

# Internasional-3

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## Model of Product Quality Development on Marketing Performance in Semarang District

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**Abstract:** The research was conducted on MSMEs made from textile factory waste in Semarang Regency. The purpose of this research is to create a model for developing the quality of products made from textile factory waste in achieving marketing performance. The population in this study was all 106 textile factory waste craftsmen in Semarang district. The results of the analysis prove that the first model is the quality of product development; design competence, and customer orientation have a positive and significant effect on marketing performance. In the second model, customer orientation has a significant positive effect on the quality of product development, but the design competence has no and negative effect on the quality of product development.

**Keywords:** Customer oriented, design competence, product quality development, marketing performance, SMEs.

## INTRODUCTION

SMEs (Small and Medium Enterprises) are businesses that have the ability to strengthen the structure of the national economy in Indonesia. The strengthening occurred due to the absorption of labor, as well as being a strategic vehicle for the distribution of goods and services. The results of a survey in 1998 at the beginning of the crisis of 225 thousand SMEs throughout Indonesia showed that 4% of SMEs stopped their business, 64% did not experience a change in sales volume, 31% decreased sales volume, and 1% actually grew.

In the 2016 Economic Census, there are three non-agricultural Micro Small Business (SMEs) business fields whose businesses rank at the top of the national economy. The first is the wholesale and retail trade sector. Micro, Small and Medium Enterprises (MSMEs) engaged in this sector reached 46.17%. The absorbed workforce reached 31.81%. Business in wholesale and retail trade is the sale of goods without the process of changing the shape of the product being traded, except for sorting or repackaging. Second is the provision of accommodation and provision of food and drink. As many as 16.72% of MSMEs are engaged in this sector with the absorbed workforce reaching 11.97%. The third is the processing industry. This sector is occupied by 16.53% of MSME actors with an absorbed workforce of 22.75%. BPS data shows that MSMEs absorbed 117 million workers or 97% of the workforce in the business world in 2018. The remaining 3% was absorbed by corporations. The research was conducted on SMEs in the textile factory waste processing industry in Semarang Regency.

In the production process, many MSMEs have low product quality. MSMEs must improve and strive to develop product quality so that the product produced is getting better. The goal is that the products produced can compete, so as to improve marketing performance. The MSME research shows that in general the participation of MSMEs in the Global Value Chain (GVC) is still small due to limited resources such as finance, information, management capacity and technology as well as access to market information. Referring to the research of Dutta *et al.* (1999) the ability to develop product quality is proven to have an impact on marketing performance. Banerjee and Soberman (2013) show that the ability to develop product quality has a significant impact on marketing strategy.

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Product quality development requires human resource competence. However, the important role of competence has not been fully integrated into the business world, thus creating a gap between theory and practice (De Vos *et al.*, 2011). In the literature there are a number of misperceptions about the use of the term 'competence' (Van Der Klink & Boon, 2002). MSMEs need different competency models; assets, skills and competencies are the basic instruments to generate competitiveness. Competence is the use of skills, which indicate a person is proficient and masters various things. The application of creative ideas into products or services means that human resources have the skills to innovate. Khin *et al.* (2010) a product is said to be innovative when customers derive various benefits from new designs, functions, and features. Janssen, Stoopendaal & Putters (2015) classify innovation into two words, novelty and renewal. Innovation means that something new can be applied to processes, products and ideas. Organizational innovation is important for companies to dynamically compete with the evolving business environment. Some researchers reveal that innovation is one of the tools to maintain growth and achieve business performance. Research (Sulistiyandari *et al.* 2016) HR competence has a positive and significant effect on company performance.

In addition to design competence, there is another variable, namely customer orientation that affects performance. Customer orientation shows that the company focuses on customers by paying attention to customer needs and desires. Customer orientation is part of the concept of market orientation in which processes and activities are concerned with creating and satisfying customers by assessing customer needs and wants. Ruekert (1992) defines customer orientation as a way of obtaining and using customer information, developing strategies to meet customer needs, and implementing strategies by being responsive to customer needs and wants. Customer orientation is a comprehensive understanding of the buyer's value chain can be achieved through obtaining information about customer knowledge, without any political and economic barriers faced at every level of the distribution channel, Narver & Slater (1990). The research gap occurs when a company focuses on existing customers, with a short-term focus, resulting in a "tyranny of the server market", regardless of competitors (Slater & Narver; 1998). Whereas in the medium term competitors are focused on developing product quality.

