

ANALYSIS OF THE USE OF DIGITAL MARKETING AND PRODUCT INNOVATION ON MARKETING PERFORMANCE OF FURNITURE SMEs IN GONDANGSARI VILLAGE, JUWIRING DISTRICT, KLATEN

Vidorova Ardian Mahendra¹, Sri Hartono², Fithri Setya Marwati³,
Eny Kustiyah⁴, Istiqomah⁵

Fakultas Ekonomi Universitas Islam Batik Surakarta

E-mail: mahendravid@gmail.com, fithri_marwati@yahoo.com

Abstract: *The advantages of digital marketing for businesses and MSMEs include the ability to easily connect with consumers online, higher sales conversions for targeted consumers, more efficient marketing costs, the ability to serve consumers in real time, and the potential to increase MSMEs' selling power. Furthermore, one of the important aspects that SMEs must carry out in order for the business in which they are involved to develop properly is to innovate. The goal is that the types of products and services offered are different from those of competitors, so that consumers will come. The purposes of this study were (1) to determine the effect of the use of digital marketing on marketing performance in MSMEs Furniture in Gondangsari Village, Juwiring District, Klaten Regency and (2) to determine the effect of product innovation on marketing performance in MSMEs Furniture in Gondangsari Village, Juwiring District, Klaten Regency. The analytical approach used in this research is descriptive quantitative. The population in this study is 38 people. The sample in this study were 38 people. According to the findings, the t test (Partial Test) has a significant value for the variable use of digital marketing, namely $0.002 < 0.05$, implying that the variable use of digital marketing has a significant effect on marketing performance at MSMEs Furniture in Gondangsari Village, Juwiring District, Klaten Regency. According to the t test (Partial Test) results, the significant value for the product innovation variable is $0.006 < 0.05$, implying that the product innovation variable has a significant effect on marketing performance in MSMEs Furniture in Gondangsari Village, Juwiring District, Klaten Regency.*

Keywords: *Use of Digital Marketing, Product Innovation, Marketing Performance, MSMEs Furniture.*

1. Introduction

Digital marketing or digital marketing is now one of the tools used to increase sales of products and services. With digital lifestyle changes, businesses that are marketed digitally will become more accessible to consumers. This means that it will be easier to develop and improve a digital marketing-based business (Sutarhadi, 2022). According to Fathoni Nasrulloh (2020), digital marketing is or digital marketing has almost the same meaning as electronic marketing (e-marketing). e-mail, databases, digital TV, and through various other recent innovations including blogs, feeds, podcasts and social networks) that contribute to marketing activities aimed at making profits and building and developing customer relationships in addition to developing a planned approach to increase consumer knowledge (towards the company, behavior, values and level of loyalty to its product brands), then integrates targeted communication with online services according to the needs of each individual or specific offense. In short, digital marketing

is achieving marketing goals through the application of technology and digital media, especially the internet.

The components/forms of digital marketing according to (Wardhana, 2015) include: 1) Social Media. Social media is a general term for web-based software and services that enable users to come together online and participate in other forms of social interaction. These interactions can include text, audio, images, video and other social media, individually or in any combination. Essentially, social media is a platform for broadcasting information, whereas social networking is a platform for communicating with one another. 2) Marketplace. Some examples of market places: a) Shoppe is an e-commerce platform headquartered in Singapore under the SEA Group. b) Lazada is a company engaged in online buying and selling services and e-commerce retail. 3) Network/ Social Networking. Network or social networking services are online services, platforms, sites that focus on building social relationships and reflecting social networks or social relations between people who have the same interests and/or activities.

According to Choshin and Ghaffari (2017), e-commerce is considered an appropriate strategy for marketing, sales, and integration of online services that can play an important role in identifying, acquiring and retaining customers. Adoption is a decision-making process to use as a whole from acceptance and sustainable use in a product, service or idea (Septiana et al., 2020). According to Alim & Fitria (2020), e-commerce adoption is an e-commerce adoption process that consists of a series of adoption processes and factors.

Market conditions that are turbulent or changing are marketing dynamics that influence changes in customer tastes and preferences. This change necessitates innovation in order to perfect and develop a product in order to ensure the company's survival and profits (Tjiptono et al, 2016: 395). According to Tannenbaum (2021), the company can implement the marketing concept, so continuous innovation is the company's main source of support and success. Today must be better than yesterday, and tomorrow must be better than today, according to the definition of innovation (Usi, 2019: 26).

