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### INCREASING MARKETING PERFORMANCE OF MSME NATURAL MATERIAL CRAFTS PRODUCTS IN CENTRAL JAVA THROUGH NURTURING ICONIC PRODUCT INNOVATION (EMPIRICAL STUDY ON MSMES IN NATURAL MATERIAL CRAFTS IN INDONESIA)

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#### **ABSTRACT**

This study aims to build a new concept called Nurturing Iconic Product Innovation to address research gaps of the innovation towards competitive advantage to optimize marketing performance. This novelty was obtained from the relevant theoretical studies and tested in empirical research conducted on MSMEs of crafts from natural materials in Indonesia. The data was collected empirically to 125 MSME sectors of natural material craft. This study used Purposive sampling. This research applied Structural Equation Model (SEM) analysis with AMOS software to test the model and hypotheses. The result shows that seven of eight hypotheses proved to have a significant effect, meanwhile, the other one hypothesis was not accepted. This statistical evidence strengthens the role of nurturing iconic product innovation in bridging the gap between the ability to innovate and competitive advantage towards the performance of MSMEs. This research is aimed to enrich the literature and provide scientific contributions related to the development of MSME performance models. The managerial implications and research agenda are also discussed in this article.

#### **INTRODUCTION**

Innovation is crucial in the company as it is the definitive source of the company's profit. Besides, innovation is required due to other factors such as creating effective and efficient success, service and production capabilities in quality and quantity, and maintaining the competitive advantage position ([Wong & Tong, 2011](#)). [Nikoomaram, Hashem, and Ma'atoofi \(2011\)](#) declared that business people who incapable of innovating can still invest their time and resources in studying the market, but without the ability to put it into practice. Innovation by utilizing information technology has become an important issue for companies to create a sustainable market ([Damanpour & Gopalakrishna, 2001](#); [Leong, 2016b](#)). Innovative capabilities are essential for companies to develop new products, new processes, new organizations through modification or resource configuration and cope with the rapid market changes ([G.Alpay, 2012](#); [Leong, 2016a](#)).

The company's success in maintaining a sustainable market cannot be separated from the power of innovation ([Abebe, 2014](#)). Innumerable studies in entrepreneurial orientation show a strong relationship between innovation variables and company performance ([Covin & Miller, 2014](#); [Dai, Maksimov, Gilbert, & Fernhaber, 2013](#); [Morris, Coombes, & Schindehutte, 2007](#)). There is empirical evidence of the relationship between entrepreneurial orientation and innovation as a forming antecedent with company performance ([Jintong, Tang, Zhang, & Li, 2007](#); [Retnawati & Irmawati, 2014](#)). Innovation is a strategic component in business sustainability to gain a positive reputation from the customer perspective, and it appears attractively in the fierce competition ([Gunday, 2011](#)).

Numerous empirical studies are related to improving marketing performance through product innovation. There is a contradictory relationship between innovation and competitive advantage ([Akgün, Koçoğlu, Keskin, Ince, & Imamoglu, 2012](#); [Aliqah, 2012](#); [Boehe & Cruz, 2010](#); [Dibrell, J.B., & D.O, 2013](#); [Rosli & Sidek, 2013](#); [W.-C. Wang, Lin, & Chu, 2011](#); [Wingwon, 2012](#)). Due to contradictory results in the research gap, modeling by including the novelty variable is requisite to bridge the research gap. Therefore, this study will propose a concept as a modeling novelty. The urgency of this research is to provide a theoretical contribution to a new thought about the novelty of the idea named nurturing iconic product innovation, which acts as the increasing competitive advantage and marketing performance for innovative products made from natural ingredients.