Product quality is indicated by the set of features and characteristics of the product brand that stand out, contributing to the ability to meet the specified demand, Garvin (2007). Product quality is the ability of a company to give identity or characteristics to each of its products so that consumers can recognize the product. According to Kotler and Armstrong, (2008), product quality is a potential strategic weapon to beat competitors. The ability of product quality is shown by various functions such as durability, reliability, accuracy, and ease of use. The development of product quality is always adjusted to customer needs and with a good design is expected to improve marketing performance.

Marketing performance as a comprehensive marketing activity to create value for the company so that the company is successful (Ambler and Robert, 2008). Marketing performance benchmarks can be seen from internal benchmarks, external benchmarks as well as benchmark adjustments for each variation (Mills, 2010). While the marketing performance in this study is seen from internal benchmarks which include the profits of a company, this illustrates the company's ability to gain profits in market competition in the same industry (Azizah, 2017). This research is to prove that product quality development model, competency design and customer orientation can improve marketing performance.

## LITERATURE REVIEW

### Design Competence

The scope of "design competence" used in the study, is a set of dimensions of employee behavior in order to have superior performance at work; (B. Mansfield, 1999). Specifically, competencies are defined as "skills, knowledge, personal characteristics, and behaviors necessary to effectively carry out roles in an organization and help a business meet its strategic objectives" (A. D. Lucia and R. Lepsinger, 1999). (RE Boyatzis, 1982) defines competence as "the underlying characteristics of an employee (i.e., motives, traits, skills, aspects of a person's self-image, social roles, or knowledge pool) that result in his or her role." Competence is behavior that includes knowledge, skills, and attributes needed for successful performance Iceberg's competency model, skills and knowledge are relatively visible on the surface, visible characteristics, easily developed through training programs, while motives, traits, self-concept competencies are core personalities, hidden traits, are considered as the basis of mountain personality and difficult to develop. Competence is real knowledge and skills that are reflected in technological expertise (Prahald, 1994). Competence represents skills and abilities, namely human capacity to perform new tasks and solve complex problems in certain work situations.

Leadership skills will produce behavior driven actions that are needed to achieve strategic goals and organizational development (Hollenbeck *et al.*, 2006). As a result, leaders and managers are being challenged to solve more and more serious problems requiring problem-identifying skills (Yukl, 1989), finding solutions and evaluating skills objectively (Mumford *et al.*, 2007), and complex problem-solving skills (Connelly *et al.* 2000). Wehrich and Koontz (1994) label the conceptual subset of problem-focused competencies as important design competencies.

Competence consists of two interacting aspects, namely: 1) the visible aspect is called appearance and 2) the invisible aspect is called the rational aspect. Competence does not only contain knowledge, skills and attitudes, but the application of knowledge, skills and attitudes needed in work. The main objective of the HR competency model is to improve the quality of professional HR. Thus, HR competencies need to be revised to meet changing HR functions and business requirements; including "what is measured, whose perspective is most important, the frequency of evaluation, and analysis techniques" (DJ Cohen, 2015). In this study, competency design indicators include: Knowledge of Human Resources, Human Resource Expertise, and Ease of Using New Technology; (DJ Cohen, 2015).

#### Customer orientation

Customer orientation (CO) is a core concept part of the market orientation concept, first proposed by Kohli and Jaworski (1990). Both Kohli and Jaworski (1990); Naver and Slater (1990) emphasize customer focus as one of the pillars of the marketing concept. Naver and Slater (1990) conceptualize customer orientation as a sufficient understanding of the target customer to be served effectively. Cadogan and Diamantopoulos (1995) define market orientation as an activity consisting of knowledge about the market, dissemination of knowledge about the market and taking actions classified based on orientation to customers and competitors, guided by a coordination mechanism that ensures that these activities are carried out effectively and efficiently. Instruments for measuring customer orientation Nararo (2011) there are 28 market orientation instruments which are grouped into four factors, namely customer, sensitivity, interest and implementation. Research by Barbara A. Lafferty; G Thomas M Hunt (1999) added that service orientation instruments consist of customer service, customer empowerment, service technology, service failure prevention, service standard communication, service vision, service leadership, service rewards, service training. Kohli and Jaworski, (1990), customer orientation becomes a culture, focuses on customer views, gets the right process, every member responds quickly, fosters creativity and relevant solutions to customer problems and participates in responses between members and customers. Companies that have the ability to understand customers, especially customer needs and wants, will help understand who their potential customers and future customers are. What they want and what they want in the future, what they feel now and what they want in the future to create customer satisfaction (Slater and Naver 1990, 1995). Customer satisfaction is an important measure. This measure provides feedback on the extent to which the company carries out its activities because essentially the main purpose of business activity is to provide products or services that can satisfy its customers. If the customer is satisfied, the company benefits both in the short and long term. An important measure of customer satisfaction is a large number of customers, loyal customers, and customers using the products or services offered. In this study, customer orientation indicators refer to opinions (Barbara A. Lafferty; G Thomas M Hunt, 1999); include: service technology, customer service and preventing service failures.

