PERFORMANCE ANALYSIS OF MARKETING ON SMEs IN THE DISTRICT MADIUN

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ABSTRACT

In order to compete and reclaim the market share it would require the development of strategy and innovation, h al is required due to a great innovation that will get the response from consumers. Innovation is important to maintain a competitive advantage. Likewise those experienced in the SME sector. The SME sector is expected to become a contributor to the increase in regional revenue in Madiun regency. The purpose of this research is to know u ntuk marketing performance of SMEs in Madiun

The population used in this study is for SMEs in Madiun regency. In this study used a sample of 45 respondents. Multiple linear regression analysis is a method used in analyzing the relationship has an influence between independent variables with the dependent variable

Based on test results using the analysis to examine: The results of the analysis of market orientation, product innovation and creativity effect par unlucky on the Performance Marketing. The results of the analysis of market orientation, product innovation and creativity influence simultaneously toward marketing performance.

Keywords: SME, market orientation, innovation, creativity, marketing performance.

INTRODUCTION

Small and medium enterprises (SME) has a major role in economics people of East Java, especially in the district of Madiun. The existence of SMEs has been able to become a source of a living community, and employs many workers, even though have contributed added value smaller than the industry large-scale business. The SME sector is expected to become a contributor to the increase in regional revenue in Madiun regency .

The number of micro, small, and medium enterprises or SMEs in the city of Madiun, East Java, increased significantly as factors supporting the efforts undertaken by local municipalities. Central Statistics Agency (BPS) Madiun noted, in the year 2013 the number of SMEs in the local area reached 21,800 units, the year 2014 rose to 22,334 units, and by the end known 2015 rose to 22,790 units. Data Department of Cooperatives, Industry, Trade and

Tourism Madiun, recorded in the year 2013 the number of SMEs in the local area reached 36,617 units and increased in 2015 to 42,498 units, up 16.06 percent.

According to Regent Madiun district Muharrom, SMEs serve to improve the economic field in Madiun regency , thousands of small businesses are also the solution reduces the number of unemployed. Thus needs to be improved and developed its existence. Madiun regency government continues to give attention to the stimulus assistance revolving fund, both from the central and provincial governments. Then, an increasing number of SMEs are influenced by local communities to try self-employment opportunities that exist. Therefore, Madiun regency through governments continued to socialize and entrepreneurship training for high school graduates and SME businesses. In addition, a number of exhibitions are also often followed as promotion and increased market share.

According to the Secretary Madiun Maidi town area, thousands of SMEs are engaged in various fields, including convection, services, food production, beverage production, craft, trade, and others. ThenSMEs serves to enhance the economic field Madiun. Thus needs to be improved and developed its existence. Furthermore, to improve SMEs in the local area, Madiun City Government made various efforts to support. Among other things, granting direct aid or revolving funds from related offices sourced from APBD, provincial budget, and the state budget. Governent of Madiun also seeks to facilitate access to the provision of capital support from various institutions, both public and private sectors and also bring in investors to increase opportunities entrepreneurship, providing business consulting services clinic in the related department, and empower cooperatives. Empowering SMEs should continue to be done because it can support the economic strength of the community in a small degree. Optimizing partnerships between agencies, investors, and businesses continue to be improved .In addition to increasing the economic power of the little people, SMEs also a solution to reduce the number of unemployed in the local area.

According to the Head of the Economic Section Madiun regency, Komari, Madiun district government has allocated social aid from the 2012 budget amounting to Rp150 million to increase the capital of SMEs in the local area. Because these funds are social, the small entrepreneurs who receive such assistance does not need to return. The small employers are only required to submit proof of use of the funds in question. Currently there are already more than 200 proposals were submitted SME group capital aid. Good starting smallest nominal value of Rp10 million to Rp100 million. To support this activity, later in the changing financial budget (PAK) this year, will be proposed aid for SMEs of up to Rp760 million. Furthermore, the provision of social grants is one of concern for Madiun regency on survival of SMEs in the local area. It is expected that with the aid, SMEs can walk and economy of the community in Madiun regency increased.

The problem that occurs is the p elaku SME dominated by domestic businesses. Based on the observations, most SMEs from this group are less or not concerned with product development strategy, yaitu renew and develop strategies of existing companies in order to compete and grab back market share as well as their customers. This is necessary because of the existence of a great innovation that will get the response from consumers. Innovation is important to maintain a competitive advantage. Industries that have a huge innovation capacity will be able to capture changes in the environment and then build new capabilities. According to Thompson (2005: 42), innovation is the result, acceptance, and implementation of ideas, processes or new products.

