

# *Sustainable Marketing Performance Model Through Succession Strategy With Marketing Capabilities And Competitive Advantage As Mediators In Batik Trusmi Cirebon Business*

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**Abstract**— Batik is a cultural product in Indonesia. However, the batik industry is still identically with the Central Java region. Batik Trusmi Cirebon is a batik product that has a long history in Central Java. The Cirebon batik industry is managed from generation to generation, and has the potential to become a developing batik industrial area. This study aims to determine the influence of succession strategy on marketing capability and competitive advantage, and its implications for marketing performance. This study involved 42 respondents of batik business actors. The model analysis tool used was SEM. The results of the study showed that the succession strategy significant affect marketing capability. Succession strategy has a significant effect on competitive advantage. Marketing capability has a significant effect on competitive advantage. Marketing capability has a significant effect on marketing performance. Competitive advantage does not have a significant effect on marketing performance. Succession strategy has a significant effect on competitive advantage through marketing capability. Succession strategy has a significant effect on marketing performance through marketing capability. Succession strategy has a significant effect on marketing performance through competitive advantage. Marketing capability has a significant effect on marketing performance through competitive advantage. Succession strategy has a significant effect on marketing performance through marketing capability and competitive advantage. Thus, the succession strategy plays a crucial role in enhancing marketing performance at Batik Trusmi Cirebon.

**Keywords**— marketing performance; succession strategy; marketing capability; competitive advantage

## I. INTRODUCTION

Batik is a cultural product with superior marketing power, because it has been recognized nationally and internationally. This happened because October 2, 2009, was designated as National Batik Day, and UNESCO recognized it as one of the intangible cultural heritages. Batik in Indonesia has distinctive characteristics, designs, colors, and patterns that represent the identity of the regions producing batik. The classification of batik (Subagiyo, 1994) based on geography and the culture of the people on the island of Java includes inland batik (Yogyakarta and Solo), Pasundan batik (Garut, Tasikmalaya, Ciamis), and coastal batik. (Cirebon, Tegal, Pekalongan, Madura).

Cirebon, as one of the batik producing regions in West Java, has a history and significance in the depiction of each motif, influenced by the process of cultural assimilation from China, Arabia, and India, as well as the religious ritual traditions of Hinduism and Islam. Cirebon is also a center for batik on the island of Java, with a long history, one of which is the village of Trusmi that has endured to this day. The Trusmi batik artisans produce batik to meet the needs of the palace with motifs that have philosophical meanings, and they also create coastal-style batik to cater to the community's needs with a more dynamic style that follows market

trends without necessarily having philosophical significance. The batik craftsmanship of Cirebon in Trusmi Village, passed down through generations, is inseparable from the socio-cultural relationships rooted in customs and the figure of Ki Buyut Trusmi.

Cirebon Batik in the Trusmi area has been managed from generation to generation. In general, the marketing strategy of the batik industry focuses on maintaining the customer base, because the batik industry always faces limited resources, so it is not possible to carry out larger scale production, with wider market coverage (Cahyadi & Anna, 2019). This shows that the batik industry will face limitations in company performance in terms of increasing the number of consumers, but has the opportunity to increase sales and profits. However, with the presence of a new generation that understands technology better, it is hoped that the development of the batik business can improve.

Several studies have shown that improving marketing performance can be achieved by improving marketing capabilities (Gregory, et al., 2019; Morgan, et al., 2022) accompanied by competitive advantages bersaing (Yasa, et al., 2020; Hidayatullah, et al., 2019; Ali, et al., 2020). Some studies also explain that succession strategies can determine the level of marketing capabilities (Martin-Cruz, et al., 2020) and competitive advantages (Boyd, et al., 2019). This is because the success of the strategy will encourage the next generation to be able to improve marketing capabilities and sharpen the company's competitive advantage, because the new generation understands information technology which is very much needed in the traditional batik industry. This study aims to conduct research on the influence of succession strategy on marketing capabilities and competitive advantages, as well as its implications for marketing performance.

## II. LITERATUR REVIEW

Related literature to succession, marketing capabilities, competitive advantage, and marketing performance, as shown below:

### *Succession*

Family businesses are not a new phenomenon in the business world. Every company basically has the desire or hope to continue existing in the business world, including family-owned businesses. This desire or hope can be applied through the careful and thoughtful planning and preparation of leaders for the next generation, as it will impact the longevity of the company (Porfirio, et al., 2020). Succession planning for leadership is part of human resource planning, which in its implementation must be aligned with the company's strategy so that the main objectives of the planning are achieved (Gagné, et al., 2021). This research measures success with several indicators, namely passion, competence, talent, vision, and empathy (Jabeen & Oudah, 2018; Liu, 2018).

