Marketing Performance of “Pelanusa” Patchwork Products in This Era 5.0

Widiya Dewi Anjaningrum ¹, Fransiska Sisilia Mukti ², Agus Purnomo Sidi ³
¹,²,³ Institut Teknologi dan Bisnis Asia Malang
Korespondensi penulis: widiya.dewi.a@gmail.com

Abstract. Pelanusa Group, a group of patchwork craftswomen based on social entrepreneurship, has been facing a drastic decline in market performance for its creative products since the occurrence of disruptive technology accelerated by the Covid-19 outbreak. The purpose of this study is to determine the role of digital platforms and e-commerce marketing capabilities in building marketing innovation capabilities that have an impact on marketing performance. A total of 160 Pelanusa patchwork craftsmen have been selected as respondents using purposive sampling technique. The data collected through the questionnaire was analyzed with SmartPLS 4.0.7.8 Software. The results of the study show that there is a very important role in the use of digital platforms and mastery of e-commerce marketing because these two things will be able to break the ability of innovation in marketing. Strong marketing innovation will have an impact on marketing performance as indicated by expanding market share and increasing customer satisfaction as well as total sales. It is recommended that further research be able to reveal digital marketing strategies that can be applied by craftswomen and people with disabilities so that they can remain productive at work and have income from selling their products.

Keywords: Digital Platform, e-Commerce Marketing Capabilities, Marketing Innovation Capabilities, Marketing Performance

INTRODUCTION

The Pelanusa group is a group of patchwork craftswomen based in Malang district, East Java province, Indonesia. The Pelanusa group is under the auspices of the Pelangi Nusantara Singhasari Foundation which is based on social-entrepreneurship [1]. Social entrepreneurship is the very opposite of profit-based entrepreneurship. Social entrepreneurship is more about pursuing the goal of creating solutions to social challenges or providing social addition. In other words, social entrepreneurship is a process that pursues opportunities to meet social needs and/or catalyze social change, adding economic outcomes to the social mission [2]. In such a way, the Pelangi Nusantara Singhasari Foundation is more likely to attract marginalized women [3], young
housewives with low levels of education, elementary and junior high schools, who do not have jobs and people with disabilities [4], especially the physically handicapped and the speech-impaired, to know, be nurtured, and accompanied to be productive and become entrepreneurs, in this case as a patchwork craftswoman. As time goes on and continues to make improvements, Pelanusa's creative products processed by sewing waste, especially home decoration and fashion accessories, have reached a wider market, even penetrating the international market [5]. This success is due to the participation of the Pelanusa Group in several creative product exhibitions organized by the government.

However, the challenge that must be faced is the huge technological disruption since the Covid-19 pandemic which was then accelerated by the conditions of the Covid-19 era which required the Pelanusa Group to change its business pattern. Before the pandemic, marketing performance originating from e-commerce platforms was relatively high, but not after the Covid-19 outbreak occurred [6]. The reality shows that the Covid-19 pandemic has caused turnover from product sales to decline by 70% despite innovations such as switching to making cloth masks and multipurpose pouches for masks, tissues, and hand-sanitizers, and even making patterned PPE. In the past, the Pelanusa Group relied more on exhibitions and word of mouth in selling its products, but now, like it or not, finally the Pelanusa group must learn and utilize technology to improve or at least maintain its marketing performance.

In this case, research Ngamsutti & Usahawanitchakit [7] has revealed that in the digital era, marketing performance is strongly influenced by the company's marketing innovative capabilities. Meanwhile, research Khattak [8] found that there is a close relationship between innovative behavior and the digital platforms used by micro-entrepreneurs and the e-commerce marketing capabilities of these entrepreneurs. In fact, the resources of the Pelanusa group can be classified as still far lacking in understanding digital technology due to limited education and insight, as well as physical limitations for members with disabilities.
Hypothesis Development