In business phenomenon, creative industry has uniqueness where most of it is supported by social, cultural, local wisdom, environmental sustainability, and other distinctiveness factors that are combined with science and technology so that this industry has excellent potential as high aesthetic and economic value commodity([Agustina, Winarno, Pratikto, Narmaditya, & Filianti, 2020](#)). [Retnawati and Irmawati \(2014\)](#) added that handicrafts made from natural materials need to be further developed with the innovative capabilities of entrepreneurs/craftsmen. The MSME of handicraft provides evidence that a

company can survive in the dynamics and the existing competitive situation challenges ([Hadipuro, Maretha, & Retnawati, 2013](#); [Retnawati & Soekesi, 2009, 2010](#)).

Central Java has natural materials craft centre's that deserve to be further developed; for instance, Semarang Regency has the potential craft of water hyacinth, Pekalongan has vetiver weaving, then Kebumen and Magelang has Jenitri seeds. However, obstacles to developing craft centres have existed. The first obstacle is the lack of professionalism in terms of skills and expertise and network access with other creative industry players. The second is product sustainability, and the ability to make brands, packaging and diversity of environmentally friendly creative products are not optimal. Then, the third obstacle is the increasing of market development innovations by utilizing technology and information systems ([Fathoni, 2018](#); [Retnawati & Irmawati, 2017](#)).

## LITERATURE REVIEW

### *Innovation: Capital to Face the Dynamics of Change*

[Gaynor \(2002\)](#) emphasizes that innovation requires cultural support, resources, infrastructure, and processes. Innovation is also related to the administrative aspects of the organization ([Verganti & Öberg, 2013](#)). Creative and innovative strategies are supported by fresh ideas and willingness to experiment, the results of which can be products, processes, services, markets, target segments, or new techniques ([Knight, 2000](#)). Companies tend to apply responsive and anticipatory marketing strategies ([Covin & Miller, 2014](#)). Innovative entrepreneurs are the primary catalyst for change in the company ([Morris et al., 2007](#)).

### *Competitive Advantage*

It is an invincible company position so that long-term benefits are obtained. With this competitive advantage, the competitors feel hard to imitate the strategy and get the best position ([Barney, 1991](#); [Michael E. Porter, 1990](#)). The source of competitive advantage is innovation. The added value achieved will make it difficult for competitors to get the company's position. The dimensions of competitive advantage can be in several ways such as cost advantage and differentiation ([Michel E. Porter, 1991](#)), *rare-valuable-not imitable-not substitutability* ([Barney, 1991](#)), the ability of managerial-position-image ([Lin & Wu, 2013](#)), or differentiation of marketing innovations ([Chen & Lee, 2009](#)).

### *Market Orientation*

The company focuses on creating a corporate image to gain customer sympathy because customer satisfaction can be realized ([Ajay K. Kohli & Jaworski, 1990](#)). Meanwhile, [Narver and Slater \(1990\)](#) define market orientation as the most effective organizational culture in creating the behavior necessary to create

superior value for buyers and provide excellent performance for the organization. The superior performance includes customer orientation, competitor orientation, and cross-functional coordination. [Ajay K Kohli, Jaworski, and Kumar \(1993\)](#) focus on the customer and coordinated marketing dimensions.

### ***Proactive Capability***

The act of seeking opportunities will observe potential chances to show initiative, take action and strive to achieve the final results that influence the process of environmental change ([Jintong et al., 2007](#)). This attitude contrasts with the reactive pattern of waiting for change to occur and then reacting to it. This ability seeks 'first mover' opportunities to answer future wants and needs by striving to be excellent in hypercompetitive business ([Knight, 2000](#)).

### ***Marketing Performance***

Company performance functional management will be described as human resources performance, production performance, marketing performance, and financial performance ([A.T. Ferdinand, 1999](#)). The performance measurement can be divided into two groups: financial performance measurement and non-financial performance measurement. The non-financial performance will see how good the level of productivity of human resources, how creative and innovative the organization, how high the quality of products and services, and market share gains and marketing profitability. The marketing performance of medium and small businesses can be measured from sales value, sales volume, customer improvement, and market area growth ([Hult, Hurley, & Knight, 2004](#); [Kreiser & Davis, 2010](#)).

