INFLUENCE OF MARKET ORIENTATION AND MARKETING MIX STRATEGY ON PERFORMANCE OF SMALL INDUSTRIAL MARKETING OF PROCESSED SEAWEED PRODUCTS IN SOUTH SULAWESI PROVINCE

M. Risal
Doctoral Student, Economic and Business Faculty of Padjadjaran University, Bandung, Indonesia
Lecturer, STIE Muhammadiyah of Palopo City, South Sulawesi, Indonesia
mrisal23@gmail.com

Sucherly
Professor, Economic and Business Faculty of Padjadjaran University, Bandung Indonesia

Dwi Kartini
Professor, Economic and Business Faculty of Padjadjaran University, Bandung Indonesia

Meydia Hasan
Lecturer, Economic and Business Faculty of Padjadjaran University, Bandung Indonesia

Abstract
The purpose of this paper is to examine the marketing concept of market orientation and marketing mix strategy on the performance of small industrial marketing of processed seaweed products in South Sulawesi Province. The approach in this study is a dimensional approach, with a review of the dimensions of the variables contained in market orientation and marketing mix strategy on the performance of small industrial marketing of processed seaweed products in South Sulawesi Province, with the approach of Partial Lastsquare (PLS). Academic implications of this paper, explore the concept of marketing orientation and marketing mix strategy to performance marketing. The practical implications will give you some ideas and suggestions in the decision to implement market orientation and marketing mix strategy on the performance of small industrial marketing of processed seaweed products in South Sulawesi Province.

Keywords: Market Orientation, Marketing Mix Strategy, Marketing Performance, Indonesia
INTRODUCTION
Seaweed is one commodity that is cultivated and developed as a commodity of industrial production volume is very large. Seaweed cultivation, development through industrialization policy due to world market demand continues to increase. Industrialization seaweed is not only limited to, increase foreign exchange, but also to provide jobs and prosperity for seaweed farmers who generally are people who leave the coastal region.

Market demand for seaweed is increasing every year. Seaweed total demand is estimated at about 40,000 tonnes per year. The request covers a total domestic demand of about 22,000 tons per year and to export about 18,000 tons per year (KKP, 2013). According Indriyono Soesilo, (2013) Indonesian seaweed production in 2012 has reached 5.1 million tons. It rose 18.6 percent compared with the year 2011 amounted to 4.3 million tonnes. South Sulawesi Province is the largest major producer of seaweed, followed by West Java and East Java. However, some other areas such as West Nusa Tenggara and East Nusa Tenggara, have already begun cultivating seaweed commodities.

The development of small industries is increasing in quantity is not yet offset by an increase in the quality of small industries were adequate. Mastery of small industrial assets also very small compared with the acquisition of assets of large companies where the mastering small industrial assets amounted to only 8 per cent, whereas the number of companies reached 49.840 million, while the control of major corporate assets reached 58 percent even though the number of companies just as much as 4.52 thousand.

The problems that were encountered is low productivity, causing the gap between the economic enterprises of small / low productivity is related to: 1). The low quality of human resources, especially in terms of management, organization, technology, and marketing, 2). Weak average entrepreneurial competence. 3). The limited capacity of small industry to access capital, information technology, market and other production factors (Saleh Husin, 2015).

The condition can be described in general in the development of small industries in the province of South Sulawesi. Small industrial products, processed seaweed can actually grow better by increasing the sales value of seaweed are not only sold abroad as raw materials, semi-finished but by increasing the value (value), then the seaweed can be processed in a way, into products ready for consumption, processing is not too difficult due to the need for raw materials and the technology is already available. The availability makes small industry players capable of processing and producing and marketing of processed seaweed products are easy to find consumers.
**Research Problem**

Based on the formulation of the problem is identified, then the issue will be examined in this study as follows:

Is the market orientation and marketing mix strategy can improve the performance of small industrial marketing of processed seaweed products in South Sulawesi Province.

**Research Objective**

To study the effect of market orientation and marketing mix on the performance of small industrial marketing of processed seaweed products in South Sulawesi Province.