Continuous innovation in a company is a fundamental requirement for creating competitive advantage. Thus, innovation is an important management function because it determines superior business performance. Innovation will become increasingly important as a survival tool, not only in terms of growth, but also in the face of increasing competition and environmental uncertainty (Wahyono, 2020: 25).

The large number of small and medium enterprises today has caused business continuity to experience a high level of competition, especially industries that produce similar products. As with other industries, the furniture industry in Gondangsari Village, Juwiring District, Klaten Regency has also experienced its ups and downs. Since the period of independence, the Klaten Regency has had a furniture industry. The furniture industry center in Klaten Regency is divided into two clusters or regional groups: Juwiring District and North Klaten District. Furniture or furniture can cause social and economic class differences for the owner. Because, for the community, the more wood they use, the better they will be perceived as citizens who have a strong economy and are wealthy. The quality of the wood and furniture in the house will reveal the social status of the owner.

Gondangsari Village furniture craftsmen have marketed their products in the international market. Furniture craftsmen usually cooperate with factories to export goods abroad. Furniture craftsmen in determining the cost of production use the cubication formula. Furniture has now been transformed into one of Klaten's mainstays. In this sector there are 3,419 business units and absorb investment of around IDR 128 billion/year with a sales value of US\$ 740.68 thousand. In quarter III/2003 the value increased to US\$ 1.7 million. The export value

through third parties or brokers (30 entrepreneurs) is around IDR 60 billion. Furniture production by craftsmen in Juwiring, Cawas, Trucuk and North Klaten districts is favored by the US, UK, France and Singapore markets. The data shows that in 2002 alone, Klaten wood furniture entrepreneurs exported at least 10,000 units with a value of US\$ 994,000. Meanwhile, the agricultural equipment industry for Karanganom and Polanharjo craftsmen (around 100 craftsmen) is mostly to meet the needs of transmigrants outside Java and the local needs of Klaten (Sulistiyani, 2020).

In general, small and medium industries or MSMEs (Micro, Small and Medium Enterprises) are an alternative that the government hopes to solve economic problems, because they are considered capable of surviving and anticipating economic downturns. Likewise, the furniture industry in Gondangsari Village, Juwiring District, Klaten Regency, which has become a source of income for the majority of the population. The role of MSMEs is very large for Indonesia's economic growth, with their number reaching 99% of all business units. The contribution of MSMEs to GDP also reaches 60.5%, and to employment is 96.9% of the total national employment absorption.

Therefore, this study aims (1) to determine the effect of the use of digital marketing on marketing performance in MSMEs Furniture in Gondangsari Village, Juwiring District, Klaten Regency and (2) to determine the effect of product innovation on marketing performance in MSMEs Furniture in Gondangsari Village, Juwiring District, Klaten Regency.

2. Literature Review

2.1 Marketing Performance

Company performance is a factor commonly used to measure the impact of a company's strategy. The company's strategy is always directed at producing good performance in the form of marketing performance and financial performance (Ferdinand, 2019: 6).

2.2 Digital Marketing

Digital marketing is one of the marketing media that is in great demand by the public in terms of supporting many activities (Pradiani, 2017). Digital advertising can reach a wider audience on the international scene. Currently the internet network is everywhere and everyone has a smartphone, so now they can do marketing anywhere.

2.3 Product Innovation

Hurley and Hult (1998) define innovation as a company mechanism for adapting in a dynamic environment in Wahyono (2020). As a result, businesses must be able to generate new ideas, offer innovative products, and improve services that satisfy customers. Innovation, along with marketing and financial activities, has become the company's main and routine activity. Thus, management must prioritize innovation because it determines superior business performance.

3. Research Method

This study employs a descriptive quantitative approach, which means it employs quantitative data to describe or explain a phenomenon. The study emphasizes data that is already available without making any changes, making it non-experimental. This study is a case study because it focuses on a very specific area or subject. In this study, the population was furniture entrepreneurs in Gondangsari Village, Juwiring District, Klaten Regency, consisting of 38 entrepreneurs. The sampling technique is done by census or total sampling. Data collection in this study was carried out by distributing questionnaires and supported by documentation. The

data analysis technique in this study was used to determine how much influence the use of digital marketing and product innovation has on marketing performance in the furniture industry in Gondangsari Village, Juwiring District, Klaten Regency. Data analysis consisted of classical assumption tests, descriptive analysis and multiple linear regression tests.