#### Product Quality Development

Technological advances allow companies to use and utilize technology to develop the quality of their products. Kotler and Keller (2009) product is anything that is offered to the market to satisfy a customer's want or need. Product quality research refers to opinions (Gravin, 2007); which includes: important functional characteristics of the product; secondary traits that complement the primary traits; Juran (1974) argues about the quality of product design in accordance with customer needs. While Crosby (1979) product quality is a product that meets standards and meets specifications. (Parasuranaman *et al.*, 1988) argues about product attributes, as a view of product quality where quality is determined so that there is a suitability of product users means the product functions as it should, features meet customer needs, and product reliability is sufficient and is accepted by customers.

New product development emphasizes the importance of product quality in the market in order to be able to continue the success of the business. Companies that are able to develop new products contribute to growth, create profits and are the key to successful marketing performance (Ulrich & Eppinger, 2011). Development of new products to respond to job opportunities, economic growth, technological advances and higher living standards. The reality is that most new products never make it to the market and products that are launched face a failure rate of around 25 to 45% (Crawford, 1987; Cooper, 2001). For every seven new product ideas, about four enter development, one and a half are launched, and only one is successful (Booz, Allen & Hamilton, 1982). Product quality is the ability of a product to perform its functions; this includes overall durability, reliability, accuracy, ease of operation, and product repair, as well as other product attributes. Product quality development indicators in this study refer to many studies such as product reliability, product attributes, ease of maintenance (Kotler & Armstrong, 2013); product attractiveness; conformance to specifications (Zang 2008). The development of new product quality is closely related to product innovation, and is as great as the risk of failure of the new product. This shows that the development of product quality cannot be separated from marketing performance.

#### Marketing performance

The marketing concept is a well-defined market, focusing on customer needs, and integrating all marketing activities that affect customers; (Kotler P, Armstrong G, 2010). Marketing performance (Reibstein *et al.*, 2006) is the market value that is calculated by the company in terms of sales volume and sales volume. In this context, the study

outlines two very general limitations for analyzing market performance. The first refers to the actual definition and identification of target markets and the second refers to access to accurate market data, related to other companies' sales figures. Market performance is defined as business performance measurement levels including sales turnover, number of customers, profits and sales growth; (Voss and Voss, 2000). Market performance is an organization's ability to transform itself in facing challenges from the environment with a long-term perspective. Following the approach used by Homburg *et al.* (2007), marketing performance is the effectiveness and efficiency of marketing organization activities aimed at increasing revenue growth and market share.

The marketing performance literature incorporates a system of non-financial measures into performance measures. While there is currently no common tool for measuring marketing performance, it is better to refine the use of existing measures than to design new ones. Most performance measurement often used in research is profit before tax and sales growth (Li and Calantone, 1998). Sales growth is an important business performance because from sales growth it will be seen how far the company is able to retain existing customers or increase the number of new customers. In a tight business competition, the company is able to increase its sales growth which means it has a good performance. Judging from the literature, the five most important dimensions of marketing performance measurement are: market share, customer satisfaction, customer loyalty/retention, brand equity, and innovation. In this study, marketing performance uses opinions (Voss and Voss, 2000) covering the number of customers, the number of sales, profits and sales growth.

