

# The Influence of Customer Relationship, Competitive Price and Competitive Advantage on Marketing Performance in Micro, Small and Medium Enterprises (MSMEs) of Batik in Jember

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**Abstract:** This study aims to test and analyze the influence of consumer relations, competitive prices and competitive advantages on the marketing performance of micro, small and medium enterprises (MSMEs) in Jember. The population in this study were all consumers who had ever bought batik at MSMEs in Jember Regency. The sample taken was using the Ferdinand formula which found results from 115 respondents. Then for the test, the researcher used instrument tests, multiple linear analysis, classical assumption tests, hypothesis tests and coefficients of determination. The results showed that consumer relations, competitive prices and competitive advantages had a positive and significant effect on the marketing performance of micro, small and medium enterprises (MSMEs) in Jember.

**Keywords:** Consumer Relations, Competitive Prices, Competitive Advantages, Marketing and Performance.

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## I. INTRODUCTION

Marketing performance is an important element of company performance in general because a company's performance can be seen from the marketing performance that has been carried out so far. Marketing performance is a concept for measuring a company's marketing performance. Every company is interested in knowing its achievements as a reflection of the success of its business in market competition. The success of the company as reflected by marketing performance achievements is an implementation of the strategy. Marketing performance is also said to be the ability of an organization to transform itself in facing challenges from the environment with a long-term perspective. Performance assessment is part of the company's efforts to see the suitability of the strategy it implements in facing environmental changes. The environment has indeed become an important part of the company and is something that is difficult for the company to change. The company can only recognize it and then manage it well so that it can benefit the company. Marketing performance is influenced by various factors such as competitive advantage (Pjojanjaruwit, 2018). Excellence is maintained by continuously improving the value given to buyers and/or

reducing costs in providing products or services (Suendro, 2010). Usvita (2015) states that competitive advantage has a significant positive effect on marketing performance. Pjojanjaruwit (2018) found that competitive advantage can improve marketing performance. Datta (2017) explained that the higher the competitive advantage, the higher the company's performance. Kraja and Osmani (2018) found that competitive advantage improves marketing performance. Sudarmiatin (2016) found that competitive advantage affects marketing performance. Competitive advantage is the key to surviving and growing in the business world. Companies that are able to utilize this capability will have a strong foundation in the market. Competitive advantage is created with one goal, namely to create value that the company has that is not available anywhere else. In addition, competitive advantage can also increase customer loyalty, as well as encourage long-term growth. Companies in improving marketing performance and competitive advantage are carried out with customer retention strategies (Fazlzadeh et al., 2015). One of them is with Customer Relation Strategy which is a strategy that focuses on creating customer satisfaction and long-term relationships by integrating several functional areas of the company to achieve competitive advantage (Al-Zoubi, 2016). Customer Relation

Strategy is important for companies because the most basic reason that drives companies to build relationships with customers is actually very classic, namely economic motives (Al-Xoubi, 2016). The largest income from a company's business processes comes from customers, so companies need to identify, satisfy and retain the most profitable customers (Fozia et.al, 2014).

*Customer Relationship* also has a direct influence on marketing performance. Fazlzadeh et al., (2015) showed that there is a positive influence between the implementation of Customer Relationship on company performance. Mohammed and Rashid, (2012); Ngambi and Ndifor, (2015); and Oualid, (2016) showed a significant positive influence of Customer Relationship on company performance, but Ngambi and Ndifor, (2015) showed an insignificant influence of Customer Relationship on company performance. Adeyeye (2013) in his research on MSMEs in Oyo City, Nigeria showed a significant positive influence of Customer Relationship and the quality of business strategy on competitive advantage and company performance. Borsaly (2014) in his research on MSMEs in Egypt showed a significant positive influence of Customer Relationship and the quality of business strategy on competitive advantage and company performance. Fernando and Karunanithy (2015) found that Customer Relationship affects marketing performance. Hikmawati et al. (2018) said that Customer Relationship affects marketing performance.

Another factor that affects marketing performance is competitive pricing. Price is an amount of money that consumers must pay to sellers to meet their needs (Sari and Saeful, 2022). Price is an amount of money plus some goods and services. Price is often used as an indicator of value when the price is associated with the perceived benefits of a good or service. In order to be successful in marketing a good or service, every company must set its price appropriately (Sari and Saeful, 2022). Price plays an important role for the Company. Price creates a first impression and can influence customers to buy a product. Price reflects the value of the product. Pricing in marketing is one of the keys to determining sales revenue and profitability. It also aims to drive sales and build customer loyalty.