4. Result and Discussion

The following are the results of statistical analysis for hypothesis testing and discussion of statistical analysis testing.

4.1 Data Analysis

4.1.1 Classic Assumption Test

Before testing the multiple linear regression analysis on the research hypothesis, the classical assumptions on the data to be processed must first be tested. It can be described as follows based on the findings of testing all classical deviations from the research data:

a. Normality Test

The normality test determines whether or not the dependent variable and independent variable in the regression model have a normal distribution. A good regression model has a normal or nearly normal data distribution. To test whether the data distribution is normal or not, one way to see normality is to look at the histogram which compares the observation data with a distribution that is close to a normal distribution (Ghozali, 2005:31). The SPSS output results for the normality test with graphical analysis are as follows:

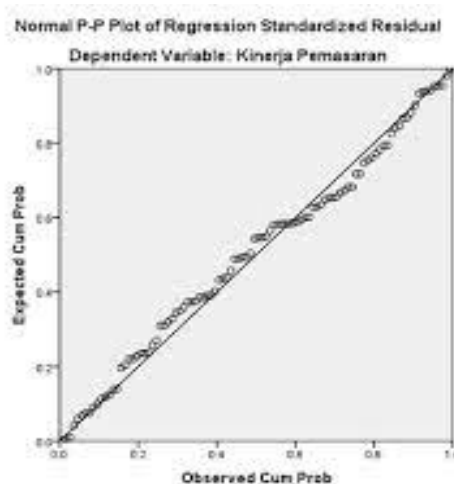


Figure 1. Graph of Normality Test Results
Source: Data processed by SPSS ver. 25, 2023

Based on Figure 1 above, it can be seen that the data or points spread around the diagonal line and follow the direction of the diagonal line. This shows that all data in the study used as a sample were normally distributed.

b. Multicollinearity Test

The multicollinearity test determines whether or not there is a relationship between the independent variables in a regression model. The tolerance value and Variance Inflation Factor can be used to detect multicollinearity (VIF). Multicollinearity is a statistical concept where several independent variables in a model are correlated. Two variables are considered to be

perfectly collinear if their correlation coefficient is ± 1.0 . Multicollinearity among independent variables will result in less reliable statistical inferences. Multicollinearity testing using SPSS Version 25 software can be seen in the table below:

Table 1. Result of Multicollinearity Test

No.	Variable	Tolerance	VIF	Interpretation
1	Use of Digital Marketing	0,998	1,002	Multicollinearity Free
2	Product Innovation	0,998	1,002	Multicollinearity Free

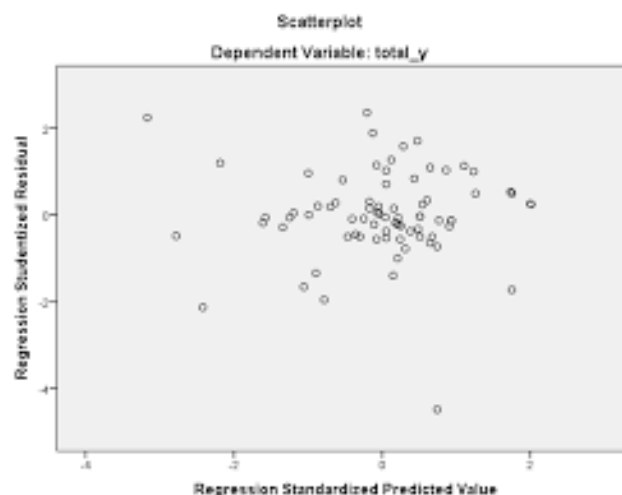
Source: Data Analysis 2023

Based on table above, the VIF value for the use of digital marketing and product innovation variables is far from 10. If the VIF is smaller than 10, there is no tendency for multicollinear symptoms. Thus, it can be concluded that the variables in this study are free of multicollinearity.

c. Heteroscedasticity Test

The heteroscedasticity test is intended to detect disturbances caused by factors in the regression model that do not have the same variance. If the variance is different, it is called homoscedasticity, a good regression model if there is no heteroscedasticity. Heteroscedasticity testing was carried out using a scatter plot. If there is no specific pattern, it indicates that the regression model is free from heteroscedasticity problems. The graph of the results of the heteroscedasticity test is as follows:

Figure 2. Result of Heteroscedasticity Test



Source: Data Analysis 2023

Based on figure 2. above shows that the dots are spread randomly, do not form a specific pattern and are scattered both above and below the number 0 (zero) on the Y axis. Thus, it can be concluded that the variables in this research test are free from symptoms of heteroscedasticity.