Digital Platforms and Marketing Innovation Capabilities

The type of digital marketing that is a modern evolutionary platform today relies heavily on technology which is essential in the process of creating innovative marketing content to introduce products to consumers. In this case, micro entrepreneurs are required to be able to understand how digital marketing strategies are so that information related to products to be sold can be conveyed properly according to consumer demographics [9], and this digital marketing can be done through various platforms that are already available. Digital platforms have the power to connect between people, between organizations and between resources aimed at facilitating core interactions between businesses and consumers and ensuring greater efficiency in business management. Therefore, in the new business concept, startups are formed more based on innovation, scalability, and relationships in the community [10]. Many people use various digital platforms, such as Amazon, YouTube, Facebook, Whatsapp, Instagram, Line, and zoom. This digital platform provides various functions, such as online shopping, watching videos, and online meetings [11]. Digital platforms have a positive impact on innovation [8], particularly the marketing innovation capabilities of companies. So that the first research hypothesis is:

H1: Digital Platform has an important role in shaping the Marketing Innovation Capabilities of Pelanusa Patchwork Products

E-Commerce Marketing Capabilities and Marketing Innovation Capabilities

E-commerce has changed the process of trading activities which are supported by technology. The development of e-commerce is mainly the result of the competitive strategy of manufacturers to win the market by being closer to consumers [12]. Performance can be improved with e-commerce marketing capabilities [8]. So that the second research hypothesis is:

H2: e-Commerce has an important role in shaping the Marketing Innovation Capabilities of Pelanusa Patchwork Products
Digital Platform and Marketing Performance

Digital platforms have a positive impact on performance [8]. However, in some cases, for digital platforms the results show that they are not significant or significant but negatively on performance. This occurs between perceived digital promotion capabilities and digital platform performance and customer experience. Because customers have the first preference to prioritize, the digital platform becomes the second and third preference only if the first digital platform cannot meet customer expectations [12]. So that the third research hypothesis is:

H3: Digital Platforms have an important role in improving the Marketing Performance of Pelanusa Patchwork Products

e-Commerce Marketing Capabilities and Marketing Performance

Performance increases with e-commerce marketing capabilities [8]. However, an empirical gap exists, which shows that online marketing skills are necessary but not sufficient to improve the performance of SMEs. Marketing ambidexterity, which is reflected by market-based and market-driven approaches, plays an important role in enhancing the effect of online marketing capabilities [13], so e-commerce marketing capabilities may indeed determine the success of SME marketing performance, but the results are not necessarily significant. So that the fourth research hypothesis is:

H4: e-Commerce marketing capabilities has an important role in improving the Marketing Performance of Pelanusa Patchwork Products

Marketing Innovation Capabilities and Marketing Performance

Innovation affects the performance of SMEs [14]. As with the RBV (resource base view) theory, it is proven that digital marketing capabilities affect marketing performance. Marketing ability is considered important in encouraging company performance. Digital marketing ability has a positive effect on sales success [15]. Digital marketing and innovation have a very important role in business continuity. The application of digital marketing can reach a wider market to increase sales turnover. And industrial centers can survive in the new normal era because of the innovations made [16].
Marketing innovation capability is a core component of a company's ability to maintain a competitive advantage. Marketing innovation capability has a positive effect on marketing performance [7]. So that the fifth research hypothesis is:

H5: Marketing Innovation Capabilities have an important role in improving the Marketing Performance of Pelanusa Patchwork Products

**Digital Platform, Marketing Innovation Capabilities, and Marketing Performance**

The essence of changing business practices today is how digital technology is changing marketing practices which in turn is changing the nature of markets globally. The wave of digital disruption brought about by new technologies triggers changes in consumer demand, and new forms of business competition. The new model for assessing consumer demand is described as an innovative marketing practice that can be used to gain new insights for innovation and marketing [17]. Digital platforms have a positive impact on innovation and performance. The findings verify that innovation plays a mediating role in the relationship between digital platforms and performance [8]. Consumer demand is described as a marketing practice innovation or marketing innovation. These innovations in gaining market insight and marketing strategies are discussed about their implications for performance [17]. Thus, the sixth research hypothesis is:

