

The Effect Of Market Orientation, Competitive Advantage, And Marketing Capabilities On The Marketing Performance Of Small And Medium-Sized Enterprises In The Crafts Industry Yogyakarta

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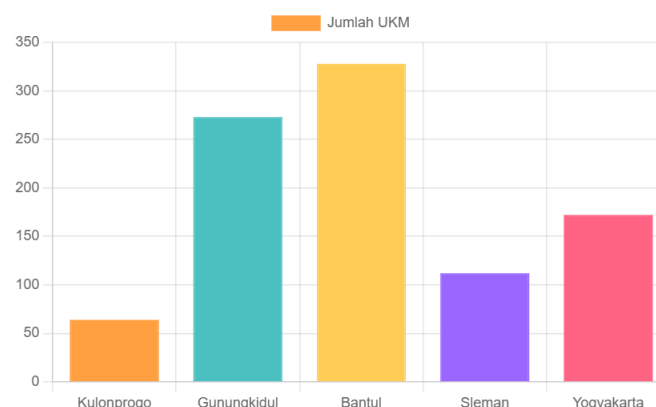
Abstract - This study aims to analyze the effect of market orientation, competitive advantage, and marketing capabilities on the marketing performance of craft MSMEs in Yogyakarta. Using a quantitative approach, this study involved 100 respondents selected through purposive sampling with the criteria of craft MSMEs that have been operating for at least three years. Data were collected using questionnaires and tested using multiple linear regression analysis. The results show that market orientation has a positive and significant effect on marketing performance, confirming the importance of understanding customer needs and responsiveness to market dynamics. Marketing capabilities also proved to have a positive and significant effect, indicating that the ability to conduct market research, manage customer relationships, and develop marketing strategies contributes directly to improved marketing performance. However, competitive advantage did not show a significant effect, indicating that product differentiation and uniqueness possessed by SMEs have not been able to directly drive improvements in marketing performance. These findings emphasize that strengthening market orientation and marketing capabilities are key factors in improving the competitiveness and performance of craft SMEs in Yogyakarta.

Keywords: *market orientation, competitive advantage, marketing capability, marketing performance*

INTRODUCTION

MSMEs play an important role in the national economy, especially in developing countries such as Indonesia. According to data from the Ministry of Cooperatives and Small and Medium Enterprises, in 2022, MSMEs contributed around 61% to the Gross Domestic Product (GDP) and absorbed around 97% of the workforce in the non-agricultural sector. Meanwhile, the number of craft MSMEs in the city of Yogyakarta, according to SIBAKUL JOGJA 2023, is recorded at a total of 464,033 MSMEs.

Figure 1. Number of MSMEs in DIY



Source: SIBAKUL JOGJA

The development of MSMEs has led to fiercer competition in efforts to improve business performance, one aspect of which can be demonstrated through marketing performance. Marketing

performance is a construct that can be used to measure the impact of a company's strategy. Marketing performance represents a measure of a company's achievements from products that have been marketed (Puspaningrum, 2020). Strategies to improve marketing performance in MSMEs can be done by conducting research, developing products, and using digital promotions. Marketing performance in MSMEs can be influenced by market orientation (Lekmat et al., 2018 & Handoyo, 2015), competitive advantage (Primyastanto, 2017), and marketing capabilities (Farida, 2016). Market orientation is the implementation of the concept of marketing as an activity and process related to the development and fulfillment of customer needs by continuously evaluating customer expectations and desires (Otache & Mahmood, 2015). Market orientation reflects the implementation of the existing organizational culture in the company by carrying out market strategies to achieve company goals (Lapian et al., 2016). Market orientation describes a business perspective that places consumers at the center of attention in all company activities (Cravens, 2018).

The marketing performance of MSMEs can also be determined by competitive advantages (Djodjobo & Tawas, 2014). Competitive advantage refers to new business ideas and creativity to compare the capabilities and performance of companies in selling products to consumers (Jatmiko et al., 2021; Sijabat et al., 2020). Competitive advantage strategy demonstrates a company's superiority in terms of resources, expertise, and innovation. When a company can maintain above-average profits, it shows that the company has a competitive advantage (Anning-Dorson, 2018). Competitive advantage is an important value for companies in implementing their strategies so that they can save more costs than their competitors (Pattipeilohy, 2018). Marketing capabilities are a set of skills used by companies in marketing that are developed within an organization to run a business well (Hoiron et al., 2019; Syarifuddin, 2017). Marketing capabilities generate sales by increasing the company's understanding of the market and customers. (Syarifuddin, 2017). Marketing capabilities are very important for companies because they have become a key point for companies to expand their knowledge about marketing capabilities (Frans Sudirjo et al., 2023).