### ***Research Gap of The Relationship between Innovation and Competitive Advantage***

The study of the influence of innovation on the company's competitive advantage shows different results that still provide further study. Positive results are shown by empirical findings, some of which are the research from [Akgün et al. \(2012\)](#), which told the strong relationship between innovation on competitive advantage and firm performance. Intangible assets such as intellectual capital are important factors in creating innovation. [Wong and Tong \(2011\)](#) stated that innovation has a direct effect on competitive advantage. Furthermore, they emphasize that high-performance companies require innovation or differentiation from competitors and high customer value, and other competitors cannot replace it. [W.-C. Wang et al. \(2011\)](#) describe that innovation cannot produce a competitive advantage if various organizational factors do not support it. The competitive advantage that is formed from the configuration of human resource policies, training and development, and technology management will support the achievement of creativity and innovation in the organization, which can only keep the competitive advantage. Other researchers ([Aliqah, 2012](#); [Boehe & Cruz, 2010](#); [Rosli & Sidek, 2013](#)) said that innovation cannot always

support the company's competitive advantage. Then, innovation is necessary to support other factors such as product added value and the importance of innovation awareness, contributing to the weak relationship between innovation and competitive advantage.

To solve the contradiction between innovation and competitive advantage, the *novelty* concept is needed. It is expected to provide a solution to the phenomenon of the research gap.

### ***Nurturing Iconic Product Innovation: Mediating Product Innovation and Competitive Advantage***

Added value to the product is important to create a set of benefits that will provide superior customer satisfaction ([Kotler, 2009](#)). An icon is a sign that contains a similarity so that it will be easier for someone to recognize it. Iconic models provide a real-life imitation of a physical appearance on a small scale. Iconic models become physical representations of some things either in ideal form or in different scales. Through a particular understanding and experience in conveying the values needed by customers, the iconic model will have a strong association with a brand. The company's job is to continuously look for associations that strengthen the iconic status of a product.

Three key elements to strengthen consumers' memory of a product considered an iconic product are as follows. The first key is that the product's performance must have a good reputation. Then, the second is that a product should have a meaningful cultural story to be worthy of respect by customers. The third key is the existence of several types of discrepancies between prevailing and hidden ideologies in society which actively engage in the myth-making process to ensure a product and brand maintains its position as an icon ([Hisarciklilar & Boujut, 2008](#)). From the resource-based perspective, innovation is triggered by internal and external companies ([Sirmon, Hitt, Ireland, & Gilbert, 2011](#)). The heterogeneity of resources can be developed as an effort to maintain a culture of innovation to obtain *future value*. A strong relationship between resource-based companies and innovation becomes a determining factor for creating and maintaining a company's competitive advantage ([Barney, 1991](#); [Augusty Tae Ferdinand & Fitriani, 2015](#); [Peteraf, 1993](#); [Teece, Pisano, & Shuen, 1997](#)).

### ***The Development Of Hypotheses***

Research from [Hortinha and Lages \(2011\)](#) showed that the unique role of innovation is mediated by exploitative innovation related to orientation and performance. Product innovation becomes an organizational learning tool that produces a renewal strategy due to the exploration and assimilation of new knowledge. Product innovation will trigger the company's positional solid advantage in the competition. Innovation capabilities will be the basis for the existence of products in technological changes and intense competition, including in strengthening iconic products that represent a specific area as a product added value. ([Dorrego, Costa, & Fernández, 2013](#))

*The hypothesis for that case is:*

**H1:** Product innovation has a positive and significant impact on nurturing iconic product innovation

Response to the market is a company's competence when it is done seriously will create a competitive advantage ([Ming-Hong Tsaia, Lib, & Linb, 2012](#)). One of the customer orientation perspectives is the market response. It can be seen from the company's preference to put customer desires as the main thing by paying attention to the wishes of other stakeholders such as owners, managers, or employees to develop business sustainably. ([Gebauer, Gustafsson, & Witell, 2011](#); [Hsu, 2011](#)). Market orientation capabilities will increase the potential for creating a new advantageous and unique product.