## Hypothesis

### Relationship Design Competence with Marketing Performance

Competency standards are a reference used to improve performance in various fields, such as individual performance, organizational performance. Functional performance such as marketing performance, operating performance, financial performance, or employee performance. Competence itself is used to create added value, from less valuable to more valuable. Basic competencies include knowledge, skills and abilities whose aim is to create success in the future (Martin, F. & Ritzhaupt, A. D; 2021). (Tomislav Hernaus, Ana Juras and Ivan Matic; 2021); design of upper and middle level managerial competencies simultaneously creates a cross-echelon complementarity effect on organizational learning and growth performance. High performing organizations are strongly influenced by design competence (Margaret M. Heffernan and Patrick C. Flood, 2000). The development of HR competencies (knowledge, skills and abilities) affects the performance of SMEs. Research (Sulistiyandari *et al.* 2016) HR competence has a positive and significant effect on company performance. Thus the hypothesis H1 is formulated as follows:

**H1:** Design Competence has an effect on marketing performance

### Relationship of Customer Orientation to Marketing Performance

Bodlaj (2003) states that market orientation (both proactive and responsive) play an important role in innovative performance which is characterized by the successful sale of new products that provide added value to customers and improve company performance. Widodo's research (2021). Market orientation has a significant positive effect on marketing performance in small and medium processed food companies. Market-oriented SMEs contribute to competitive advantage by creating unique products, product quality and prices, ultimately impacting the performance of SMEs. In order to improve the performance of SMEs, it is necessary to develop marketing strategies, such as paying attention to market orientation by focusing on customer orientation, competitor orientation and interfunctional coordination and being able to develop or innovate new products; Astrid Puspaningrum (2020). Research results (Beverly K. Brockman, Michael A. Jones, and Richard C. Becherer; 2012) overall customer orientation has a positive effect on performance strong influence on risk taking, innovation, and increased focus on opportunities. The results of the study (Kwahku Appiah-Adu and Satyendra Singh 1988) showed that customer orientation had a positive effect on the performance of small and medium enterprises. The results of the study (Ngek Neneh, Brownhilder; 2018) show that customer orientation has a significant positive effect on company performance, thus supporting research that contributes to customer orientation having an effect on company performance. Thus the second hypothesis is:

**H2:** Customer orientation has a positive and significant effect on marketing performance

### Relationship Design Competence with Product Quality Development

Many researchers suggest that knowledge accumulation as a form of knowledge competence can be used as a new product development (Garud and Nayyar (1994). Day (1994). Competence can turn into an obstacle when organizations try to develop creative new products; Leonard-Barton (1992). Competence is considered an attribute of human capital used as an employee's qualification to achieve certain tasks. The term competency is used to refer to an individual's (collective) capacity to succeed formal or informal criteria to handle certain situations or complete certain tasks or jobs (Ellström, 1997). Capacity as perceptual motor skills (e.g. dexterity); cognitive factors (different types of

knowledge and intellectual skills); affective factors (e.g. attitudes, values, motivation); personality traits (e.g. self-confidence); and social skills (e.g. communicative and cooperative skills) Using understanding as a starting point, the notion of qualification as competence is a task that is required either implicitly or explicitly and specified by the employer. Competence is valued in the labor market (entrepreneurs) so that competence has an exchange value. However, the competencies that are valued today are formal competencies, not actual competencies, so they are used as indicators of competence (Warhurst & Thompson, 2007). Findings of Tiger Li & Roger J. Calantone; (1998) show that each of the three processes of market knowledge competence has a positive influence on the advantages of new products, the results of the study also reveal a positive relationship between the advantages of new products and market performance. Knowledge competence is attractive because it has a positive influence on the development of product innovation and has an effect on performance (Atuahene-Gima and Wei 2011; Johnson, Piccolotto, and Filippini 2009; Li and Calantone 1998). From the description above, the following hypothesis can be drawn:

**H3:** Design Competence has an influence on product quality development.

#### Relationship of Customer Orientation with Product Quality Development

Market orientation is seen as an important factor in the company's innovation performance which is characterized by the success rate of new product development. Slater & Narver (1994) found in their research there is a positive relationship between market orientation and the consequences of innovation, innovative performance in new products. The results of the study (Jamilah; Dwi Putra Buana Sakti; Lalu Edy Herman, 2020) show that Customer Orientation does not significantly affect New Product Development. Wong, K. S., & Tong, C. (2012) explained that customer focus has a positive and significant impact on success, customer-focused companies trying to serve their customers well are not only able to develop but can meet customer needs as well as meet the products that customers want. The results provide evidence that customer orientation has a positive influence on performance and has an impact along with the level of product innovation (Sören Solomon, Fee Steinhoff and Volker Trommsdorff; 2003). Business strategies tend to reflect a customer focus that includes developing high-quality, consumer acceptable new products. Companies with a customer-focused culture stand out from their competitors and achieve high performance, because they can better customize products according to customer needs and are able to predict customer demand (Zhang & Yang, 2018). Thus, customer orientation affects the development of product quality.