H6: Marketing Innovation Capabilities have an important role in mediating the impact of the Digital Platform used by Pelanusa Patchwork Products on marketing performance

**e-Commerce Marketing Capabilities, Marketing Innovation Capabilities, and Marketing Performance**

Performance can be improved with the presence of e-commerce marketing capabilities, while there is a link between innovation and performance [8]. Digital marketing capability has a significant effect on innovation capability, digital marketing capability has a significant effect on marketing performance, and innovation capability has a significant effect on marketing performance [15]. So, there is a relationship between these three factors, e-commerce marketing capabilities, marketing innovation capabilities and marketing performance. So that the seventh research hypothesis is:
H7: Marketing Innovation Capabilities have an important role in mediating the impact of e-Commerce Marketing Capabilities of Pelanusa Patchwork products on marketing performance.

**RESEARCH METHODS**

The object of this research is the patchwork craftsmen who are members of the Pelanusa Group under the Pelangi Nusantara Singhasari foundation with a total sample of 160 people selected through purposive sampling technique. Respondents' perceptions of digital platforms, e-commerce marketing capabilities, marketing innovation capabilities, and marketing performance were measured through a 5-point Likert scale questionnaire instrument. Then the primary data collected was analyzed using SEM-PLS analysis with SmartPLS software for Windows version 4.0.7.8.

The validity and reliability of the research instrument were tested through the outer model measurement. This model is also assessed as a determinant of the relationship between the latent construct and its manifest construct. The validity test in this study uses a loading factor where a factor is confirmed as a manifest construct of a latent construct if the loading factor value is > 0.7. In addition, the validity test is also tested through the AVE value, where a factor is confirmed as a manifest construct of the latent construct if the AVE value is > 0.5 [18][19]. While the reliability test is tested using Cronbach's alpha which must be greater than 0.6 and composite reliability which is greater than 0.8.

Meanwhile, the inner model measurement is carried out to test the feasibility of the model through the R Square test where if the R-Square value > 0.67 indicates a large influence, also through the GoF test where if the GoF value > 0.38 indicates that the structural model formed is feasible, in accordance with the circumstances [18][19], in the field and can predict marketing performance.

Finally, the hypothesis was tested through t-test [19] and [18] where if the t-statistics value > 1.96 or p-value < 0.05, it means that the effect of exogenous to endogenous constructs is significant. Meanwhile, for the case of test mediation, if it is significant, it indicates that a construct that is thought to be a mediator is proven to be able to mediate latent constructs exogenous to endogenous.
RESULTS AND DISCUSSION

Research Result

A total of 160 respondents who are patchwork craftswomen and craftmen – members of the "Pelanusa" group – have been studied. Among them, there are 140 people are normal women and 20 people are women and men with disabilities. Their average age is still young, around 20 to 35 years, although there are some who are in their 40s. "Yayasan Pelangi Nusantara Singhasari (Pelanusa)" indeed accommodates marginalized women and women with disabilities to be able to remain productive so that they can help meet the economic needs of the family without having to work outside. They can stay home at work while looking after their children. With low education, which on average are elementary and junior high school graduates, they gain a lot of skills, especially in the field of crafting, focusing on making various kinds of products made from patchwork but having benefits as well as relatively high economic value.

SEM-PLS Analysis using SmartPLS software 4.0.7.8 version.