**LITERATURE REVIEW**

**The concept of Market orientation**

Market orientation is a resource (Hunt and Morgan, 2010), market orientation is the basis for making decisions or market orientation is an organizational culture (Day, 1994; Deshpande, et al., 1993; Nerver and Slater, 1995). Slater and Narver, (1995) states clearly that the market orientation is an aspect of organizational culture cannot be separated by organizational learning. Furthermore, (Gonzalez-Benito et al., 2014; Liao et. Al, 2011) is a measure of market orientation behavior and activities that reflect the implementation of the marketing concept. Implementation of market orientation will bring improved performance for the company effectively and efficiently in promoting activities related to the creation and the satisfaction of customers by continually assess the needs and desires of customers. Narver and Slater (1990) cited by Fandy Tjiptono, (2012: 30-32) states that market orientation consists of three components: customer orientation, competitor orientation and coordination interfunctional. All three components can be seen in Table 1 as follows:

<table>
<thead>
<tr>
<th>Component</th>
<th>MKTOR Scale</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Customer Orientation</strong></td>
<td>Adequate understanding of the target buyer in order to be able to create superior value for them on an ongoing basis.</td>
</tr>
<tr>
<td><strong>Competitor Orientation</strong></td>
<td>The company understands the advantages and disadvantages of short-term and long-term capabilities and strategies of the major competitors of current and potential competitors.</td>
</tr>
<tr>
<td><strong>Interfunctional Coordination</strong></td>
<td>Utilization of enterprise resources in a coordinated manner in order to create superior value for targeted customers.</td>
</tr>
</tbody>
</table>

Source: Nerverdan Slater (1990), cited by Fandy Tjiptono, (2012: 31)
Customer orientation and competitor orientation includes all activities involved in obtaining information about the buyer and its competitors on the target market and spread through the business, while the interfunctional coordination is based on customer information as well as competitors and consists of a coordinated business venture.

Further explained that customer orientation is defined as a sufficient understanding of the target customers buy with the aim to create superior value for buyers continuously. This understanding includes the understanding of the entire value chain of buyers, both during and at the time of the latest development in the future.

According to Aziz and Yassin (2010) emphasizes the importance of market orientation to gain a sustainable competitive advantage and performance results of success in the organization of small agro-food. Furthermore, Dwyer (2009) conducted research on small firms in Ireland, the results of research stating that market orientation is not a good predictor of the performance of new products.

Expressly explained that the market orientation would improve marketing performance (Castro et al., 2010; Kirca, et al., 2010; Jain and Bhutia, 2010), but some studies have proven that the market orientation can improve marketing performance (Jaworski and Kohli, 1993; Selnes, et al., 1996; Pelham, 1997; Deshpande, et al., 2000, Harris, 2011). Besides, studies that examine the direct relationship between market orientation with the performance of the organization also has not been able to provide clarity on how to convert market orientation into the organization’s performance (Langerak, 2003). Although some researchers have conducted research on market orientation on small businesses, but these studies are still very limited, especially with a background in developing countries (McLartey 2008; Adu, 2008; Kuada and Buatsi, 2009).

a. **Customer Orientation**
Customer orientation is a dimension of market orientation is the most important. Mavondo, et al., (2005) in his study explaining to improve customer orientation by increasing indicators of customer orientation. Indicators of customer orientation, namely: a) The commitment of all the managers of the business to satisfy customers. b) Information customer needs and desires can be fulfilled for the company. c) Try to determine how to satisfy the customer. d) Trying to find out the customer complaints and find the cause and try to fix the cause customers dissatisfaction. e) Trying to always give special attention to each customer.

b. **Competitor Orientation**
Companies oriented competitors must take into account the behavior of competitors. Competitors always pay attention to the strategy of the company and vice versa company always pay attention to competitors. Competitor strategies most used by the company and the
company's strategy. Also imitated competitors. The pricing model of semi-finished goods from
the manufacturer of developing countries depends on how to Anticipate and respond to
competitors. This models is able to produce patterns of empirical price (Neiman, 2011).

c. **Interfunctional Coordination**
Interfunctional effective coordination is expected to enhance the synergistic effects of the efforts
of the whole (holistic organisational efforts). Components interfunctional coordination proposed
by Narver& Slater (1990) consists of: contact to customers, spreading information about
customers and competitors to all parts, functional strategies integrated, the contributions of all
the functions in the process of customer value creation, and sharing of resources with other
units within the company.