LITERATURE REVIEW

Marketing Performance

Marketing performance can be defined as a measure of the results achieved through the overall marketing activities of a company's plan (Pattipeilohy, 2018). The company's plan will focus on creating positive results in both marketing and financial aspects (Otache & Mahmood, 2015). Marketing performance can be measured through several indicators, as follows (Manek, 2018) : (1) Profitability, (2) Sales Growth, (3) Growth of Customer. Marketing performance can also be measured through several indicators, as follows Nofrizal et al., (2021)(1) Sales revenue, (2) Sales return, (3) marketing coverage area, (4) Increase in sales.

Market Orientation

Market orientation is a concept in corporate culture that focuses on understanding and fulfilling customer needs in relation to market dynamics (Sefnedi et al., 2022). Market orientation is a corporate culture in which all employees are committed to superior values related to customers (Narver, 2016). Market orientation is considered the most effective corporate culture for creating added value for customers to improve marketing performance (Andiyanto & Sufian, 2015). Market orientation indicators consist of (Marlizar et al., 2020) : (1) Customer orientation, (2) Competitor orientation, (3) Inter-functional coordination.

Competitive Advantage

Competitive advantage is a value created by a company for its customers. Competitive advantage is a value within a company resulting from the implementation of its strategy, enabling the company to save more costs and gain more value than its competitors (Puspaningrum, 2020). Competitive advantage is a factor that distinguishes one company from another (Vrchota, 2014). Competitive advantage is obtained by a company in market competition by promoting higher value or greater profits compared to its competitors (Kotler & Armstrong, 2018). Indicators of competitive advantage, according to Dhameria et al., (2021) : consist of: (1) Product uniqueness, (2) Product quality, (3) Competitive pricing.

Marketing Capability

Marketing capability is a set of skills and insights, as well as the ability to manage marketing activities (Abidin, 2017). Marketing capability is a company's skill in carrying out various marketing functions (Lagat & Frankwick, 2017). Marketing capability is the process of integrating the company's skills and resources with market needs (Absah et al., 2019). Marketing capabilities can be linked to the ability to advertise and sell various products (Shirley, 2019). Marketing capability indicators consist of Hoiron et al., (2019): 1) Market research, (2) Relationships, (3) Pricing, (4) Product development, (5) Promotion.

The Effect of Market Orientation on the Marketing Performance of Handicraft MSMEs

Market orientation has a significant relationship with marketing performance, because market orientation, which includes a focus on customers, competitors, and interfunctional coordination, is a benchmark in creating effective marketing strategies. This contributes directly to improved marketing performance, such as increased market share, sales volume, and profitability (Lekmat et al., 2018). Findings from Lekmat and colleagues' 2018 research show that market orientation has a positive, significant impact on marketing outcomes. The indicators of market orientation include customer orientation, competitor orientation, and inter-functional coordination. Marketing performance indicators include customer satisfaction levels, sales volume, market share, and customer loyalty. Research by Asri and Nuvriasari (2024) concludes that market orientation has a positive and significant effect on marketing performance. The indicators of market orientation include a focus on customer satisfaction, commitment to customer service, responsiveness to market actions, analysis of market strategies, and information sharing and coordination among work units. Marketing performance indicators include sales growth, consumer growth, and profit growth.

Handoyo's (2015) research concluded that market orientation has a positive and significant effect on marketing performance. Market orientation indicators include customer orientation, competitor orientation, and coordination. Marketing performance indicators include market share, customer loyalty, customer growth, and customer satisfaction. Djamila and Nuvriasari's (2025) research concluded that market orientation has a positive and significant effect on marketing performance. Market orientation indicators include commitment to creating customer satisfaction, offering products to meet market needs and tastes, providing ancillary services, and coordination between work units. Marketing performance indicators include sales growth, customer growth, profit growth, marketing reach, increased customer satisfaction, and consumer trust. Yulianto & Nuvriasari's (2025) research concluded that market orientation has a positive and significant effect

on marketing performance. The indicators of market orientation include commitment to creating customer satisfaction, understanding customer needs, creating value and customers, responding quickly to market actions, and studying competitor strategies. Marketing performance indicators include sales levels, customer satisfaction levels, profit growth levels, market share control, and overall marketing performance.