Measuring the Outer Model

The loading factor shows the correlation between the indicator and the construct. An indicator is valid if it has a loading factor value above 0.70 [19]. Based on Figure 1. Structural Model, it is known that all manifest constructs reflecting the Digital Platform, e-Commerce Marketing Capabilities, Marketing Innovation Capabilities, and Marketing Performance have a loading factor value > 0.7. It indicates that the research instrument used to measure these research variables is VALID. Meanwhile, convergent validity can be checked through the Average Variance Extracted (AVE) value. The reliability of the research instrument can be tested through: Cronbach’s alpha, Composite reliability (rho_a) and (rho_c) as recorded in Table 1. Construct reliability and validity.
Based on Table 1. The AVE value of all latent constructs is greater than 0.5. That is, the research instrument used to measure the research variables is valid. It is known that the value of Cronbach's alpha for each latent construct is greater than 0.6, and the composite reliability value for each latent construct is greater than 0.8. This shows that the research instrument used to measure the research variables is reliable.
Measuring the Inner Model

There are several tests for the structural model: R-Square (R²) and GoF. The value of R-Square is the coefficient of determination on the endogenous construct. According to Chin (1998) in [18] the value of R square is 0.67 strong. Based on Figure 1. Structural Model, it is known that the R-Square value in Marketing Innovation Capabilities is 0.767. About 76.7% of Marketing Innovation Capabilities is explained powerfully by Digital Platform and e-Commerce Marketing Capabilities. Meanwhile, the R-square value in the Marketing Performance is 0.789. The 78.9% of Marketing Performance is explained powerfully by digital platform, e-commerce marketing capabilities, and marketing innovation capabilities.

The Goodness of Fit (GoF) value calculated manually using the formula: $\text{GoF} = \sqrt{\text{AVE} \times R^2}$.

GoF Marketing Innovation Capabilities = $\sqrt{0.900 \times 0.767} = 0.83$

GoF Marketing Performance = $\sqrt{0.821 \times 0.789} = 0.80$

According to Tenenhaus in [21], the impact of exogeneous latent construct categorized large when has GoF = 0.38. Based on the calculation results above, it shows that the GoF value for the constructs of Marketing Innovation Capabilities and Marketing Performance is greater than 0.38, which it means that the structural model formed is good, fits the field conditions, and can be used to predict the endogenous latent construct.

Testing the Hypothesis

Testing the hypothesis can be done by estimating the path coefficients (original sample O) which indicate the positive or negative impact of exogenous to the endogenous latent construct and t-statistics or p-values that indicate whether or not the impact of endogenous latent constructs is significant or not. Based on the Original Sample O values in Table 3 and conceptual framework as in the structural model Figure 1. The main structural equations formed are:

Path1: $Y_1 = 0.355 X_1 + 0.541 X_2 + e_1$

Path2: $Y_2 = 0.302 X_1 + 0.315 X_2 + 0.312 Y_1 + e_2$
which Y1 is Marketing Innovation Capabilities, Y2 Marketing Performance, X1 is Digital Platform and, X2 is e-Commerce Marketing Capabilities, and e is the error term.

**Table 3. Path Coefficient and T-Statistics**

| Path Coefficients | Original Sample \((O)\) | T Statistics \(|O/STDEV|\) | P Values | Inference |
|-------------------|--------------------------|--------------------------|----------|-----------|
| Digital Platform (X1) \(\rightarrow\) Marketing Innovation Capabilities (Y1) | 0.355 | 2.309 | 0.021 | Supported |
| Digital Platform (X1) \(\rightarrow\) Marketing Performance (Y2) | 0.302 | 2.086 | 0.037 | Supported |
| Marketing Innovation Capabilities (Y1) \(\rightarrow\) Marketing Performance (Y2) | 0.312 | 3.777 | 0.000 | Supported |
| e-Commerce Marketing Capabilities (X2) \(\rightarrow\) Marketing Innovation Capabilities (Y1) | 0.541 | 3.537 | 0.000 | Supported |
| e-Commerce Marketing Capabilities (X2) \(\rightarrow\) Marketing Performance (Y2) | 0.315 | 2.343 | 0.019 | Supported |