**The concept of Marketing Mix Strategy**
"Jerome McCarthy" that the marketing mix in the early 1960 proposed consists of four main
factors (product strategy, pricing strategy, and a strategy promotion strategy), each of which
contains several activity factors. Marketing mix could be called "a set of tools of intervention in
the market" (Horovitz, 2003). Perhaps the consumer perspective is different from a marketing
perspective. So 4P from the customer's perspective is 4C. Four 4C including customer value,
cost, convenience, communication. Therefore, if the marketer is in a position of sales of
products, customers in the shop are the "value" or "solution" to this problem. The product price
is the cost that customers pay to solve the problem. Customers are intended to provide an easy
and convenient product needed and finally they demanded for mutual communication to
understand the product. A good manager should first think to see the subscribers (4C) and then
at the customer as (4Ps) (Gholipur, Modabernia, 2013).

a. **Product Strategy**
The product is something more tangible goods. Products include physical objects, services,
people, places, organizations, ideas, or a combination of manufacturers out of this (Kotler &
Armstrong, 2010). Furthermore, the product may be a physical object, service, location,
organization, or even an idea or thought (Moheb Ali et al., 2010: 195). The main objective of the
organization is to produce better products and superior in one or more aspects compared to
others given to the customer and make the customer pay a fine for each product (Cutler, 2007:
179). Tantong, et al., (2010) found that adaptation strategies by the design of products
associated with the company's performance positively.

b. **Price Strategy**
The ability to Compete in the market most companies have to change the marketing mix and
pricing strategy (ZarinNegar, 2009). Reduce costs or non-financial, ownership or use of goods is
one of the things that have to do the company to increase of the value of the goods to the customer. In many cases, the success of a strategy does not reduce the total cost of the product and income of consumers and marketers so that they Werner constant or increase of (Hawkins, 2005).

c. Promotion Strategy
Kotler and Keller, (2016: 622) provide an understanding of promotion as a short-term incentive to encourage the purchase or sale of a product or service. Promotion is one of the marketing mix that many researchers assess its relationship with the market share to discover whether the promotion will increase sales and profits. Relatively effective promotional campaign for its competitor (Thirkell&Dau, 2007). Based on the above definition that the marketing mix is an element in the marketing interconnected and used by the company in achieving marketing objectives are effective both in satisfying the needs and desires of consumers.

d. Place Strategy
Distribution is the delivery of desired products and services to customers when and where desired. Carter et al., (2010) stipulates that the importance of distribution channels varies depending on the various types of institutions. According to Kotler and Armstrong, (2010) the place or distribution as a set of mutually dependent organizations and are involved in the process of making the product available for use or consumption by the consumer. The distribution system helps make products more available to consumers, but the system limits the distribution of direct contact between producers and consumers that reduce time feedback from manufacturers.

The concept of Marketing Performance
Marketing Performance is a measure of the results achieved by the company from marketing activities or the operation of the company (Clark, et al., 2006, Zinkhan, 2002) include: measures of the market, and the perception of customer value and benefits of such marketing activity. Also described by Egan (2010) that the marketing performance can be reflected from the acquisition of market share, growth in market share, sales growth, profit growth and the end customer. Ronald Paul, (2013) asserts that marketing performance resulting from the exchange relationship between the companies can be mirrored on the adaptability of the market, the number and strength of the relationship between the organization obtained from the synergies of cooperation between organizations and increasing knowledge / organizational experience.

Performance marketing is a construct that is often used to measure the impact of the strategy and orientation applied by the company. The marketing strategy has always aimed to produce marketing performance (such as sales volume and sales growth rate) was good and
good financial performance. Gronholdt and Martensen (2006) argue that marketing performance can be measured by financial results, results of customer feelings, marketing results and the results of customer behavior. Barwise and Farley (2004) showed that the market share and the perception of the product/service quality performance indicators that are most widely used in the United States, Japan, Germany, Britain and France.

a. **Sales volume**

According Schiffan (2005: 118), the volume of sales (sales volume) is the level of sales obtained by the company for a certain period in units (unit/total/rupiah). It is also regarded as a measure marketing performance showed an increase in sales acquired through trade, promotion strategies.

b. **Market Share**

Is an indicator of market competitiveness that shows how well a company doing compared to its competitors (Armstrong and Green, 2007; Rumelt, et al, 1981 and 1984); The market share is an indicator of what is done by a company against its competitors to support the changes in sales.

c. **Profitability**

Gitman (2011: 59) say that the profitability of the relationship between income and expenses generated by the use of company assets, both current and fixed, in productive activity. Profitability is an assessment conducted to examine the effect of various strategies and marketing programs to the profit contribution can be expected from a particular product or product line. Armstrong and Callopy 2010) without profitability, the business cannot survive in the long term.

**Conceptual Model**

From the foregoing description, to confront the challenges of marketing in small industries could be solved with a market oriented approach and marketing mix strategy. Market orientation and marketing mix strategy influential in improving marketing performance in the small industry seaweed process. Market orientation components are customer orientation, competitor orientation, and coordination interfunctional, while the components of the marketing mix strategy among other product strategy, price strategy, promotion strategy, and place strategy, and marketing performance components include sales volume, market share, and profitability.