One type of business that must improve its marketing performance and competitive advantage is Micro, Small and Medium Enterprises (MSMEs) including batik shops that are experiencing development in cultural existence. (Rosalia and Nahari. 2015). Batik is one of Indonesia's original cultural heritages that has high artistic and cultural value. The recognition of batik itself as an original Indonesian culture has been patented and recognized by the world, especially by UNESCO on October 2, 2009, even in Indonesia there has been a National Batik Day (Rosalia and Nahari. 2015). Batik grows and develops in Indonesia as a manifestation of the cultural richness of local areas. The batik industry in Indonesia is an icon that is typical of Indonesian culture with the category of creative industry groups in the batik industry, namely, crafts made of precious stones, accessories, goldsmiths, silver, wood, glass, porcelain, cloth, marble, limestone, and iron, design related to the creation of graphic design, interior, product, industry, packaging, and corporate identity consulting, fashion

design related to the creation of clothing design, footwear design, and other fashion accessory designs, production of fashion clothing and accessories, fashion product line consulting, and distribution of fashion products (Ratna et al., 2020).

RegencyJember also develops batik shops which are used as one of the identities of the area. Although batik in Jember is less famous than other batik in Java, batik has actually been around in this area for a long time. The existence of batik entrepreneurs or craftsmen in Jember can increase people's income (Akhmad, 2020). This is because the existence of the batik industry in Jember is able to absorb quite a lot of labor, especially for the batik process, besides that labor is needed for the design or coloring process. Jember batik is widely used by the Jember community in general, government and private agencies that use Jember batik as office uniforms (Akhmad, 2020).

Based on the results of sales growth, it can be explained that batik shops are still experiencing fluctuating developments due to marketing performance problems. Based on the results of a survey conducted by the author on batik shops in Jember Regency, problems were found related to the marketing performance of batik shops in Jember Regency in the area. Marketing performance is still relatively low because their sales growth is still unstable. Business pressure from strong competitors directly affects the marketing performance experienced by batik shop actors in Jember Regency, so that business actors are required to improve their marketing performance. Then for product quality problems, there is a desire to improve product quality, but when product quality is increased, prices will also increase which causes people to be less interested in buying products and if the price given is too low, consumers will doubt the quality of the product (Adiba, 2020).

Jember batik shop marketing still uses social media such as WhatsApp, Instagram and Facebook which are still not expanded with websites or other media. Efforts made to retain customers are also still less than optimal, only providing discounts but still not establishing relationships with certain events. Some batik shops have a lack of understanding in pricing. The wrong choice of pricing methods that are not in accordance with the business does not allocate costs properly so that batik shops in Jember Regency experience losses. Batik shop owners in Jember Regency will determine prices for their products or services only by using experience without adequate calculations. The objectives of this study are 1) to analyze and determine the effect of Customer Relationship on the marketing performance of batik shops in Jember Regency; 2) to analyze and determine the effect of competitive prices on the marketing performance of batik shops in Jember Regency and 3) to analyze and determine the effect of competitive advantage on the marketing performance of batik shops in Jember Regency.

## II. LITERATURE REVIEW AND HYPOTHESIS

### ➤ *The Influence of Customer Relationship on Marketing Performance*

Companies that implement Customer Relationship Strategy will improve the company's operational performance. Luo et al. (2013) define customer relationships as customer trust and commitment to stay with the company. Customer trust and commitment reduce transaction uncertainty and increase customer affiliation to continue interacting in the future. One factor to maintain customer trust and commitment is by establishing relationships with customers using Customer Relationship Strategy.

The results of Richardson's (2017) study stated that the assistance of the Customer Relationship Strategy system in developing and maintaining relationships with customers, then the company tends to experience increased profitability. due to increased revenue, decreased costs, or a combination of both. Fazlzadeh et al., (2015), showed that there was a positive influence between the implementation of Customer Relationship on company performance. Mohammed and Rashid, (2012); Ngambi and Ndifor, (2015); and Oualid (2016) showed a significant positive influence of Customer Relationship on company performance, but Ngambi and Ndifor, (2015) showed an insignificant influence of Customer Relationship on company performance. Adeyeye (2013) showed a significant positive influence of Customer Relationship and the quality of business strategy on competitive advantage and company performance. Borsaly (2014) in his research on MSMEs in Egypt showed a significant positive influence of Customer Relationship and the quality of business strategy on competitive advantage and company performance. Fernando and Karunanithy (2015) found that Customer Relationship affects marketing performance. Hikmawati et al (2018) said that Customer Relationship influences marketing performance. This supports the following hypothesis.

- H1 :*Customer Relationship* has a significant impact on marketing performance

### ➤ *The Impact of Competitive Pricing on Marketing Performance*

According to Kotler et al., (2020) based on a broader marketing perspective, price is the sum of all values given by customers to obtain the benefits of having or using a product or service. Historically, price has been the most important factor influencing buyers' purchasing decisions. This allows companies to make a fair profit by receiving payment according to the customer value generated. According to Sjukun et al., (2022) Price plays an important role in consumer purchasing decisions, because pricing has a significant impact on consumers, especially consumers who are sensitive to price.