4.2 Hypothesis Test

Hypothesis is a temporary answer to the formulated problem. Therefore, this provisional answer must be tested empirically. Hypothesis testing in this study was carried out using multiple regression techniques (Multiple Linear Regression).

4.2.1 Multiple Linear Regression Analysis

The hypothesis is tested in this study using multiple regression (Multiple Linear Regression), which will be empirically tested to find a functional relationship between two or more independent variables and the dependent variable, or to predict the dependent variable using two or more independent variables. The following table shows the results of the multiple linear test in this study:

Table 2. Results of Multiple Linear Regression

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig
		B	Std. Error	Beta		
1	(Constant)	5.106	7.796		.655	
	Use of digital marketing	.389	.118	.371	.002	.998
	Product innovation	1.120	.189	.665	.006	.998

Source: Data Analysis 2023

Based on the results of the coefficients above, it can be developed using the multiple linear regression equation model as follows:

$$Y = 5,106 + 0,389 X_1 + 1,120 X_2$$

Model Interpretation:

- If the constants increase with the assumption that the use of digital marketing (X1) and product innovation (X2) are constant, then the marketing performance (Y) of furniture entrepreneurs in Gondangsari Village, Juwiring District, Klaten Regency will experience an increase.
- If the use of digital marketing (X1) has increased with the assumption that product innovation (X2) is constant, then marketing performance (Y) for furniture entrepreneurs in Gondangsari Village, Juwiring District, Klaten Regency will experience an increase.
- If product innovation (X2) has increased assuming the use of digital marketing (X1) is constant, then marketing performance (Y) for furniture entrepreneurs in Gondangsari Village, Juwiring District, Klaten Regency will experience an increase.

4.2.2 Coefficient of determination (R^2) Analysis

Based on the results of the regression calculation, the adjusted coefficient of determination (adjusted R^2) is 0.533 meaning that 53.3 percent of the variation of all independent variables (use of digital marketing and product innovation) can explain the dependent variable

(marketing performance), while the remaining is 46.7 percent is explained by other variables not proposed in this study.

4.2.3 Simultaneous Significance Analysis (Statistical Test F)

The results of calculations using the SPSS ver 25.0 program show that F count is 22.091 with a probability value of 0.000, because the probability value is less than 0.05 then H_0 is rejected and H_3 is accepted. Thus, it can be said that simultaneously there is a positive and significant influence between the use of Digital Marketing (X_1) and Product Innovation (X_2) factors on marketing performance for furniture entrepreneurs in Gondangsari Village, Juwiring District, Klaten Regency.

4.2.4 Individual Parameter Significance Test (Test Statistical t)

Based on table 2, the results of partial hypothesis testing (t) can be interpreted as follows:

1. The results of the t test for the variable Use of Digital Marketing (X_1) obtained a t count of 3.295 with a probability of 0.002. The probability value is less than 0.05 ($0.002 < 0.05$) so H_0 is rejected and H_1 is accepted. Thus, it can be stated that there is a positive and significant effect of the use of digital marketing on marketing performance for furniture entrepreneurs in Gondangsari Village, Juwiring District, Klaten Regency.
2. The results of the t test for the product innovation variable (X_2) obtained t count results of 5.913 with a probability of 0.006. The probability value is less than 0.05 ($0.006 < 0.05$) so that H_2 is accepted and H_0 is rejected. Thus, it can be said that there is a positive and significant influence of product innovation on marketing performance for furniture entrepreneurs in Gondangsari Village, Juwiring District, Klaten Regency.

4.3 Discussion

The Effect of Using Digital Marketing on Marketing Performance for Furniture Entrepreneurs in Gondangsari Village, Juwiring District, Klaten Regency

The results of the study show that the use of digital marketing has a significant effect on marketing performance for furniture entrepreneurs in Gondangsari Village, Juwiring District, Klaten Regency, which is shown from the partial test results of 329.5% which means that the average respondent in this study gave a response that strongly agreed in determining and considering the factors of using digital marketing, namely the ease of paying, promotions, respondents to products, suggestions and comments on businesses, and product images offered. The magnitude of the variable contribution to the use of digital marketing is because entrepreneurs tend to assess the use of digital marketing as being in the very good category, because entrepreneurs are able to truly understand and understand consumer desires and the importance of digital technology. Thus the variable use of digital marketing in the industrial center of furniture entrepreneurs in Gondangsari Village, Juwiring District, Klaten Regency plays an important role in improving marketing performance.