To increase the market orientation of the conceptual model through a unique resource in improving marketing performance seaweed processing industry small in South Sulawesi Province as follows:
Figure 1. Market Orientation and Marketing Mix Strategy to Market Performance

RESEARCH METHODOLOGY

The study applied descriptive research design. This study uses Lastquare Partial (PLS) to test the initial model is built based on theory. The sample used in this study is the owner of a small industry of processed seaweed products in the province of South Sulawesi as many as 117 samples. For this stratified random sampling method was used. This sample size was satisfactory as Jack E. Fraenkel and Norman E. Wallen, (2010) states that the minimum sample size is 100 for a descriptive study. The data collected was subject to inferential analysis using SmartPLS.

ANALYSIS AND RESULTS

The results of the measurement model analysis showed that the majority of indicators have value loading factor greater than 0.70 and tcount greater than the value ttable so it can be said that all these variables are manifest table to be a good indicator in the form variables latent. From the measurement results, there are three dimensions that make up the variable market orientation is customer orientation (X1.1), competitor orientation (X1.2) and coordination interfunctional (X1.3). The result of the calculation of the weight factor (loading factor) of each dimension in shaping the market orientation variable as follows:

Loading factor calculation results for the three variables manifest of latent variables Market Orientation (X1) range of more than 0.9 which means it above average for the loading factor of 0.5. The result of the calculation of the value of the outer construct models or correlations between variables (loading factor) already meet the convergent validity.
The results of the measurement model analysis showed that the majority of indicators has value loading factor greater than 0.70 and tcount greater than the value ttable so it can be said that all these variables are manifest able to be a good indicator in forming latent variables, from the measurement results, there are three dimensions that make up the variable marketing mix is a product strategy \( (X_{2.1}) \), pricing strategy \( (X_{2.2}) \), promotion strategies \( (X_{2.3}) \), and strategies place \( (X_{2.4}) \). The result of the calculation of the weight factor (loading factor) of each dimension in shaping the marketing mix variables as follows:

<table>
<thead>
<tr>
<th>Variables</th>
<th>Loading Factor ((\lambda))</th>
<th>(\lambda^2)</th>
<th>(\varepsilon)</th>
<th>(T_{account})</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customer Orientation ((X_{1.1}))</td>
<td>0.941</td>
<td>0.885</td>
<td>0.115</td>
<td>42.654</td>
</tr>
<tr>
<td>Competitor Orientation ((X_{1.2}))</td>
<td>0.935</td>
<td>0.935</td>
<td>0.126</td>
<td>40.601</td>
</tr>
<tr>
<td>Interfunctional Coordination ((X_{1.3}))</td>
<td>0.929</td>
<td>0.863</td>
<td>0.137</td>
<td>38.584</td>
</tr>
</tbody>
</table>

*Average Variance Extracted (AVE) = 0.6041*

*Composite Reliability (C-R) = 0.932*

The results of calculations for the loading factor of four variables manifest from a latent variable marketing mix strategy \((X_2)\) range of more than 0.5 to 0.9, which means already above the average for the loading factor of 0.5. The result of the calculation of the value of the outer construct models or correlations between variables (loading factor) already meets the convergent validity.

Marketing performance measurement model, there are three dimensions that make up the marketing performance variables, namely the volume of sales, market share and profitability. For each variable obtained by weighting factors (loading factor) of each dimension in the form of marketing performance variables as follows:

<table>
<thead>
<tr>
<th>Variables</th>
<th>Loading Factor ((\lambda))</th>
<th>(\lambda^2)</th>
<th>(\varepsilon)</th>
<th>(T_{account})</th>
</tr>
</thead>
<tbody>
<tr>
<td>Product Strategy ((X_{2.1}))</td>
<td>0.629</td>
<td>0.395</td>
<td>0.605</td>
<td>12.446</td>
</tr>
<tr>
<td>Price Strategy ((X_{2.2}))</td>
<td>0.895</td>
<td>0.802</td>
<td>0.198</td>
<td>30.969</td>
</tr>
<tr>
<td>Promotion Strategy ((X_{2.3}))</td>
<td>0.927</td>
<td>0.860</td>
<td>0.140</td>
<td>38.148</td>
</tr>
<tr>
<td>Place Strategy ((X_{2.4}))</td>
<td>0.930</td>
<td>0.865</td>
<td>0.135</td>
<td>38.951</td>
</tr>
</tbody>
</table>

*Average Variance Extracted (AVE) = 0.4344*

*Composite Reliability (C-R) = 0.935*
Loading factor calculation results for the three variables manifest from latent variable marketing performance (Y) ranges of more than 0.9 which means it above average for loading a factor of 0.5. The result of the calculation of the value of the outer construct models or correlations between variables (loading factor) already meets the convergent validity.