*The hypothesis for that statement is:*

**H2:** Market orientation has a positive and significant effect on nurturing iconic product innovation

The act of looking for opportunities is a necessity to face the competition and market changes ([Dorrego et al., 2013](#)). Relational capital and optimizing the utilization of company resources are the principal capital in taking proactive actions to win market and consumer desires. ([Dai et al., 2013](#)). The aggressive ability to accelerate existing resources will enable the company to make product innovations needed based on the time and era demands

*The hypothesis for this is:*

**H3:** Proactive ability has a positive and significant effect on nurturing iconic product innovation

The ability to innovate the unique products that reflect the region's identity or culture surrounds the product will enable the company to excel and survive in the long term ([Kreiser & Davis, 2010](#)). Research conducted on SMEs proves that developing a superior product will enable the business to last a long time and be accepted by the market ([Ciravegna, Majano, & Ge, 2013](#); [Soininen, Martikainen, Puumalainen, & Kyläheiko, 2012](#)).

*The hypothesis is:*

**H4:** Nurturing iconic product innovation has a positive and significant impact on competitive advantage

Innovation integrates business with technology, organization, and market changes to exist and develop. Innovation itself can be done in various aspects i.e., process innovation, product innovation, managerial innovation, marketing innovation, and technological innovation ([Stam, Arzlanian, & Elfring, 2014](#); [Zhao, 2013](#)). The ability to explore product is one of the innovation which will



support the company to seize a superior position of excellence in market competition ([Hsu, 2011](#)).

*The hypothesis is:*

**H5:** Product innovation has a positive and significant impact on competitive advantage

The ability to sense market demand helps companies to achieve competitive advantage and superior performance in the long term ([Hsu, 2011](#)). A competitive advantage product means that the product can meet customer needs more effectively than existing competitors. That excellence will be achieved if the ability to see the market can be understood in its entirety and comprehensively. ([Gerald, Obianuju, & Chukwunonso, 2020](#))

*The hypothesis is:*

**H6:** Market orientation has a positive and significant effect on competitive advantage

The ability to perceive opportunities to improve company performance will help achieve an excellent position ([Hitt, Ireland, Sirmon, & Trahms, 2011](#)). Market opportunities that the company can utilize will positively impact and indeed help the company maintain its performance, which has a direct impact on the ability to compete in the long term. Conversely, every opportunity that the company does not utilize will reduce the company's ability to maintain the existing position of excellence ([Baron, Hmieleski, & Henry, 2012](#)).

The hypothesis is:

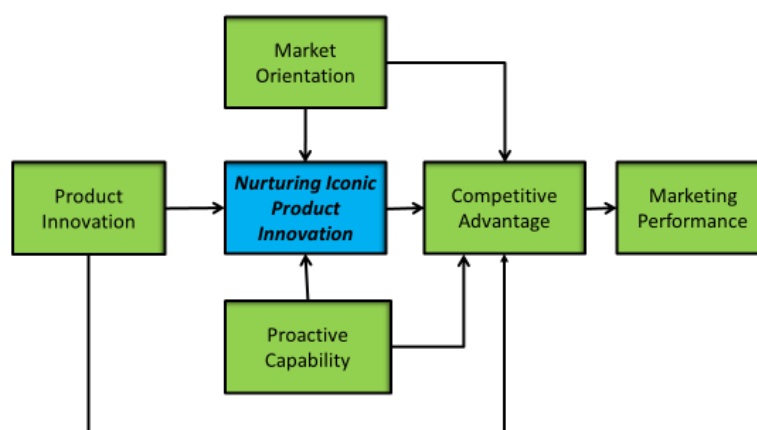
**H7:** Proactive ability has a positive and significant impact on competitive advantage

Innovation is the source of competitive advantage ([Verganti & Öberg, 2013](#)). Continuous innovation encourages strong positional capabilities in competition; this will be a point in improving marketing performance. Innovation is an important asset in achieving a good level of performance in sales value, sales volume, customer improvement, and market area growth ([Stam et al., 2014](#)).