**Specific Indirect Effects**

| Specific Indirect Effects | Original Sample \((O)\) | T Statistics \(|O/STDEV|\) | P Values | Inference |
|---------------------------|--------------------------|--------------------------|----------|-----------|
| Digital Platform (X1) \(\rightarrow\) Marketing Innovation Capabilities (Y1) \(\rightarrow\) Marketing Performance (Y2) | 0.111 | 2.497 | 0.013 | Supported |
| e-Commerce Marketing Capabilities (X2) \(\rightarrow\) Marketing Innovation Capabilities (Y1) \(\rightarrow\) Marketing Performance (Y2) | 0.169 | 2.270 | 0.023 | Supported |

Source: SmartPLS 4.0.7.8 Output (2022)

Based on the structural equation Path1, it is known that the Digital Platform has a positive and significant impact on Marketing Innovation Capabilities. So that the first research hypothesis (H1), which states that "Digital platform has a very important role in increasing the marketing innovation capabilities of Pelanusa's patchwork products," supported.

Based on the structural equation Path1, it is also known that e-Commerce Marketing Capabilities has a positive and significant impact on Marketing Innovation Capabilities. So that the second research hypothesis (H2), which states that "e-Commerce Marketing Capabilities has a very important role in increasing the marketing innovation capabilities of Pelanusa's patchwork products," supported.

Meanwhile, based on the structural equations Path2, it is known that Digital Platform has a positive and significant impact on Marketing Performance. So that the third research hypothesis (H3), which states that "Digital platform has a very important
role in increasing the marketing performance of Pelanusa's patchwork products,” supported.

It is also known that e-Commerce Marketing Capabilities has a positive and significant impact on marketing performance. So that the fourth research hypothesis (H4), which states that “e-Commerce Marketing Capabilities has a very important role in increasing the marketing performance of Pelanusa’s patchwork products”, supported.

Finally, it is known that Marketing Innovation Capabilities has a positive and significant impact on Marketing Performance. So that the fifth research hypothesis (H5), which states that "Marketing Innovation Capabilities has a very important role in increasing the marketing performance of Pelanusa's patchwork products," supported.

Table 4. Path Coefficient and T-statistics of Outer Loading

|                  | Original Sample (O) | T Statistics (|O/STDEV|) | P Values |
|------------------|---------------------|-----------------|----------|
| X11 < - Digital Platform (X1) | 0,931 | 78,575 | 0,000 |
| X12 < - Digital Platform (X1) | 0,861 | 40,539 | 0,000 |
| X13 < - Digital Platform (X1) | 0,950 | 98,037 | 0,000 |
| X14 < - Digital Platform (X1) | 0,935 | 64,594 | 0,000 |
| X15 < - Digital Platform (X1) | 0,907 | 48,704 | 0,000 |
| X21 < - e-Commerce Marketing Capabilities (X2) | 0,908 | 60,948 | 0,000 |
| X22 < - e-Commerce Marketing Capabilities (X2) | 0,818 | 34,268 | 0,000 |
| X23 < - e-Commerce Marketing Capabilities (X2) | 0,852 | 35,158 | 0,000 |
| X24 < - e-Commerce Marketing Capabilities (X2) | 0,922 | 76,093 | 0,000 |
| X25 < - e-Commerce Marketing Capabilities (X2) | 0,927 | 85,174 | 0,000 |
| Y11 < - Marketing Innovation Capabilities (Y1) | 0,909 | 66,762 | 0,000 |
| Y12 < - Marketing Innovation Capabilities (Y1) | 0,971 | 159,494 | 0,000 |
| Y13 < - Marketing Innovation Capabilities (Y1) | 0,964 | 107,814 | 0,000 |
| Y21 < - Marketing Performance (Y2) | 0,912 | 68,685 | 0,000 |
| Y22 < - Marketing Performance (Y2) | 0,934 | 77,505 | 0,000 |
| Y23 < - Marketing Performance (Y2) | 0,872 | 48,209 | 0,000 |

Source: SmartPLS 4.0.7.8
Discussion

Digital Platform, Marketing Innovation Capabilities, and Marketing Performance

The results of this study prove the importance of the role of the digital platform used by patchwork craftsmen in increasing the capability to carry out marketing innovations which ultimately have an impact on a significant increase in marketing performance. This condition fully supports the findings [8] which explain that the innovation plays a mediating role in the relationship between digital platforms and performance, where the better the use of digital platforms, the more innovative marketing [10] which has an impact on improving performance [14].