### *Marketing Capability*

Effective marketing is one of the most important keys to a successful business. Without the right marketing strategy, customers will never become aware of a business or the location of its products or services (Gregory, et al., 2019). Marketing capacity, according to several studies, is referred to as the ability to market, which is the sum of mid-level marketing activities, such as advertising and distribution (Tho, 2018). In this study, marketing capability is measured by several dimensions, such as the ability to create quality products, the ability to promote products, the ability to set competitive product prices, and the ability to distribute products.

### *Competitive Advantage*

Competitive advantages can generate greater value for a company because of certain strengths or conditions. The more competitive a company's advantage is, the more difficult it is for competitors to neutralize that benefit (Ingsih, et al., 2021). Competitive advantage is a concept where a company offers value that motivates its customers (or end users) to purchase its products or services instead of those of its competitors, and that hinders the process of imitation by competitors (Yasa, et al., 2020; Patrick, et al., 2022). In this study,, competitive advantage is measured into several dimensions, such as attractive price offers, superior product quality advantages, and products based on market preferences.

### *Marketing Performance*

Marketing performance is a concept used to measure the market performance of a product. Every company has a vested interest in understanding the market performance of its products, as a reflection of its success in the competitive business world.

(Fatikha, et al., 2021). In addition, the company's performance can be assessed through two approaches, namely internally and externally (Winarso, 2020). Marketing performance is the level of achievement of a company's goals measured by sales growth, profit growth, and customer growth (Nuryakin., 2018). In this study, marketing performance is measured based on several dimensions as follows: sales growth, profit growth, and growth in the number of customers.

### III. METHODOLOGY

The research is a quantitative research. The sample of this research is 42 Trusmi Cirebon batik entrepreneurs. The research questionnaire was distributed directly to the respondents in Trusmi Village, Cirebon. The sample technique of this research using purposive sampling with the criteria of batik entrepreneurs who have been running their business for generation. The analysis tool used is SEM (Structural Equation Modeling).

### IV. RESULTS AND DISCUSSION

Based on the calculations using SEM-PLS, a model of the influence of succession strategy on marketing performance through marketing capability and competitive advantage has been obtained as following below.

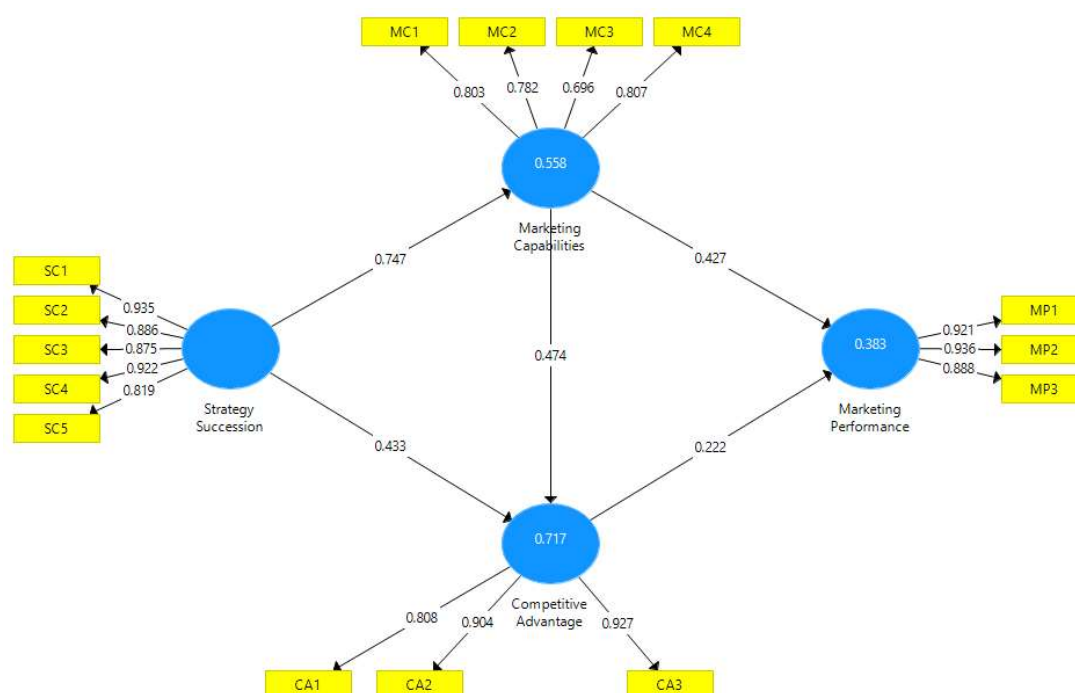


Fig. 1. Model of Succession Strategy on Marketing Performance through Marketing Capability and Competitive Advantage