*The hypothesis for this is:*

**H8:** Competitive advantage has a positive and significant effect on marketing performance

The following figure describes the research model in this study:  
Figure 1. Empirical Research Model



**Source:** Model Development

In this empirical research model, eight hypotheses from the six variables that the relationship between these variables have been discussed formerly. The development of this research model will test the novelty of the variable called nurturing iconic product innovation as a mediator from the research gap.

**RESEARCH METHOD**

This research was developed in a causal research design to test the research hypothesis to identify the cause-and-effect relationships between variables. Primary data were taken from 125 respondents from the natural material handicraft business in Indonesia. This MSME was chosen because it has development potential and can be a unique product superior for a region in Central Java, Indonesia. The hypothesis was tested by using data analysis tools called *Structural Equation Modelling* from the AMOS statistics.

***Descriptive Analysis of Respondents***

The following is the profile of the respondents in this study:  
Table 1. Respondent Profile

**Table 1.** Profile of MSME Respondents of Natural Handicraft

No.	Description	Total	%
1	<b>Gender</b>		
	Male	73	58.4
	Female	52	41.6
2	<b>Education</b>		
	Bachelor degree	25	20



	Diploma	15	12
	High School	43	34,4
	Secondary school	23	18.4
	Primary school	19	15.2
<b>3</b>	<b>Type of Craft Business</b>		
	Vetiver	6	4-8
	Natural Colour Batik	19	15.2
	Water hyacinth	33	26.4
	Pottery and Clay	9	9.6
	Bamboo Craft	15	12
	Woodcraft	9	9.6
	Shell Craft	3	2.4
	Second hand crafts	4	3.2
	Rattan Craft	3	2.4
	Horn Craft	2	1.6
	Natural Material Bag Craft	12	9.6
	Nautical Creations	3	2.4
	Fimbriates craft	7	5,6
<b>4</b>	<b>Business Age</b>		
	> 10 years	48	38.4
	6-10 years	31	24.8
	1-5 years	25	20
	Less than 1 year	21	16.8