Starting from where, demands companies to be able to formulate a marketing strategy well. Companies need to develop strategies for creative marketing and aligned with changing

environmental conditions. Competition is happening today is very different from the competition in the past that its marketing programs also need to be adjusted. Creativity in making key marketing program into the company's success in the era of globalization. Creativity is also an important strategy in implementing activity-particularly in the preparation of strategy formulation. Creativity allows a person or organization to bring new ideas d nature of each planning. Similarly, in the world of marketing, creativity is considered important in any formulation of marketing strategy

Currently the company is able to present valuable innovations for consumers and profitable for the company, the innovation that has contributed to the company's marketing performance. Performance marketing is one aspect in determining a company's business performance may improve if the company is able to select and implement a signifkan between innovation approach to performance marketing.

LITERATURE REVIEW
Market Orientation.
The marketing concept and market orientation is seen as one of the centers of attention of marketing management to articulate the strategies developed. Narver and Slater (1990) in his study megenai market orientation, revealed that the company's goal is to develop a marketing strategy to improve the profitability of the company in order to achieve a good marketing performance.

A company to be able to achieve consistently good performance necessary to have a sustainable competitive advantage (Purtranto, 2003).

Narver and Slater (1995: 9) states that market orientation is the most effective organizational culture to create a behavior is important, for the creation of the highest value for the buyer and the highest sustained performance in a business. The statement is in accordance with the statement of Kohli and Jaworski (1993: 67) market orientation is an organizational culture that the most effective and efficient to create behaviors needed to create superior value for buyers who ultimately will affect the overall performance of marketing.

Theory - the theory of marketing management stated that marketing performance can be affected through the development of management philosophy of marketing that is more market-oriented to support and accompany the various marketing mix (marketing mix) which is run by the company. Ferdinand (2002: 153) suggests that market orientation actualization through the development of information customers, competitors and the distribution of market information at all organizational lines companies are generally able to provide a strategic pathway to produce a good market performance through the introduction of customer needs and the efforts - efforts to satisfy that need.

They construct his theory by stating that the starting point of a market orientation is market intelligence. The term intelligence market used to articulate efforts in understanding not only the preferences and needs are unspoken, but also includes an analysis of how the needs and preferences were influenced by exogenous factors such as government regulations, technologies, competitors and forces other environments. dissemination of intelligence and is seen as a process and to the spread of market information on all components of the organization. Dissemination market intelligence can produce behavior orientation act the same in all parts of the company's organization in order to serve customers better. Better service is expected to generate sustainable confidence. On the basis of behavior and marketing literature review, Narver and Slater (1990) drew the conclusion that the orientation of the market is composed of three components, namely the behavior of customer orientation, competitor

orientation and coordination between functions that lead to two decision criteria is long term focus and profitability.

Product Innovation

Product innovation is one of the most important competitive factor for success as the latter's business environment is always changing rapidly. Innovation in products and processes is highly dependent on technology creation. Innovation is how a company or a person to make money out of creativity. By innovating in terms of business, then the company is not only able to deal with competitors, but also a challenge when creativity is at the proper organizational culture, the result is a spectacular innovation.

Innovation is how a company or a person making money from creativity. In the field of business, with innovation, can change the face of not only competitors, but also a challenge. When Creativity are at the proper organizational culture, the result is innovation (Higgins, 1995: 33)

Verhess and Meulenberg (2004: 138) reveals that business has only two functions: marketing and innovation. Thus, it can be said that marketing and innovation are the two things that are important and can achieve a synergistic effect. Therefore, a company needs to be intensified marketing activities and innovations for optimal performance. But innovation is not going to contribute to business performance if the process is rapid imitation by competitors.

The size of the innovation made by a company depends on the level of innovation of the company. Hurley and Hult (1998: 44) argues that innovation is the capacity or ability to introduce processes, products or services or new ideas into the company so indirectly innovation is a core capability of companies to control and maintain the holistic value dynamics which change opportunities are exploited and ideas raised new, translated and implemented in practice. Through innovation, companies can be proactive in the explorations of new opportunities.

