analysis of mediation effects consists of 3 sub-analyses, namely: direct effects; indirect effects; and total effects. The purpose of direct effect analysis is to test the hypothesis of the direct influence of a variable that influences (exogenous) on the influenced variable (endogenous) (Juliandi, 2018). The criteria for testing the direct effect hypothesis are If the P-Value> 0.05, then it is significant, and If the P-Value> 0.05, then it is not significant (Juliandi, 2018).

The results of this study for the direct effect show that:

Hypothesis 1: Market Orientation on Marketing Performance: Path coefficient = -0.017 and P-Value = 0.874 (> 0.05) meaning that the influence of Market Orientation on Marketing Performance is negative and insignificant where the better the market orientation does not affect the increase in marketing performance.

Hypothesis 2: Market Orientation towards Product Innovation path coefficient = 0.593 and P-Value = 0.000 (<0.05) means that the influence of Market Orientation towards Product Innovation is positive and significant, which means that the better the market orientation, the better the product innovation.

Hypothesis 3: Product Innovation towards Marketing Performance: Path coefficient = 0.699 and P-Value = 0.000 (<0.05), meaning that the influence of Product Innovation towards Marketing Performance is positive and significant, where the better the product innovation, the better the marketing performance

For details of the direct effect, see Table 7 below

Table 7.
Direct Effect

	Original Sample	P-Value
Product Innovation → Marketing Performance	0.699	0.000
Market Orientation → Product Innovation	0.593	0.000
Market Orientation → Marketing Performance	-0.017	0.874

Source: Data, Analyzed

The purpose of indirect effect analysis is to test the hypothesis of the indirect effect of an influencing variable (exogenous) on the influenced variable (endogenous) mediated by a mediator variable (Juliandi, 2018). The criteria for determining the indirect effect (Juliandi, 2018) are: If the P-Values <0.05, then it is significant, meaning that the mediating variable (Product Innovation) mediates the effect of the exogenous variable (Market Orientation) on the endogenous variable (Marketing Performance). In other words, the effect is indirect, and if the P-Values> 0.05, then it is not significant, meaning that the mediating variable (Product Innovation) does not mediate the effect of an exogenous variable (Market Orientation) on an endogenous variable (Marketing Performance). In other words, the effect is direct. Hypothesis 4: The results of the study show the indirect effect of Market Orientation → Product Innovation → Marketing Performance is 0.415 with P-Values 0.000 <0.05

(significant) so it is concluded that Product Innovation mediates the effect of Market Orientation on Marketing Performance. For clarity, the indirect effect can be seen in table 8 below:

Table 8.
Indirect Effect

	Original Sample	P-Value
Market Orientation →Product Innovation→Marketing Performance	0.415	0.000

Source: Data, Analyzed

Total effect is the total of direct effect and indirect effect (Juliandi, 2018). The conclusion of the total effect value is as follows: The total effect for the relationship between Product Innovation and Marketing Performance is 0.699 or 69.9% and significant. The total effect for the relationship between Market Orientation and Product Innovation is 0.593 or 59.3% and significant, The total effect for the relationship between Market Orientation and Marketing Performance is 0.397 or 39.7% and significant. All variables have positive and significant values, The total effect is a combination of direct effect and indirect effect values. In the calculation of the total effect, the value of market orientation on marketing performance obtained positive and significant results, in contrast to the value obtained through the direct effect which produced negative and insignificant values. This is because the acquisition of the total effect value has gone through a combination of direct effects and indirect effects, resulting in a value that is different from the initial value. For more details, see table 9 below:

Tabel 9.
Total Effect

	Original Sample	*P-Value*
Product Innovation → Marketing Performance	0.699	0.000
Market Orientation → Product Innovation	0.593	0.000
Market Orientation → Marketing Performance	0.397	0.000

Source: Data, Analyzed

CONCLUSION

Based on the results of the research and discussion as described previously, the conclusions of this study are as follows:

a. Hypothesis 1 states that market orientation affects marketing performance. The test results show that hypothesis 1 is rejected. This can be seen from the path coefficient = -0.017 and P-Value = 0.874 (> 0.05) meaning that the effect of Market Orientation on Marketing Performance is negative and insignificant where the better the market orientation does not affect the increase in marketing performance.
b. Hypothesis 2 states that market orientation affects product innovation. The test results show that hypothesis 2 is accepted. This can be seen from the path coefficient = 0.593 and

P-Value = 0.000 (<0.05) meaning that the effect of market orientation on product innovation is positive and significant, which means that the better the market orientation, the better the product innovation.

c. Hypothesis 3 states that product innovation affects marketing performance. The test results show that hypothesis 3 is accepted. This can be seen from the path coefficient = 0.699 and P-Value = 0.000 (<0.05), meaning that the effect of product innovation on marketing performance is positive and significant where the better the product innovation, the higher the marketing performance
d. Hypothesis 4 states that product innovation mediates market orientation on marketing performance. The test results show that hypothesis 4 is accepted. This can be seen from the indirect effect of market orientation → product innovation → marketing performance is 0.415 with P-Values 0.000 <0.05 (significant) so it is concluded that product innovation mediates the effect of market orientation on marketing performance.

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