Based on the above description, hypothesis one in this study can be formulated as follows:

H1: Market orientation has a positive and significant effect on the marketing performance of MSME crafts

The Effect of Competitive Advantage on the Marketing Performance of Handicraft MSMEs

Competitive advantage has a significant relationship with marketing performance because competitive advantage requires companies to offer value that is difficult for competitors to imitate, such as innovation, product differentiation, quality, and price. This makes competitive advantage contribute greatly to improving marketing performance (Syarifuddin, 2019). Previous research conducted by Puspaningrum (2020) concluded that competitive advantage has a positive and significant effect on marketing performance. The indicators of competitive advantage include production capacity, marketing capacity, product quality, pricing advantage, and innovation. Marketing performance indicators include new products, sales growth, and annual profits or net income. Research by Hidayatullan et al. (2019) concluded that competitive advantage has a positive and significant effect on marketing performance. The indicators of competitive advantage include price, quality, and differentiation. The indicators of marketing performance include sales volume, customer growth, and profit achievement.

Research by Dhameria et al. (2021) concluded that competitive advantage has a positive and significant effect on marketing performance. Indicators of competitive advantage include product uniqueness, product quality, and competitive pricing. Marketing performance indicators include customer growth, sales growth, and sales revenue growth. Research by Sumarlin and Nuvriasari (2024) concluded that competitive advantage does not have a positive and significant effect on marketing performance. The indicators of competitive advantage include cost, quality, product innovation, distribution fairness, and competitiveness. Marketing performance indicators include market share, customer satisfaction, and product quality. The study concluded that competitive advantage does not have a positive and significant effect on marketing performance. The indicators of competitive advantage include products that are difficult to imitate, unique products, superior product quality, prioritizing innovation, cost efficiency, price competitiveness, and effective promotion. Marketing performance indicators include sales growth, profitability, market share, customer satisfaction, customer retention, marketing innovation, and overall marketing performance.

Based on the above description, hypothesis two in this study can be formulated as follows:

H2: Competitive advantage has a positive and significant effect on the marketing performance of MSME crafts

The Effect of Marketing Capabilities on the Marketing Performance of Handicraft MSMEs

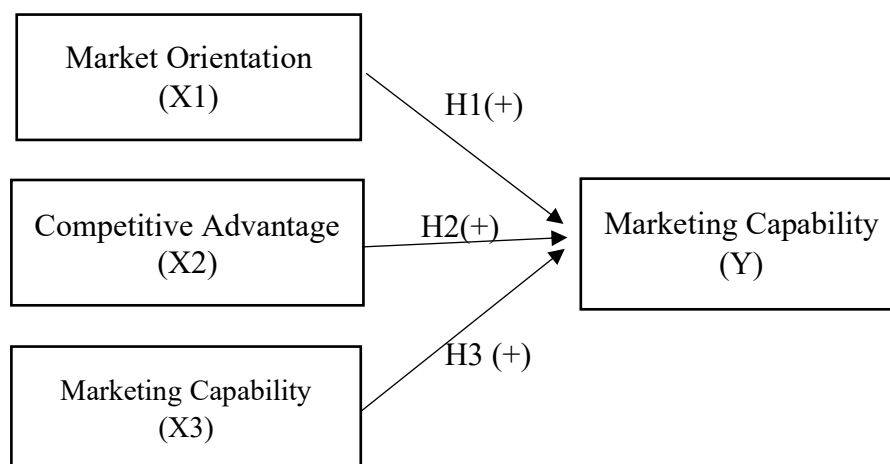
Marketing capabilities have a significant relationship with marketing performance because marketing capabilities encompass a company's ability to understand market needs, develop marketing strategies, and utilize existing technology. These capabilities also support the achievement of marketing objectives, such as increasing market share, sales growth, and customer loyalty. Therefore, marketing capabilities are one of the most important factors in driving marketing performance (Hoiron et al., 2019). Previous research conducted by Farida (2016) concluded that marketing capabilities have a positive and significant impact on marketing outcomes. The indicators of marketing capabilities include understanding the business environment, creative design changes, unique functions, and competitive capabilities. Marketing performance indicators include sales value, sales growth, and profit. Hoiron's (2018) research concluded that marketing capabilities have a positive and significant impact on marketing performance. The indicators of marketing capabilities include market research, relationships, pricing, and promotion.