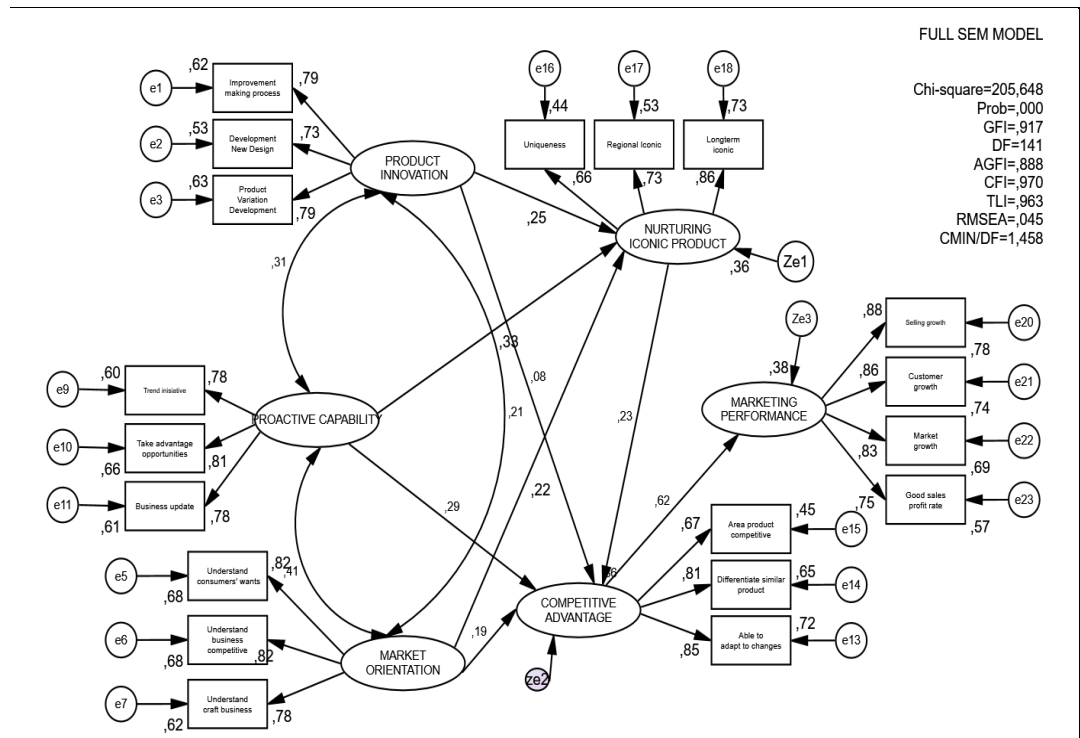
**Sources:** Processed primary data

The table described that most respondents were male and the most educational backgrounds were high school and bachelor's degree. The majority of handicraft businesses were water hyacinth and natural color batik. In addition, from the table, it could be described that the MSMEs have operated for more than ten years. It means that they have experience in managing business dynamics.

### ***SEM Analysis***

SEM testing was carried out by evaluating the model's conformity performance (goodness-of-fit model), which was evaluated by testing the sample adequacy assumption, normality assumption, and outlier assumption. The following are the results of the SEM fit test for the entire model studied:

### **Figure 2.** Full Model of Structural Equation



Sources: Processed primary data

The results of the SEM fit analysis showed the numbers for CFI = 0.970, RMSEA = 0.045, GFI = 0.917 TLI = 0.963, Chi-square = 205.648, df = 141. The figure above showed the overall relationship between variables described and can be formulated in the regression weight Structural Equation Model as shown in the following table. The results of hypothesis testing can be seen in table 2 below.

**Table 2.** Regression Weights: (Group number 1 - Default model)

	Hypothesis		Estimate	S.E.	C.R.	P	Label
NIP	<---	PRO	,178	,059	3,015	,003	par_17
NIP	<---	MO	,279	,067	4,159	***	par_18
NIP	<---	INOV	,174	,053	3,263	,001	par_19
CA	<---	NIP	,584	,106	5,493	***	par_23
CA	<---	PRO	,346	,107	3,230	,001	par_14
CA	<---	INOV	,072	,085	,846	,398	par_15
CA	<---	MO	,207	,096	2,146	,032	par_16
MP	<---	CA	,637	,124	5,153	***	par_24

**Sources:** Processed primary data

The table descriptions are as follows: Innovation (INOV); Nurturing Iconic Product Innovative (NIP); Proactive Capabilities (PRO); Market Orientation (MO); Competitive Advantage (CA); Marketing Performance (MP). Table 2 can be used to test the hypothesis whether it is accepted or not. The result of the SEM analysis is as follows.

***H1: Product innovation has a positive and significant impact on nurturing iconic product innovation (accepted)***

The statistical test results in table 7 described the estimated parameter value of 0.174, the standard error value of 0.053, the critical ratio value of 3.263, with a probability value of 0.001. The significance level of alpha ( $\alpha$ ) of 0.05 can be concluded that there is strong empirical evidence to reject  $H_0$ . Thus, the hypothesis that product innovation has a positive and significant effect on *nurturing iconic product innovation* is proved.

***H2: Market orientation has a positive and significant effect on nurturing iconic product innovation (accepted)***

The results of statistical testing in table 2 explained the estimated parameter value of 0.297, the standard error value of 0.067, the critical ratio value of 4.159, with a probability value of 0.000. The significance level of alpha ( $\alpha$ ) of 0.05 can be concluded that there is strong empirical evidence to reject  $H_0$ . Thus, the hypothesis that product innovation has a positive and significant effect on *nurturing iconic product innovation* is proved.