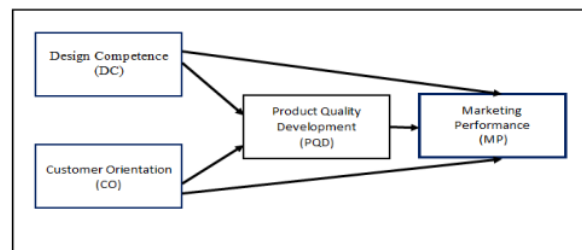
**H4:** The higher the degree of customer orientation, the higher the product quality development

#### Relationship between Product Quality Development and Marketing Performance

New products are critical to continued success for most companies. Research findings reveal that four types of new product development factors, namely corporate image, brand strength, product innovation, and new product quality were found to be positively related to performance; (Sook-Fun Fong, May-Chiun Lo, T. Ramayah; 2014). Another study conducted by Eshlaghy & Maatofi (2011) shows that innovation can contribute positively to company performance. New Product development has a dominant influence on the multi-dimensional construct of performance (Abdulkareem Awwad; 2016). Empirical studies of product development emphasize the support of integration practices and superior performance (David G. Hoopes and Steven Postrel 1999); other studies have the effect of product development and quality control on performance. (Dian Kurniawan, Rizka Azkiya, 2016); Research (Ahmad Hanan ; 2017) on the strategic role of iconic product excellence in bridging product development capabilities and marketing performance. Diponugroho's research (2015) proves that product quality has a significant effect on marketing performance. Quality is an important factor that determines the company's performance. If the product is in accordance with the wishes of the customer, the sales volume will increase, the lower the level of complaints, so that it will improve the company's performance.

**H5:** The higher the degree of product quality development, the higher the marketing performance.

#### Research Framework



**Fig-1: Framework Model**  
Source: developed for research 2021

## METHOD

### Population and Sample

The population in this study is doormat craftsmen who are members of UD. Anugrah as many as 700 people. The sample in this study is a doormat maker made from textile factory waste, and is a member of UD. Anugrah started in 2015, using the Slovin method, a sample of 106 people was obtained. Data collection methods used questionnaires. It was taken for three months, namely in July, August and September 2021. The technique used was purposive sampling. The independent variable X1 (competency design) was measured adopted from research (DJ Cohen, 2015) which includes x1.1 = knowledge of human resources, x1.2 = human resource expertise and x1.3 = ease of using new technology. Variable X2 (Customer Orientation) was measured according to Barbara A. Lafferty; G Thomas M Hunt, (1999) namely x2.1 = service technology; x2.2 provide customer service and x2.3 = prevent service failure. The Intervening Variable Y1 (Development of product quality) is measured by indicators according to Kotler, Armstrong (2012), namely: y1.1 = product reliability, y1.2 = product attractiveness, y1.3 = product accuracy, y1.4 = ease of maintenance and y1.5 = product attribute. While the dependent variable Y2 (Marketing Performance) adopted from Voss and Vos (2000) which includes y2.1 = Number of customers, y2.2 = Total sales, y2.3 = total profit and y2.4 = number of outlets. All indicator variables are measured on a Likert scale from a scale of one strongly disagree to a scale of 7 strongly agree. Prior to the analysis, the instrument was tested with validity and reliability tests, the results were that no problems were identified, see table 1 and table 2.

### Analysis Techniques

The analysis technique in this study is Path Analysis to determine the direct or indirect effect of the independent variable on the dependent variable.

Model Equation 1 Multiple Linear Regression:  $MP = 1 DC + 2QPD + 3CO + \epsilon$

Model Equation 2 Multiple Linear Regression:  $QPD = 1 DC + 2OC + \epsilon$

## RESULTS

Table-1: Karl Pearson Coefficient of Correlation

No	Pearson Correlation	DC	CO	QPD	MP
1	DC1	.843**			
2	DC2	.846**			
3	DC3	.859**			
4	CO1	.	.782**		
5	CO2		.789**		
6	CO3		.833**		
7	QPD1			.773**	
8	QPD2			.839**	
9	QPD3			.827**	
10	QPD4			.836**	
11	QPD5			.420**	
12	MP1				.832**
13	MP2				.846**
14	MP3				.863**
15	MP4				.836**

\*\* Correlation is significant at the 0.01 level (2-tailed).