The research by Asri & Nuvriasari (2024) concluded that marketing capabilities have a positive and significant effect on marketing performance. The indicators of marketing capabilities include the ability to innovate products, the ability to manage distribution, the ability to manage prices, and the ability to promote products. Marketing performance indicators include sales growth, consumer growth, and profit growth. The research by Yulianto & Nuvriasari (2025) concluded that marketing capabilities have a positive and significant effect on marketing performance. The indicators of marketing capabilities include the ability to set prices, the ability to produce quality products, the ability to manage distribution, and the ability to promote. Marketing performance indicators include sales levels, customer satisfaction levels, profit growth levels, market share control, and overall marketing performance.

Based on the above description, hypothesis three in this study can be formulated as follows:

H3: Marketing capabilities have a positive and significant effect on the marketing performance of MSME crafts in Yogyakarta.

The research framework can be described as follows:



METHODOLOGY

Based on the method used, this study employs a quantitative method, which is a research method based on positivist philosophy that can be used to examine a specific population or sample, collect data using research tools, and analyze quantitative data to test predetermined hypotheses (Sugiyono, 2015). The main type of data used in this study is primary data sourced from the distribution of questionnaires to owners, managers, or persons in charge of craft MSMEs in Yogyakarta. This study was conducted in craft MSMEs in Yogyakarta. The main type of data used in this study is primary data sourced from questionnaires distributed to owners, managers, or persons in charge of craft MSMEs in Yogyakarta. The population is the entire group, individual, event, or interesting thing to be studied (Sekaran & Bougi, 2017). The population in this study is the owners or managers or persons in charge of craft MSMEs in Yogyakarta. The population is infinite, where the number of population members is very large or the number of population members is not known for certain. A sample is a part of the population that shares the same characteristics as the population (Sugiyono, 2016). The sampling technique used is purposive sampling, which is the selection of samples based on certain characteristics related to the characteristics found in the population (Ghozali, 2016). The sample criteria are as follows:

1. Responses from owners, managers, or persons in charge of craft MSMEs in Yogyakarta.
2. Craft MSMEs that have been operating for at least 3 years.

Since the population is infinite, the technique for determining the sample size uses the Lemeshow formula, which is:

$$n = z^2 P(1-P)/d^2$$

$$n = 1,92^2 \times 0,5 (1 - 0,5) / 0,10^2 = 96,04$$

Explanation :

n = Number of samples

z = Standar Value = 1,96

p = Maximum Estimation = 50% = 0,5

d = Alpha (0,10) atau sampling error = 10%

Based on these calculations, there are 96 MSME craft respondents in the sample, which will be rounded up to 100 MSMEs.

RESULT

Validity Test Results

This validity test uses SPSS by comparing the calculated R value and the table R value. The df value = N – 2 = 100 – 2 = 98, resulting in a table r value of 0.1966.

Table 1: Validity Test Results

Question	r count		Note
Market Orientation X1			
X1.1	0,375	0,1966	Valid
X1.2	0,690	0,1966	Valid
X1.3	0,703	0,1966	Valid
X1.4	0,753	0,1966	Valid
X1.5	0,622	0,1966	Valid
X1.6	0,709	0,1966	Valid
X1.7	0,699	0,1966	Valid
Competitive Advantage X2			
X2.1	0,462	0,1966	Valid
X2.2	0,562	0,1966	Valid
X2.3	0,363	0,1966	Valid
X2.4	0,350	0,1966	Valid
X2.5	0,487	0,1966	Valid
X2.6	0,490	0,1966	Valid
Marketing Capability X3			
X3.1	0,462	0,1966	Valid
X3.2	0,640	0,1966	Valid
X3.3	0,555	0,1966	Valid
X3.4	0,729	0,1966	Valid
X3.5	0,698	0,1966	Valid
X3.6	0,748	0,1966	Valid
X3.7	0,721	0,1966	Valid
X3.8	0,632	0,1966	Valid
Marketing Performance Y			
Y.1	0,385	0,1966	Valid
Y.2	0,442	0,1966	Valid
Y.3	0,593	0,1966	Valid
Y.4	0,674	0,1966	Valid
Y.5	0,629	0,1966	Valid
Y.6	0,632	0,1966	Valid
Y.7	0,593	0,1966	Valid

Source : Authors

Based on the table above, it can be seen that overall, the items on the questionnaire variables used in this study have a calculated r value greater than the table r value of 0.1966. It can be concluded that all questionnaire instruments are valid and suitable for use.