***H3: Proactive ability has a positive and significant effect on nurturing iconic product innovation (accepted)***

The statistical test results in table 2 described the estimated parameter value of 0.178, the standard error value of 0.059, the critical ratio value of 3.015, with a probability value of 0.003. The significance level of alpha ( $\alpha$ ) of 0.05 can be concluded that there is strong empirical evidence to reject  $H_0$ . Thus, the hypothesis that product innovation has a positive and significant effect on *nurturing iconic product innovation* is proved.

***H4: Nurturing iconic product innovation has a positive and significant impact on competitive advantage (accepted)***

The statistical test results in table 2 explained the estimated parameter value of 0.072, the standard error value of 0.106, the critical ratio value of 5.493, with a probability value of 0.378. The significance level of alpha ( $\alpha$ ) of 0.05 can be concluded that there is strong empirical evidence to reject  $H_0$ . Thus, the hypothesis which states that *nurturing iconic product innovation* has a positive and significant effect on competitive advantage is proved.

***H5: Product innovation has a positive and significant impact on competitive advantage (rejected)***

The statistical test results in table 2 showed the estimated parameter value of 0.076, the standard error value of 0.083, the critical ratio value of 0.846, with a probability value of 0.398. The significance level of alpha ( $\alpha$ ) of 0.05 can be concluded that there is strong empirical evidence to reject  $H_0$ . Thus, the hypothesis that product innovation has a positive and significant effect on competitive advantage is not proved. This is in line with previous research, which stated that there was no significant positive relationship between product innovation and competitive advantage, so a mediating variable was needed as a bridge.

***H6: Market orientation has a positive and significant effect on competitive advantage (accepted)***

The statistical test results in table 2 explained the estimated parameter value of 0.207, the standard error value of 0.096, the critical ratio value of 2,146, with a probability value of 0.032. The significance level of alpha ( $\alpha$ ) of 0.05 can be concluded that there is strong empirical evidence to reject  $H_0$ . Thus, the hypothesis that market orientation has a positive and significant effect on competitive advantage is proved.

***H7: Proactive ability has a positive and significant impact on competitive advantage (accepted)***

The statistical test results in table 2 described the estimated parameter value of 0.346, the standard error value of 0.107, the critical ratio value of 3.230, with a probability value of 0.001. The significance level of alpha ( $\alpha$ ) of 0.05 can be concluded that there is strong empirical evidence to reject  $H_0$ . Thus, the hypothesis that market orientation has a positive and significant effect on competitive advantage is proved.

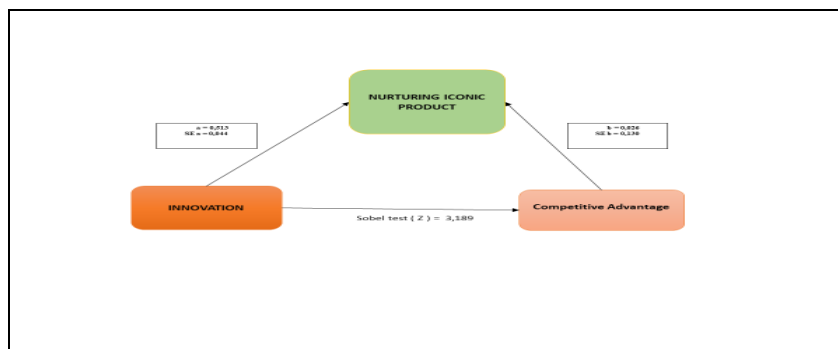
***H8: Competitive advantage has a positive and significant effect on marketing performance (accepted)***

The statistical test results in table 2 showed the estimated parameter value of 0.637, the standard error value of 0.124, the critical ratio value of 5.5135, with a probability value of 0.000. The significance level of alpha ( $\alpha$ ) of 0.05 can be concluded that there is strong empirical evidence to reject  $H_0$ . Thus, the hypothesis that competitive advantage has a positive and significant effect on marketing performance is proved.