Besides Thompson (2005: 51) argues is the result of innovation, acceptance, and implementation of ideas, processes or new products. Adding innovations also includes the systems, policies, and programs. In addition to the creation of new products, innovation can also be a managerial and marketing efforts to new, more effective and fuel-efficient (Verhess and Meulenberg, 2004: 140).

Creativity Strategy

Marketing Creativity strategy of marketing is defined as the expansion of the actions taken to market the product, which illustrates a significant difference from the implementation of the marketing strategy in the product category. According Hennesey & Amabile in Andews & Smith (2006: 177) that creativity is centered on something new and meaningful of some output, relative to the implementation of the public in the areas of marketing and creativity requires the development of new alternative and radical because business is a business solution that faced by the company every day. Creativity in formulating marketing strategies will improve marketing performance. Fillis et.al (2010, p.10), says that in reaching a creativity, a person will not be afraid to take risks., Is able to control the situation and not be afraid of failure.

Marketing Performance

Performance marketing is a factor that is commonly used to measure the impact of a company's strategy. The company's strategy has always aimed to produce a good performance and a good-performing companies will be reflected in the high performance marketing management such as high volume sales, higher market share, and the high profitability of marketing.

Ferdinand (2002: 156) states that marketing performance is obtained at a time can be seen as a short-term achievement. The level of short-term performance of companies is an instrument to develop a sustainable competitive advantage.

Despite not having a universal concept, is simply marketing performance is a factor that is often used to measure the impact of the strategy adopted company. Marketing performance would be better when measured with marketing activities more states marketing activities and competition such as the size of unit sales, customer growth and customer turnover rate to more states marketing activities (Augusty, 2002: 153). Slater and Narver (1995: 65) describes the outcome of the implementation strategy of the company, which as a measure of customer satisfaction, the success of new products, increased sales and profitability. Sales growth is an important measure marketing performance, because of the sales growth will be seen to what extent the company is able to retain existing customers or increase the number of new customers. In a tight business competition, the company is able to increase sales growth means having a good performance (Tatik, 2002: 67).

Market Orientation Relationships with Performance Marketing
According to Kohli and Jaworski (1993) in Putranto (2003), market orientation is present in a continuum of characteristics that form of the degree to which the company acquires, deploy and respond to information received by customers, distributors, and competitors. As has been drafted here, that the market orientation refers to the quantity and speed of the above mentioned activities and does not refer to the quality of the activity. There is a positive relationship between market orientation with several dimensions of organizational performance. Factors that build market orientation is expected to be taken either received from feedback received from customers, distributors and competitors, either formally or informally (Narver and Slater, 1990). Meanwhile, according to Putranto (2003) states that the market orientation influence on the rise and fall of performance marketing. Thus increasingly being oriented to market a company, in turn, will contribute positively to the organization's marketing performance.

Relationships Product Innovation with Performance Marketing
In the study Han, Kim (1998) in the Mudianto (2005), they present that innovation within the organization can be said to be successful if it can produce a good marketing performance, resulting from our commitment to total customer satisfaction which can be caused by continuous innovation. The desire to create a good value for the consumer to create a competitive advantage that is constantly this will encourage companies to develop innovations that affect the performance marketing. Based on the concept of this competitive advantage, it is argued that the only way to achieve optimal marketing performance is through the creation of a good value for customers.

Characteristics of product innovation analyzed as relative advantage which appears as the product characteristics that are consistently important in the explanation of the implementation and success of new products. This is supported by research conducted by Song and Parry (1997) in Mudiantono (2005) that the success of a product will lead to performance marketing, from where a product will be considered by the consumer, whether the product has another advantage compared with competitors' products similar on market.

RESEARCH METHODS
Operational Definition
Operational definitions of study variables is to provide guidance on how a research variables measured. The variables and their operational definitions used in the discussion of this study are as follows:
A. Market Orientation (X_1)
    Market orientation is the most effective organizational culture to create a behavior is important, for the creation of the highest value for the buyer and the highest sustained performance in a business.
B. Product Innovation (X_2)
    Innovation is how a company or a person making money from kretivitas. In the field of business, with innovation, can change the face of not only competitors, but also a challenge.

C. Creativity (X_3)
    Creativity Creativity marketing program marketing program is defined as the development of the implementation or application of the strategy undertaken by the company in the market.
D. Performance Marketing (Y)
    Performance marketing is a factor that is commonly used to measure the impact of a company's strategy. The company's strategy has always aimed to produce a good performance and a good-performing companies will be reflected in the high performance marketing management such as high volume sales, higher market share, and the high profitability of marketing.