Reliability Test

Reliability was tested using the Cronbach Alpha technique, whereby reliability can be declared reliable if a construct has a Cronbach Alpha value > 0.6 (Ghozali, 2016). The results of the questionnaire instrument reliability test in this study are shown as follows:

Table 2 : Reliability Test Results

Variable	Cronbach Alpha	Critical Value	Description
Market Orientation	0,763	0,60	Reliable
Competitive Advantage	0,613	0,60	Reliable
Marketing Capability	0,759	0,60	Reliable
Marketing Performance	0,719	0,60	Reliable

Source: Authors

Based on the table above, it can be concluded that all variables used in this study obtained scores above 0.60. Thus, it can be said that all questionnaire instruments are reliable and suitable for use.

Normality Test Results

The normality test aims to test whether the residual variables in the regression model are normally distributed or not (Ghazali, 2016). This study uses the Kolmogorov-Smirnov Test. The condition in the Kolmogorov-Smirnov Test is that if the significance value is > 0.05 , then the research data is normally distributed. Normality is measured using the Kolmogorov–Smirnov value as follows:

Table 3: Normality Test Results

One-Sample Kolmogorov-Smirnov Test			
			Unstandardized Residual
N			100
Normal Parameters ^{a,b}	Mean		,0000000
	Std. Deviation		2,75176133
Most Extreme Differences	Absolute		,056
	Positive		,046
	Negative		-,056
Test Statistic			,056
Asymp. Sig. (2-tailed)			,200 ^c
Monte Carlo Sig. (2-tailed)	Sig.		,902 ^d
	99% Confidence Interval	Lower Bound	,894
		Upper Bound	,909

Source : Authors

Based on the table above, the normality test using the one-sample Kolmogorov-Smirnov test obtained a Monte Carlo sig value of 0.902, which is greater than 0.05, meaning that the data in this study is normally distributed.

Multicollinearity Test Results

The multicollinearity test examines whether there is a relationship between independent variables or free variables in the regression model. The criteria that can be used in multicollinearity testing are by looking at the tolerance value and the VIF value. If the tolerance value exceeds 0.10 and the VIF value. If the tolerance value is greater than 0.10 and the VIF value (Ghozali, 2018).

Table 4: Multicollinearity Test Results

Coefficients ^a							
Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
(Constant)	11,324	6,780		1,670	,098		
Market Orientation	,262	,098	,257	2,663	,009	,958	1,043
Competitive Advantage	,001	,188	,000	,003	,997	,979	1,022
Marketing Capability	,185	,079	,228	2,354	,021	,954	1,048

a. Dependent Variable: Marketing Performance

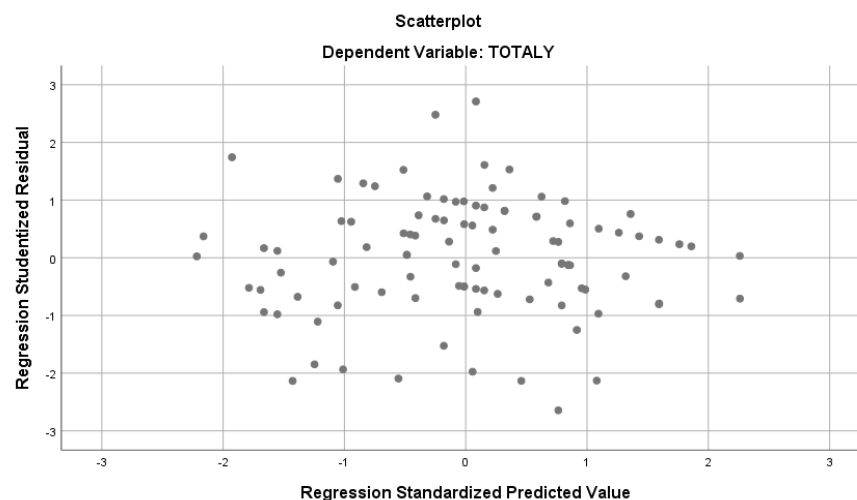
Source : Authors

All independent variables obtained VIF results of no more than 10 and tolerance values greater than 0.10. Thus, it can be concluded that there is no correlation between the independent variables, which means that there is no multicollinearity in this study.