***Sobel Test of Mediating Variable***

The next step is to test the role of the novelty variable as a mediating variable which is carried out with the Sobel Test. The outcome was as follows:

**Figure 3.** Sobel Test



**Sources:** Processed primary data

From the calculation of the Sobel test, a value of 3.189 was obtained because the Z value  $> 1.96$  (for a 5% significance level) then proves that nurturing iconic product innovation can mediate the relationship of the influence of innovation on competitive advantage. Therefore, it can be concluded that nurturing iconic product innovation can be a mediating variable.

## DISCUSSION

Causality testing between research variables shows several findings in this study. First, the insignificant relationship between innovation and competitive advantage contradicts various previous studies including: ([Gebauer et al., 2011](#); [H. Wang & Kimble, 2010](#)), which states that innovation has a positive and significant impact on competitive advantage. However, in this study, innovation does not affect competitive advantage and the results obtained by previous researchers ([Rosli & Sidek, 2013](#); [Urban, 2013](#)) said that innovation is not enough to move companies to have a competitive advantage. Second, the result provides another opportunity to fill this research gap towards improving marketing by gaining a competitive advantage beforehand.

This study demonstrated that even innovation product ability is recognized as a strategic factor for enhancing marketing performance, the ability to create iconic products should be continuously maintained for enhancing the quality of product appearance is potential for success in the marketplace. MSME efforts towards improving marketing performance and competitive advantage require the ability to create iconic products that can be a source of competitive advantage. These iconic products will add the values, carriers the traditions, stories, or abundant natural resources in the areas studied. Indonesia, as a country with the availability of natural resources and creative human resources in it, the ability to nurture regional iconic product innovations is crucial

([Augusty Tae Ferdinand & Fitriani, 2015](#); [Stam et al., 2014](#)). As the novelty in this research, nurturing iconic product innovation is expected to leverage and drive force towards competitive advantage and marketing performance.

## CONCLUSION

The results of this study explain that proactive abilities and strong marketing orientation are the driving force for nurturing iconic product innovation to lead a competitive advantage and strengthening marketing performance. These results add to the list of previous research concerning the ability of MSMEs to utilize market opportunities and understand the consumers' needs to ensure the continuity of the company and good survival in the existing market dynamics. ([Retnawati & Irmawati, 2014](#); [Setyawati, Suroso, Adi, Adawiyah, & Helmy, 2020](#); [Wright & Zammuto, 2013](#))

The contribution of this research provides new insight into marketing science on the role of the nurturing iconic product innovation variable in bridging the research gap between product innovation and competitive advantage towards marketing performance. The novelty of this concept plays a role in mediating proactive capabilities and market orientation towards competitive advantage and marketing performance. The novelty of this concept is expected to be a contribution of thought in science and marketing management as a study in seeking competitive advantage and marketing performance, especially for iconic products of a region and country.

The managerial implication is showed by the willingness to care for and raise the business owned by MSMEs for natural material craft products in increasing the added value. The challenge of reviving the uniqueness of a product with natural ingredients as the capital of differentiation will raise market confidence and improve marketing performance.

### *Limitations And Upcoming Research Agenda*

As a study that offers a variables novelty, this research will leave some limitations to be the next research agenda. The dynamics and capabilities of human resources as the owner of social capital have not been extensively explored in this study. The dynamics and capabilities of human resources have not been included yet in influencing factors. Hence, further research can be included as a moderating variable to be examined more comprehensively according to the challenges and opportunities for improving the performance of unique products in certain regions. Another limitation is that the MSME marketing performance assessment still uses self-assessment from business actors, not considering other parties such as customers or potential buyers. Thus, dyadic research is feasible to be carried out at a later stage to obtain more complete and comprehensive data. The generalization of the research can be extended to a broader range of businesses, both the number of respondents and areas that have the potential for unique products.

The future research agenda requires improvement and re-examination of this research model towards a more outstanding scientific contribution. Replication of the research model is carried out in the broader scope of MSMEs. Conducting comparative research with two or more countries to gain the perceptions from different places will challenge the researcher to mix and match comparative analysis with a broader scope. Future research can be conducted to improve the existing research models. It may include other variables as moderators, such as consumer tastes, government policies, and global competition.

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