Population and Sample
a. Population
    Population refers to a whole group of people, events, or it interests you want researcher investigation. The population in this study are SMEs in Madiun
    b. Samples
    The sample is part of a population, which has the features and characteristics similar to the population, because it is a sample should be representative of the population, (Sumarsono, 2002: 44) The method of research was accidental sampling, the sample size was 45 respondents

Multiple Linear Regression Analysis
To conduct an analysis of the data obtained in order to conclude, we used multiple linear regression analysis method to observe the effect of three independent variables on the dependent variable. Simple linear regression analysis is formulated as follows:

$Y = \beta_o + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + e$

Information :

Y	= Performance Marketing
X_1	= Market Orientation
X_2	= Product Innovation
X_2	= Creativity Strategy
β_o	= constant
$\beta_1 ... \beta_2$	= Coefficient of regression
e	= Confounding variables

Models such as the above, is used to determine the effect of independent variables with the dependent variable. In addition, to determine the extent of the influence of the independent variable on the dependent variable.

Hypothesis testing
Furthermore, as a step to test the hypothesis it is necessary to use the F test and t test
1. F test, ie testing conducted to determine the relationship or influence of independent variables *(independent)* simultaneously or simultaneously on the dependent variable *(dependent).* Rule of testing:
    a. If the F-count > F-table, then Ho is rejected and H_i accepted, meaning that simultaneous or simultaneously independent variables affect the dependent variable.
    b. Conversely, if the F-count ≤ F-table, then Ho is accepted and H_i is rejected, meaning simultaneously or synchronously independent variable does not affect the dependent variable.
2. T test, the test is conducted to determine or influence of each variable partial *(independent)* or an individual or separately on the dependent variable *(dependent).* Rule of testing:
    a. If the t count> t-table, then Ho is rejected and H_i received, meaning there is influence between independent variables and the dependent variable.
    b. If the t-count ≤ t-table, then Ho is accepted and H_i is rejected, there is no influence between independent variables and the dependent variable.

RESULTS AND DISCUSSION

Results Analysis Data
Multiple Linear Regression Testing Results
The results of the analysis of the coefficients of the regression model are as listed in Table 1 below.

Table 1. Regression Coefficients
coefficients [a]

Model		unstandardized coefficients		standardized Coefficients	t	Sig.
		B	Std. Error	beta		
1	(Constant)	8.637	1.488		5.806	.000
	Market Orientation	.245	.122	.226	1.998	.049
	Product innovation	.230	.111	.200	2.068	.041
	Creativity Strategy	.473	.113	.500	4.173	.000

a. Dependent Variable: Performance Marketing

Based on Table 1, then the regression model obtained are as follows:

$$Y = \alpha + {}_+ \beta 1_{1+} X + \beta_2 X_2 + + \beta_3 X_3 + e$$
$$Y = 8637 + 0.245 X_1 + 0.230 X_2 + 0.473 X_2 + E$$

Assuming that the variables X_1, X_2, X_3, is zero or constant, the value of Performance Marketing (Y) is equal to 8.637

The regression coefficients for the variables Orientation Markets (X_1) obtained a value of 0.245 has a regression coefficient is positive, it indicates a change in the direction of the dependent variable. So the bigger the value orientation Market (X_1) will raise the value of Performance Marketing (Y) with the assumption that the other variables are constant.

The regression coefficient for Product Innovation variable (X_2) obtained a value of 0.230 has a regression coefficient is positive, it indicates a change in the direction of the dependent variable. So the greater the value of Product Innovation will raise the value of marketing performance with the assumption that the other variables are constant.

The regression coefficient for the variable Creativity Strategy (X_3) obtained a value of 0.473 has a regression coefficient is positive, it indicates a change in the direction of the dependent variable. So the greater the confidence value will raise the value of marketing performance with the assumption that the other variables are constant.

Testing Results Test F and test t

F-test was used to test compatibility or not the resulting regression model and t test was used to test the influence of each independent variable on the dependent variable. The results of the F test and t test were as follows:

Table 2. Results of Test F
ANOVA [a]

Model	Sum of Squares	df	mean Square	F	Sig.
1 Regression	133.883	3	44.628	17.052	.000 [b]
residual	240.774	92	2.617		
Total	374.656	95			

a. Dependent Variable: Performance Marketing
b. Predictors: (Constant), Confidence, Product Innovation, Market Orientation

Based on the test F in table 2. The above showed a significant level for the F test of 0,000 Because the probability value <0.05 (sig<5%),means the Market Orientation (X_1), Product Innovation (X_2), and Creativity (X_3) effect on marketing performance (Y), so that the resulting regression model is suitable or appropriate in light of Performance Marketing.