Heteroscedasticity Test

The heteroscedasticity test aims to examine whether the regression model shows variance from one observer to another or not (Sugiyono, 2016). In a study to identify whether there is heteroscedasticity or not, the Glejser test can be applied. By looking at the significance value, if the significance value is > 0.05 , then it can be said that there is no heteroscedasticity.

Figure 2. Glejser Test Results



Source: Authors

Based on the results of the heteroscedasticity test shown in the figure above through a scatter plot, it can be seen that the points are randomly distributed and scattered above and below the number 0 on the Y-axis. Therefore, it can be concluded that there is no indication of heteroscedasticity in the regression model used in this study.

Multiple Linear Analysis

In this study, multiple linear regression analysis was used to show the effect of market orientation, competitive advantage, and marketing capabilities on the marketing performance of MSME Crafts in Yogyakarta.

Table 5 : Multicollinearity Test Results

Coefficients ^a							
Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
(Constant)	11,324	6,780		1,670	,098		
Market Orientation	,262	,098	,257	2,663	,009	,958	1,043
Competitive Advantage	,001	,188	,000	,003	,997	,979	1,022
Marketing Capability	,185	,079	,228	2,354	,021	,954	1,048

a. Dependent Variable: Marketing Performance

Source: Authors

The results of the equation are as follows:

1. A constant value of 11.324 means that if the market orientation (X1), competitive advantage (X2), and marketing capability (X3) variables have a value of (0), then the marketing performance (beta) value is 11.324.
2. The regression coefficient value of the market orientation variable (X1) of 0.262 means that the market orientation variable has a positive direction on marketing performance. This means that if the market orientation variable score increases by one unit, the marketing performance score will increase by 0.262 units.
3. The regression coefficient value of the competitive advantage variable (X2) is 0.001, which means that the competitive advantage variable has a positive effect on marketing performance. This means that if the competitive advantage variable score increases by one unit, the marketing performance score will increase by 0.001 units.
4. The regression coefficient value of the marketing capability variable (X3) of 0.185 means that the marketing capability variable has a positive effect on marketing performance. This means that if the marketing capability variable score increases by one unit, the marketing performance score will increase by 0.185 units.

T-Test Results

The testing criteria used in this study are that if the $t\text{-table} > t\text{-count}$ and the probability value < 0.05 , then H_a is accepted and H_0 is rejected. However, if the $t\text{-table} < t\text{-count}$ and the probability value > 0.05 , then H_0 is accepted and H_a is rejected (Sugiyono, 2017).

Table 6: T-Test Results

Variable	T	Sig (p)	Conclusion
Market Orientation	2,663	0,009	Ha1 is accepted
Competitive Advantage	0,003	0,997	Ha1 is rejected
Marketing Capability	2.354	,021	Ha1 is accepted

Source: Authors (2025)

The results of the hypothetical testing can be explained as follows:

1. Hypothesis Testing 1: The Effect of Market Orientation on Marketing Performance. From the test results, a significance value of 0.009 was obtained, which is less than 0.05. Therefore, the null hypothesis (H_{01}) is rejected and the alternative hypothesis (H_{a1}) is accepted. This means that market orientation has a significant effect on marketing performance in small and medium-sized craft businesses (SMEs) in Yogyakarta.

2. Hypothesis 2 Testing: The Effect of Competitive Advantage on Marketing Performance. The test results show a significance value of 0.997, which is greater than 0.05, so H01 is accepted and Ha1 is rejected. This means that competitive advantage does not have a significant effect on marketing performance in craft MSMEs in Yogyakarta.
3. Hypothesis Testing 3: The test results show a significance value of 0.021, which is less than 0.05. Thus, the null hypothesis (H01) is rejected and the alternative hypothesis (Ha1) is accepted. This shows that marketing capabilities have a significant impact on marketing performance in micro and small enterprises (MSMEs) in the handicraft sector in Yogyakarta.