Table 4. Measurement Model variables Marketing Performance

<table>
<thead>
<tr>
<th>Variables</th>
<th>Loading Factor (λ)</th>
<th>( \hat{\lambda}^2 )</th>
<th>( \varepsilon )</th>
<th>( T_{account} )</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales Volume (Y1.1)</td>
<td>0.955</td>
<td>0.911</td>
<td>0.089</td>
<td>49.324</td>
</tr>
<tr>
<td>Market Share (Y1.2)</td>
<td>0.896</td>
<td>0.803</td>
<td>0.197</td>
<td>31.121</td>
</tr>
<tr>
<td>Profitability (Y1.3)</td>
<td>0.939</td>
<td>0.881</td>
<td>0.119</td>
<td>41.940</td>
</tr>
</tbody>
</table>

Average Variance Extracted (AVE) = 0.6533
Composite Reliability (C-R) = 0.944

Rate structural model \( R^2 \)
Testing of structural models (inner model) is done by using the R-square for dependent construct and t test (significance) of the coefficient parameters of structural lines. The following table is an estimated R-square for research model calculations use the Software PLS.

Table 5. The value of R-Square

<table>
<thead>
<tr>
<th>Variable</th>
<th>R Square</th>
</tr>
</thead>
<tbody>
<tr>
<td>X1 (OP)</td>
<td>0.885</td>
</tr>
<tr>
<td>X1.1</td>
<td></td>
</tr>
<tr>
<td>X1.2</td>
<td>0.874</td>
</tr>
<tr>
<td>X2.3</td>
<td>0.863</td>
</tr>
<tr>
<td>Y2 (SBP)</td>
<td>0.507</td>
</tr>
<tr>
<td>Y2.1</td>
<td>0.395</td>
</tr>
<tr>
<td>Y2.2</td>
<td>0.802</td>
</tr>
<tr>
<td>Y2.3</td>
<td>0.860</td>
</tr>
<tr>
<td>Y2.4</td>
<td>0.865</td>
</tr>
<tr>
<td>Z (KP)</td>
<td>0.764</td>
</tr>
<tr>
<td>Z1</td>
<td>0.911</td>
</tr>
<tr>
<td>Z2</td>
<td>0.803</td>
</tr>
<tr>
<td>Z3</td>
<td>0.881</td>
</tr>
</tbody>
</table>

In theory described PLS \( R^2 \) value equal to 0.25 to have a weak effect, have effects that are 0.5 and 0.75 have a substantial effect (Chin, 2010). The \( R^2 \) shows the prediction accuracy of the
model. (Hair, 2014). So on the model used in this study, the accuracy of the model in predicting variable market orientation \((X_1)\) of 0.345 has the effect being, the accuracy of the model in predicting variable marketing mix strategy \((X_2)\) of 0.507 has effects were, and the accuracy of the model in predicting variable marketing performance \((Y)\) amounted to 0.764 have a substantial effect).

Based on the value of \(R^2 = 0.068\) knowable market orientation and marketing mix strategy, Contribute to the marketing performance of 6.8%. The significance test indicates that the value \(t\)-statistic values Obtained (5456) greater than the \(t\)-critical (1.960). This result means that the market orientation and marketing mix strategies Affect the marketing performance. The effect is due to that market orientation with dimensions of customer orientation, competitor orientation and coordination interfunctional contributes to the performance of marketing as well as marketing mix strategies to increase of marketing performance, so that a small industry of processed seaweed products in South Sulawesi province Increased.

CONCLUSION
Market orientation and marketing mix strategy jointly Affect the performance of small industrial marketing of processed seaweed products in South Sulawesi province. Market orientation has little relation to the performance marketing, and, the marketing mix strategy to performance
marketing. Market orientation and marketing mix strategy can improve the performance of small industrial marketing of processed seaweed products in the province of South Sulawesi. Although partial and simultaneous direct effect on marketing performance, but the effect on smaller market orientation to performance marketing. Unlike the case with the marketing mix strategy of the performance marketing has a great relationship, it is the caused by a product strategy, pricing strategy, promotion strategy, and the strategy has the impact of place directly on the performance of small industrial marketing of processed seaweed products in South Sulawesi Province.

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