Digital marketing or commonly called digital marketing is all efforts made in terms of marketing using internet-connected devices with a variety of strategies and digital media that aim to be able to communicate with potential consumers with online communication channels. Digital Marketing Strategy is a marketing strategy that utilizes information technology that is growing. As stated in Fradana (2021) Digital marketing is also able to track consumer behavior, from here you can see what is trending and what consumers need most. To track consumer behavior, companies can use artificial intelligence (AI) features. The existence of this AI does

have advantages in processing large amounts of consumer data so that it can create new market trends. Even data from Forrester's Global State of Artificial Intelligence Online Survey states that 57% of companies use AI to improve service to their consumers. Thus, the existence of AI can increase sales of the products offered by the company by around 44% (Komalasari et al., 2021).

The Effect of Product Innovation on Marketing Performance for Furniture Entrepreneurs in Gondangsari Village, Juwiring District, Klaten Regency

Product innovation influences marketing performance in addition to the use of digital marketing. Product innovation has a significant effect on marketing performance for furniture entrepreneurs in Gondangsari Village, Juwiring District, Klaten Regency, according to the study's findings. This is supported by the partial effect test results, which were 591.3%, indicating that the average respondent in this study provided a very agreeable response in determining and considering product innovation factors, namely technical innovation and administrative innovation with its items, namely form design and price design.

The magnitude of the contribution of the product innovation variable demonstrates that respondents want product innovation and tend to rate it in the very good category. Because entrepreneurs feel compelled to develop or expand their products in order to meet consumer needs while also paying attention to consumer tastes or desires, products that have been developed and sell well in the market are able to increase market share. As a result, the product innovation variable for furniture entrepreneurs in Gondangsari Village, Juwiring District, Klaten Regency is critical to improving marketing performance.

This is in accordance with research conducted by Wahyono. 2002 with the title Market Orientation and Innovation: Its Effect on Performance. The research variables are market orientation, innovation and performance. The results of market orientation research have a positive effect on acceptable performance and innovation has a positive effect on performance. The results of this study are also in line with Shih-Chia Chang's research entitled a conceptual framework of the capabilities of knowledge application and innovation capabilities. The research variable capabilities of knowledge application, innovation capabilities. The results of the study show that there is a relationship between capabilities of knowledge and innovation capabilities.

Continuous innovation within the company is a fundamental requirement which in turn will be able to create a competitive advantage. Thus, will determine a superior business performance. This supports Barney (2019) in Wahyono (2020:29), that innovative companies have succeeded in driving performance by exploiting and influencing their basic capabilities, especially in a unique and superior way.

5. Conclusion and Suggestion

5.1 Conclusion

Referring to the results of the previous analysis and discussion, it can be concluded as follows.

- a. The variable use of digital marketing partially has a positive and significant influence on marketing performance for furniture entrepreneurs in Gondangsari Village, Juwiring District, Klaten Regency. If the use of digital marketing is good, it will affect marketing performance improvement, conversely if the use of digital marketing is not good, marketing performance will decrease.
- b. The product innovation variable partially has a positive and significant influence on the marketing performance of furniture entrepreneurs in Gondangsari Village, Juwiring

District, Klaten Regency. If product innovation is good, it will affect marketing performance improvement, otherwise if product innovation is not good, marketing performance will decrease.

- c. The variables using digital marketing and product innovation simultaneously have a positive and significant influence on marketing performance for furniture entrepreneurs in Gondangsari Village, Juwiring District, Klaten Regency. If the use of digital marketing and product innovation is good, marketing performance will increase.

5.2 Suggestion

Through the results of this study, the researcher wrote several suggestions, as follows:

- a. Despite using digital marketing, entrepreneurs have not been able to meet their product sales targets as expected. Entrepreneurs can look for loopholes in order to pique consumers' interest and ultimately make them loyal to these products, such as improving services and various packaging related to product innovation. Entrepreneurs should form cooperatives that are expected to provide capital assistance to develop their businesses.
- b. In order to support research more broadly, it is suggested for further researchers who wish to research research on furniture entrepreneurs in Gondangsari Village, Juwiring District, Klaten Regency, to add other variables such as location identification and service performance variables.

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