DISCUSSION

The Effect of Market Orientation on Marketing Performance

Based on the results of hypothesis 1, it was proven that market orientation has a positive and significant effect on the marketing performance of craft MSMEs in Yogyakarta. MSMEs that are more market-oriented will increase their understanding of customer needs and desires, so that the marketing strategies implemented are more targeted and have a positive impact on improving marketing performance. MSMEs that have a strong market orientation in terms of consumer orientation, competitor orientation, and interfunctional coordination will have an impact on improving marketing performance (Asri & Nuvriasari 2024). Based on the results of descriptive analysis, it shows that one of the main factors in market orientation that can encourage improved marketing performance is the commitment of craft MSMEs to create customer satisfaction. The results of this study support the results of previous studies conducted by Asri & Nuvriasari (2024) and Lekmat (2018), which state that market orientation has a significant effect on marketing performance.

The Effect of Competitive Advantage on Marketing Performance

Based on the results of hypothesis 2, it was proven that competitive advantage does not have a significant effect on the marketing performance of MSME crafts in Yogyakarta. This statement proves that competitive advantage is not a determining factor in MSME marketing performance. The competitive advantage possessed by MSMEs does not guarantee an increase in marketing performance. Even though MSMEs have certain advantages, if they are not balanced with market understanding and appropriate marketing strategies, these advantages will not have an impact on improving marketing performance (Sumarlin & Nuvriasari, 2024). The results of the descriptive analysis show that, on average, the competitive advantage of craft MSMEs is considered very strong, but based on hypothesis testing, this competitive advantage does not have an impact on the marketing performance of MSMEs. This may be due to the lack of distinctive or unique characteristics highlighted in the craft products produced by MSMEs. On average, the variety and design of products produced are relatively similar among MSMEs. The results of this study support the results of previous research conducted by Sumarlin and Nuvriasari (2024) that competitive advantage does not have a significant effect on the marketing performance of MSMEs.

The Effect of Marketing Capabilities on Marketing Performance

Based on the results of hypothesis 3, it was proven that marketing capabilities have a positive and significant effect on the marketing performance of craft MSMEs in Yogyakarta. This statement proves that marketing capabilities are a determining factor in the performance of craft MSMEs in Yogyakarta, meaning that improving marketing capabilities can lead to more positive results. For handicraft MSMEs in Yogyakarta, this means that MSMEs need to focus on developing marketing capabilities to achieve more optimal results. Descriptive analysis shows that one of the main factors that strengthen marketing capabilities in handicraft MSMEs is the ability to manage good relationships with customers and the ability to develop effective marketing programs. The findings of this study reinforce the results of previous research conducted by Yulianto and Nuvriasari (2024) and Hoiron (2018), which show that marketing capabilities have a significant impact on performance in the field of marketing.

CONCLUSION

This study was conducted to analyze the factors that influence marketing performance, leading to the following conclusions:

1. Market orientation has a significant positive impact on the marketing performance of craft MSMEs in Yogyakarta. The results of this study indicate that the stronger the market orientation of craft MSMEs, the greater the impact on improving marketing results.
2. Competitive advantage does not have a significant impact on the marketing performance of craft MSMEs in Yogyakarta. The results of this study indicate that competitive advantage does not play a role as a factor that influences the marketing performance of MSME Crafts in Yogyakarta.
3. Marketing capabilities have a major impact on the marketing effectiveness of MSME Crafts in Yogyakarta. The results of this study indicate that improvements in the management of marketing capabilities will have a positive effect on the marketing results of MSME Crafts in Yogyakarta.

LIMITATION

The limitations of this study can be explained as follows:

1. The research object is limited to MSMEs in the handicraft sector, so this study on marketing performance does not represent the situation in other MSME sectors, such as the culinary sector, service sector, and others. Therefore, future researchers are advised to expand the research object to various sectors or fields of MSME businesses.
2. The contribution of market orientation, competitive advantage, and marketing capabilities to marketing performance is in the fairly strong category with an average value of 63.2%. However, it is important for future researchers to test a number of other important variables that have been empirically proven to improve marketing performance.

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