Easy access to data via digital platforms will make it easier for patchwork craftsmen to use digital media, for example wanting to create content on IG, so many tutorials on youtube are available, via Whatsapp and telegram craftsmen can also exchange information to get new sales channels or delivery channels. new product. The ability of marketing innovation will make market share expand and total product sellers will increase.

However, back again to the condition of patchwork craftswo/men, especially marginalized women with low education, of course they need training and assistance in advance to be able to use digital platforms and how to develop digital marketing strategies, in this case to carry out marketing innovations. Moreover, craftswo/men with disabilities, for those who are physically disabled, especially those with disabilities in the hands, of course it will take time to be able to use smartphones with their feet, and this is mostly still assisted by other people who have very kind hearts or from the Pelangi Nusantara Singhasari Foundation team themselves. This problem will be increasingly complex for craftswo/men who are deaf and speech impaired, of course it is also very difficult, requiring sign language experts to help, this is where the role of the Pelangi Nusantara Singhasari Foundation is to facilitate the sale of creative pathwork products produced by craftswo/men with disabilities, especially digital marketing and sales.

e-Commerce Marketing Capabilities, Marketing Innovation Capabilities, and Marketing Performance

The results of this study prove the importance of having e-Commerce marketing capabilities to improve marketing innovation capabilities which have an impact on
increasing marketing performance. This finding is in line with finding [8] which has previously revealed the relationship between e-commerce marketing capabilities with innovation and performance.

The results of this study also fully support the findings [15] which explain that digital marketing capability has a significant effect on innovation capability, digital marketing capability has a significant effect on marketing performance, and innovation capability has a significant effect on marketing performance.

The most powerful factor possessed by the Pelanusa patchwork craftsmen in their ability to do e-commerce marketing is to carry out promotions and advertising although they are still simple, they still require innovation from the content side to attract consumers more. But the thing that is still lacking is in terms of online catalogs, this is still not owned neatly. They only have simple product photos and price data, there is no online catalog that is interesting and informative. In this case, increasing e-commerce marketing capabilities still requires special assistance, perhaps not only from the Pelangi Nusantara Singhasari Foundation team, but also partners, such as other communities, the government, and SOEs that are carrying out their CSR. Academics can also place internship students to help them improve their e-commerce marketing skills which ultimately has an impact on marketing innovation capabilities which are reflected by increasing market reach, customer satisfaction, and total sales. In terms of innovation, what is still lacking is how to use new media or techniques in digital marketing, thus requiring special training and assistance.

CONCLUSION

Digital marketing is a modern evolution in the marketing process that requires special knowledge and skills to be able to master digital technology. Currently, anyone who is able to take advantage of digital platforms and has e-commerce marketing capabilities will be able to innovate in marketing which can ultimately improve marketing performance as indicated by an increase in market share, customer satisfaction, and total sales. Further research is expected to reveal how digital marketing strategies can be carried out by people with disabilities because it is very difficult to teach digital things to those who are full of limitations, while they still have the right to get a decent living.
ACKNOWLEDGMENT

This research is the result of a collaboration between the Institute of Technology and Business Asia Malang and PT. Ina Gata Persada and Yayasan Pelangi Nusantara Singhasari. We would like to thank the Ministry of Education, Culture, Research, and Technology (KEMDIKBUDRISTEK) which has provided financial support through the Kedaireka Companion Fund Program for the 2022 Fiscal Year with the proposing team: Fransiska Sisilia Mukti, Widiya Dewi Anjaningrum, Agus Purnomo Sidi, Fadhli Almu'ini Ahda, Achmad Noercholis, Nicholaus Wayong Kabelen, and Sunu Jatmika.

DAFTAR REFERENSI