After obtaining a succession strategy model for marketing performance through marketing capabilities and competitive advantages, sNext, outer model testing will be carried out which includes convergent validity (loading factor), average variance extracted (AVE), composite reliability and Cronbach alpha. From the calculation results, it is known that all loading factor values that indicate the relationship between observed variables (manifest) with variables above 0.70 so that it can be concluded that based on each construct in the study has good validity. Furthermore, AVE testing will be carried out to further strengthen the results of convergent validity with the criteria that if the AVE value is  $> 0.5$  (Hair et al, 2019), then the construct used in the study is valid. Cronbach's alpha and composite reliability to determine whether the construct reliability is good or not. Each construct is said to be

reliable if it has a Cronbach's alpha and composite reliability greater than 0.70 (Hair et al, 2017) can be said to be reliable. The following are the results of the AVE and reliability tests on the model.

TABLE 1. AVE, Cronbach's Alpha and Composite Reliability

Latent Variables	Cronbach's Alpha	Composite Reliability	Average Variance Extracted (AVE)
Strategy Succession	0.933	0.949	0.789
Marketing Capabilities	0.775	0.856	0.598
Competitive Advantage	0.855	0.912	0.776
Marketing Performance	0.903	0.939	0.838

TABLE 2. Cross Loadings

	CA	MC	MP	SC
CA1	<b>0.808</b>	0.593	0.558	0.430
CA2	<b>0.904</b>	0.665	0.504	0.776
CA3	<b>0.927</b>	0.830	0.445	0.828
MC1	0.616	<b>0.803</b>	0.452	0.729
MC2	0.576	<b>0.782</b>	0.516	0.522
MC3	0.611	<b>0.696</b>	0.479	0.404
MC4	0.662	<b>0.807</b>	0.431	0.626
MP1	0.493	0.537	<b>0.921</b>	0.350
MP2	0.509	0.583	<b>0.936</b>	0.436
MP3	0.542	0.538	<b>0.888</b>	0.468
SC1	0.716	0.654	0.400	<b>0.935</b>
SC2	0.650	0.658	0.464	<b>0.886</b>
SC3	0.695	0.633	0.529	<b>0.875</b>
SC4	0.775	0.686	0.348	<b>0.922</b>
SC5	0.649	0.686	0.300	<b>0.819</b>

Based on Table 1 and Table 2, it shows that all latent variables have an AVE value of more than 0.5. This indicates that the indicators that form the latent construct have convergent validity. Based on the discriminant validity of the cross loading value, it shows that the indicator has a high correlation with its construct compared to other constructs, so it can be concluded that the research model has good discriminant validity in the discriminant validity cross loading. In addition, each latent construct has a cronbach's alpha value of more than 0.70, this indicates that the latent construct has good reliability. In addition, the composite reliability value of all latent constructs also has a value greater than 0.70. Based on the cronbach's alpha and composite reliability values obtained, it shows that the model has good reliability. After testing the outer model, the next step is to test the inner model consisting of R-square, f-square, Q-square and GoF. The r square values obtained are as follows.

TABLE 3. R-square

Variable	R Square
Marketing Capabilities	0.558
Competitive Advantage	0.717
Marketing Performance	0.383

Based on Table 3 above, it is known that the R-square value marketing capabilities which is 0.558, this shows that the succession strategy variable able to explain marketing skills of 0.558 or 55.8%. R-square value of competitive advantage which is 0.717, this shows that the succession strategy variable through marketing capabilities able to explain competitive advantages of 0.717 or 71.7%. R-square value of marketing performance which is 0.383, this shows that the succession strategy variable through Marketing capabilities and competitive advantages are able to explain marketing performance by 0.383 or 38.3%.

The f-square value of succession strategy on marketing capability is 1.264 where its influence is included in the large category. The f-square value of succession strategy and marketing capability on competitive advantage are 0.292 and 0.351 respectively where its influence is included in the moderate and large categories, and the f-square value of marketing capability and competitive advantage on marketing performance are 0.108 and 0.029 respectively where its influence is included in the small category. Furthermore, the value of *Q-square* obtained as follows.

TABLE 4. Q-square

	SSO	SSE	Q <sup>2</sup> (=1-SSE/SSO)
Competitive Advantage	126,000	59,747	0.526
Marketing Capabilities	168,000	115,237	0.314
Marketing Performance	126,000	87,257	0.307
Strategy Succession	210,000	210,000	

Based on the calculation results above, it is known that the Q square value is greater than 0, this means that the observed values have been reconstructed well so that the structural model has predictive relevance. The GoF value of the structural model is 0.644. This result shows that the structural model has a GoF that is included in the moderate category.

Next, hypothesis testing is carried out by comparing the t-statistic value with the t-table which is 1.96 or by using the p-value compared to  $\alpha$  5% and 10% or 0.05 and 0.1. The following is a table of the results of the structural model hypothesis testing.