\* Correlation is significant at the 0.05 level (2-tailed).

Note: DC = Design Competence, CO = Customer Orientation, QPD= Quality Product Development, MP = Market Performance.

Table-2: Reliability Test

Item	Cronbach, s Alpha	Description
DC	.812	Reliable
OC	.801	Reliable
QPD	.805	Reliable
MP	.818	Reliable

Source: Primary Data processed 2021

**Table-3: F Test Equation 1. ANOVA<sup>b</sup>**

Model	Sum of Squares	df	Mean Square	F	Sig
Regression	267.620	3	89.207	11.	0.000 <sup>a</sup>
Residual	808.465	102	7.926		
Total	1076.085	105			

Predictors: (constant), Product Quality Development, Design Competence, Customer orientation.  
Dependent Variable: Market Performance.

**Table-4: Result For Equation 1 Dependent Variable Market Performance**

Variable	Coefficient	Significant value	Hyphotesis
DC to MP	-0.282	0.002	Accepted
CO to MP	0.179	0.053	Accepted
QPD to MP	0.356	0.004	Accepted

Source: Primary Data processed 2021

**Table-5: F Test Equation 2. ANOVA<sup>b</sup>**

Model	Sum of Squares	df	Mean Square	F	Sig
Regression	66.184	2	33.092	4.501	0.013 <sup>a</sup>
Residual	757.250	103	7.352		
Total	823.434	105			

Predictors: (constant), Design Competence, Customer orientation.  
Dependent Variabel: Product Quality Development.

**Table-6: Test Equation 2 Dependent Variable Quality Product Development**

Variable	Coefficient	Significant value	Hyphotesis
DC to QPD	-0.030	0.760	Rejected
CO to QPD	0.288	0.053	Accepted

Source: Primary Data processed 2021

Based on the table above, the significance value of the first equation model obtained is 0.000 which is smaller than 0.05, so it can be concluded that the resulting regression model is fit and significant. Meanwhile, for the second equation model, the significance value of 0.013 is smaller than 0.05, so it is concluded that the regression model is fit and significant. This means that the regression model is significant and feasible to use.

Based on the results of the regression coefficients, a linear equation model can be made between the influence of design competence, customer orientation, and product quality development on marketing performance as follows:

$$MP = -0.282 DC + 0.179 CO + 0.359 QPD + \epsilon$$

$$QPD = -0.030 DC + 0.288 CO + \epsilon$$

**The results of the first regression equation can be interpreted as follows**

- Design and Build Competence (DC) is significant to marketing performance but has a negative value of -0.282, to marketing performance (MP).
- Customer orientation (CO) is significant and has a positive value of 0.179, increasing marketing performance (MP).
- Product quality development (QPD) is significant and has a positive value of 0.359 improving marketing performance (MP)

**The results of the second regression equation can be interpreted as follows**

- The Design Competence (DC) is not significant and has a negative value of -0.030, on the quality of product development (QPD).
- Customer orientation (CO) is significant and has a positive value of 0.288 on the quality of product development (QPD).

## DISCUSSION

**a. Design and Build Competence (b1) is significant but as a negative value on marketing performance.**

The results of this study are in accordance with research (Tomislav Hernaus, Ana Juras and Ivan Matic; 2021); design of upper and middle level managerial competencies simultaneously creates a cross-echelon complementarity effect on organizational learning and growth performance. High performing organizations are strongly influenced by design competence (Margaret M. Heffernan and Patrick C. Flood, 2000). However, the results of competency research have an



effect on marketing performance, having a negative value indicating that in the field product design must be in accordance with customer needs, because if the design is not appropriate, of course the customer will not accept the product, so the product will fail. This is consistent with research (Crawford, 1987; Cooper, 2001) that most new products never reach the market and products launched face a failure rate of around 25 to 45 percent. The same thing was said (Booz, Allen & Hamilton, 1982) For every seven new product ideas, about four went into development, one and a half were launched, and only one was successful. In addition, product design requires adjustments from existing products not to become new products that are different from existing products, because customers want gradual changes rather than radical innovation changes (Patricia J. Holahan, Zhen Z. Sullivan, and Stephen K. Markham; 2014).