Table 3. Test Results t
coefficients [a]

Model	unstandardized coefficients		standardized Coefficients	t	Sig.
	B	Std. Error	beta		
1 (Constant)	8.637	1.488		5.806	.000
Market Orientation	.245	.122	.226	1.998	.049
Product innovation	.230	.111	.200	2.068	.041
Creativity Strategy	.473	.113	.500	4.173	.000

a. Dependent Variable: Performance Marketing

T test results in the above table shows that:

1. Market Orientation variable (X_1) a significant level of 0.049. Due to a significant degree on this variable is less than 5% (sig <5%). This means the Market Orientation variable (X_1) partially affect the marketing performance.

2. Variable Product Innovation (X_2) a significant level of 0.041. Due to a significant degree on this variable is less than 5% (sig <5%). This means that the variable Product Innovations (X_2) partially affect the marketing performance.

3. Creativity variable (X_3) a significant rate of 0.000. Due to a significant degree on this variable is less than 5% (sig <5%). This means that the variable Creativity (X_3) partially affect the marketing performance.

RESULT AND DISCUSSION

Effect of Market Orientation on Performance Marketing

From the results of testing the hypothesis that the market orientation on the performance marketing. That means increasing market orientation, the performance marketing has been increasing. As a market-oriented company, it shows that the company pay attention to consumers. Companies that can not provide satisfaction to its customers will have a big problem. The problem is due to the impact of customer complaints are ignored, no response from the company so that customers disappointed and switch to other products. The results of this study support the research conducted by Putranto (2003: 93) which states that the existence of a positive relationship between market orientation to performance marketing.

Influence on Performance Product Innovation Marketing

From the results of hypothesis testing showed that the significant effect on the Product Innovation Marketing Performance. The existence of significant influence of Product Innovation because SME sensitive to changes in accordance with the expected customer so that SMEs in Madiun active in innovation in its products to improve the quality and quantity of the products one by launching a new product variant. This is done in order to meet market needs and also to restore the image or a positive assessment on the minds of consumers. The results of this study also was supported by the research of Han, Kim and Srivastava (1995: 30) in Mudianto (2005: 76) states that the factor of innovative products produced to positively influence the performance of marketing at the company and also an innovation in the enterprise is successful if can produce superior performance.

Creativity Influence on Performance Marketing

From the hypothesis testing results showing that creativity significant effect on marketing performance. The higher the creativity of the marketing program, the higher the performance Such opinions Amabile (1995) states that creativity requires the development of newer alternative and radical. Furthermore, by Menon et al (1999) says that the creativity of the marketing program built by three indicators covering different strategies chosen by the previous level of motivation and risk. Then Terney et al (1999) suggest that creative employees who have intrinsic motivation and cognitive orientation in every action.Creativity marketing programs require a variety of activities and techniques with a holistic approach, thus the cooperative should have a sub-system that can express a wide choice of strategies and techniques to optimize the achievement of strategies in order to maximize performance

CONCLUSIONS AND RECOMMENDATIONS
Conclusion
Based on test results using the analysis to examine the role of market orientation, product innovation and creativity to marketing performance, it can be concluded as follows:
a) The results of the analysis of market orientation, product innovation and creativity partial effect to the Performance Marketing
b) The results of the analysis of market orientation, product innovation and creativity influence simultaneously toward marketing performance.

Suggestion
As the implications of the results of this study can be put forward some suggestions that may be considered or used as an ingredient in making decisions, among others, as follows:
1. The company should further improve its performance in search of information about customers and competitors as well as improve coordination between the functions between producers and customers.
2. The company as the manufacturer should always make improvements or innovations in the product as expected by the consumer so that the consumer expectations are met for such products will be created from the customer's satisfaction. So with that will improve the marketing performance of the company.
3. As consideration for the subsequent research, it is recommended to use other variables or additional variables have not been shown in this study that allegedly has links with the performance of marketing strategies such as orientation, learning orientation, and the Culture of Innovation.

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