TABLE 5. Hypothesis Testing Results

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics ( O/STDEV )	P Values	Decision
Strategy Succession -> Marketing Capabilities	0.747***	0.719	0.156	4,794	0,000	<b>H0 is rejected</b>
Strategy Succession -> Competitive Advantage	0.433***	0.400	0.163	2,655	0.008	<b>H0 is rejected</b>
Marketing Capabilities -> Competitive Advantage	0.474***	0.49	0.128	3,695	0,000	<b>H0 is rejected</b>
Marketing Capabilities -> Marketing Performance	0.427*	0.437	0.240	1,783	0.075	<b>H0 is rejected</b>
Competitive Advantage -> Marketing Performance	0.222	0.223	0.242	0.918	0.359	H0 is accepted
Strategy Succession -> Marketing Capabilities -> Competitive Advantage	0.354***	0.348	0.118	2,988	0.003	<b>H0 is rejected</b>
Strategy Succession -> Marketing Capabilities -> Marketing Performance	0.319*	0.311	0.192	1,664	0.097	<b>H0 is rejected</b>
Strategy Succession -> Competitive Advantage -> Marketing Performance	0.096	0.089	0.110	0.871	0.384	H0 is accepted
Marketing Capabilities -> Competitive Advantage -> Marketing Performance	0.105	0.109	0.127	0.831	0.406	H0 is accepted
Strategy Succession -> Marketing Capabilities -> Competitive Advantage -> Marketing Performance	0.079	0.08	0.097	0.808	0.420	H0 is accepted

Based on the results of the hypothesis testing, it is known that there are four rejected hypotheses and six accepted hypotheses. Based on this, it can be understood that succession strategy has a significant effect on marketing capability. This explains that good marketing capability is determined by the success of succession in batik business actors. The results of this study are in accordance with research (Yuan, 2019) which explains that the success of succession will have an impact on the innovation that the company carries out, in this case innovation in terms of better marketing capabilities.

Next, the results of the analysis explain that the succession strategy has a significant effect on competitive advantage. The success of the succession will bring the company to a better level of competition. This can happen because the new generation in the batik business is able to see existing market opportunities, especially with the help of the development of information technology which is indeed mastered by the new generation. This makes the batik business have a better competitive advantage when the succession process is successful. (Chirapanda, 2019; Fendri & Nguyen, 2019).

The results of the further analysis show that marketing capability has a significant effect on competitive advantage. When a batik business is able to improve its ability to make quality products, better promotions, create competitive prices, and good product distribution, it will encourage the company to have a competitive advantage among competitors. This result is supported by several studies that explain that competitive advantage is determined by the quality of marketing capability (Quaye & Mensah, 2018; Phiri, 2020; Lee & Yoo, 2019). In addition, the results of this study also explain that marketing capability has a significant effect on marketing performance. Meanwhile, competitive advantage does not have a significant effect on marketing performance. While marketing capability has a significant effect on marketing performance through competitive advantage, where the p-value is greater



than alpha, namely  $0.406 > 0.05$  and  $0.1$ . Thus, it can be understood that marketing skills have an important role in the Trusmi batik business.

In addition to marketing capabilities, the variable that plays an important role in the Trusmi batik business is the succession strategy. As previously known, Trusmi batik is a hereditary family business. The sustainability of this business is highly dependent on the success of the succession carried out. The results of the analysis show that the succession strategy has a significant effect on competitive advantage through marketing capabilities, the succession strategy has a significant effect on marketing performance through marketing capabilities, the succession strategy has a significant effect on marketing performance through competitive advantages, and the succession strategy has a significant effect on marketing performance through marketing capabilities and competitive advantages. Based on this, it can be understood that the role of succession strategy is very important to improve marketing performance in batik Trusmi Cirebon. This confirms that succession strategy in family business is a form of updating business operations, where the next generation has the potential to adapt to the existing business environment by improving the quality of marketing capabilities, thus encouraging the company to be superior in competing, and improving the company's marketing performance.

## V. CONCLUSION

Based on the research, the conclusion of this research is that succession strategy significantly influences marketing capability. Succession strategy significantly impacts competitive advantage. Marketing capability has a significant effect on competitive advantage. Marketing capability significantly affects marketing performance. Competitive advantage does not significantly affect marketing performance. Succession strategy significantly influences competitive advantage through marketing capability. Succession strategy significantly affects marketing performance through marketing capability. Succession strategy significantly impacts marketing performance through competitive advantage. Marketing capability significantly influences marketing performance through competitive advantage. Succession strategy significantly affects marketing performance through marketing capability and competitive advantage. Thus, the succession strategy plays a crucial role in enhancing marketing performance at Batik Trusmi Cirebon.

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