**b. Customer orientation (b2) is significant and has a positive value in improving marketing performance.**

The results of this study support the results of research (Beverly K. Brockman, Michael A. Jones, and Richard C. Becherer; 2012) overall customer orientation has a positive effect on performance; powerful influences such as risk taking, innovation, and increased opportunity focus. The results of the study (Kwahku Appiah-Adu and Satyendra Singh 2018) showed that customer orientation had a positive effect on the performance of small and medium enterprises. The results of the study (Ngek Neneh; Brownhilder 2018) show that customer orientation has a significant positive effect on company performance, thus supporting research that contributes to customer orientation having an effect on company performance.

**c. Product quality development (b3) is significant and has a positive value in improving marketing performance.**

This study is in accordance with research (Sook-Fun Fong, May-Chiun Lo, T. Ramayah; 2014). (Sook-Fun Fong, May-Chiun Lo, T. Ramayah; 2014) that four types of new product development factors, namely corporate image, brand strength, product innovation, and new product quality were found to be positively related to performance. Also supports the research of Eshlaghy & Maatofi (2011) showing the importance of the role of innovation that can contribute positively to company performance. Research (Abdulkareem Awwad; 2016) New Product development has a dominant influence on the multi-dimensional construct of performance. Also research on product development places emphasis on supporting integration practices and superior performance (David G. Hoopes and Steven Postrel 1999); Other studies have the effect of product development and quality control on performance. (Dian Kurniawan, Rizka Azkiya, 2016); Research (Ahmad Hanan; 2017) on the strategic role of iconic product excellence in bridging product development capabilities and marketing performance. Diponugroho's research (2015) proves that the quality of a product has a significant effect on marketing performance.

**d. The relationship between Design and Build Competencies is not significant and has a negative value on Product Quality Development.**

Competency Design is not significant and has a negative effect on quality development. In this study it is not significant, indicating that consumers do not want product changes quickly and radically, because consumers need time to adjust to the use of these products. Customers require gradual product changes (Patricia J. Holahan, Zhen Z. Sullivan, and Stephen K. Markham; 2014). While the negative shows that product design requires high costs, starting from product research, product design, technology, product socialization, so as to be able to adapt to customer needs, product launches require large costs, so that negative results in reality show a reasonable thing (Patricia J. Holahan, Zhen Z. Sullivan, and Stephen K. Markham; 2014). This is also evidenced by the research of Mohammed A. Al-Zyadaat; Mousa A. Saudi; Mohammed A. Al-Awamreh (2012), That product design must be tested, evaluated, because the creative process of product design must be suitable and accepted by customers, which will further improve performance and growth.

**e. Customer Orientation relationship is significant and has positive value on Product Quality Development**

Market orientation according to Jensen & Harmsen (2001), is seen as an important factor in the company's innovation performance which is characterized by the success rate of new product development. The results of this study support Slater & Narver (1994) finding in their research that market orientation is positively related to the consequences of innovation, innovative performance on new products. The results of this study also provide evidence that customer orientation has a positive influence on performance and has an impact along with the level of product innovation according to research (Sören Solomon, Fee Steinhoff and Volker Trommsdorff; 2003). The same argument is reinforced by Wong, *et al.*, (2012) that customer focus has a positive and significant impact on success, customer-focused companies, trying to serve customers well are not only able to develop but meet customer needs as well as products as desired, customer.

**Managerial Implications**

- a) It is better if the doormat entrepreneur is able to design a better doormat which is gradually adapted to the target market, so that the design is according to the customer's wishes in the hope of giving satisfaction to the customer.
- b) In customer orientation, it is better to serve customers well, so that the service received increases customer satisfaction, so that with the satisfaction obtained, they will return to make purchases.

- c) In developing product quality, efforts are made to develop the attractiveness and quality of the product, and require product design according to the needs of the target market, so that customers will feel satisfied with the quality and interest in the products produced.

#### Future Research Agenda

It is advisable to improve marketing performance not only competence variables, customer orientation and product quality development but also other variables such as learning orientation, market sensing ability, promotion, and integrated communication channels.

#### Research Limitations

In the research conducted on the textile factory waste business in Semarang district, it is better if the research is carried out on the textile factory waste business in Central Java Province and the doormat business in Indonesia.

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