In addition, pricing will also have a significant impact on sales and business continuity. In addition, price can be defined as the amount of money paid by consumers to get benefits from a product or service. Supardin et al., (2023) Price greatly influences consumer purchasing interest, especially for consumers who are sensitive to price Supardin et al., (2023)

This is due to the high sensitivity of consumers to price, which makes them pay close attention to the price value of the product being offered (Supardin et al., 2023). This supports the following hypothesis.

- H2 :Competitive pricing has a significant impact on marketing performance

### ➤ *The Influence of Competitive Advantage on Marketing Performance*

Usvita (2015) stated that competitive advantage has a significant positive effect on marketing performance. Pjojanajaruwit (2018) found that competitive advantage can improve marketing performance. Datta (2017) explained that the higher the competitive advantage, the higher the company's performance. Kraja and Osmani (2018) found that competitive advantage improves marketing performance. Sudarmiatin (2016) found that competitive advantage affects marketing performance. Based on this, the research hypotheses are:

- H3: Competitive advantage has an effect on marketing performance.

## III. METHOD

The approach used in this study is a quantitative approach. This approach explains the selected variables and is described into sub-variables so that it is easier to search for data. Data collection in this study was carried out using cross-sectional time horizon data, where data was obtained at a certain time.

The type of research used is explanatory research, which is a type of research that highlights the relationship of the research variables and tests the previously formulated hypothesis. This study examines the influence of Customer Relationship, price and competitive advantage on marketing performance at batik shops in Jember.

The research period was October to December 2024. The research was conducted in batik shops in sub-districts in the Jember City area, including Patrang Sub-district, Kaliwates Sub-district and Sumber Sari Sub-district.

Independent variables are variables that only act as predictors or causes for other variables in the model and are not predicted by other variables. The independent variables in this study consist of Customer Relationship (X1), competitive prices (X2) and competitive advantage (X3). The dependent variable is the outcome variable in a causal relationship or a variable that is the focus of the researcher's attention, its diversity is determined by other variables. The dependent variable in this study is marketing performance (Y).

The population of this study is consumers of batik shops in Jember City, especially the Districts in Jember City, including Patrang District, Sumber Sari District and Kaliwates District. According to Sekaran (2018), the determination of sample size is as follows. A sample size of more than 30 and less than 500 is appropriate for most studies:

- Where the sample is split into subsamples (male/female and so on), a minimum sample size of 30 for each category is appropriate.
- In multivariate studies (including multiple regression analysis), the sample size should be several times (preferably 10 times or more) larger than the number of variables in the study.
- Simple experimental studies with strict experimental controls (match pairs, and so on), successful studies are possible with small sample sizes between 10 and 20.

Based on the formula, the number of samples is  $23 \times 5$  indicators = 115 samples. The criteria for determining the sample include:

- Consumers of batik shops are in the Jember City area, namely Patrang sub-district, Sumber Sari sub-district and Kaliwates sub-district.
- Consumers who have purchased batik shop products in Patrang District, Sumber Sari District and Kaliwates District in 2024 – 2025
- Consumers have purchased MSME batik products at least twice.
- Consumers who buy batik at batik shops in the Jember city area are Patrang sub-district, Sumber Sari sub-district and Kaliwates sub-district.

The distribution of the questionnaire was carried out by meeting directly with the respondents.

This study uses quantitative data with the aim of determining the influence of the variables used with statistical analysis tools, including 1) Descriptive statistics function to organize and present data so that it can be read and understood easily. Data will be clearer and easier to understand if described with descriptive statistics (Ghozali, 2018). 2) Data instrument testing is carried out with validity and reliability tests; 3) Normality test to determine whether the data is normally distributed or not; 4) Classical Assumption Test with multicollinearity test, heteroscedasticity test and Durbin Watson.

Regression test is used to provide a clear picture of the influence of independent variables used on the dependent variable to be tested using statistical techniques that use a model. Multiple linear regression analysis is used to determine the direction and how much influence the independent variable has on the dependent variable. Hypothesis testing with the t-

test is used to see the significance of the influence of the independent variable (X) on the dependent variable (Y) partially and the coefficient of determination ( $R^2$ ) essentially measures how far the independent variable model is able to explain the variation of the dependent variable

#### IV. RESULT AND DISCUSSION

This study was conducted on 115 consumers of Batik shops in Jember City. Based on the results of the analysis of the respondent description, it was obtained that the respondents consisted of men and women. However, in terms of quantity, the number of female respondents was almost 5 times greater than the number of male respondents, where women were 88 people (84.3%) and men were 17 people (15.7%). The large number of female consumers so far has been more women due to the hobby of shopping for clothes or fashion clothing for women. Most consumers are aged 20 (17.4%). While consumers who are 20 years old are at least 1 person (0.9%) of the total number of respondents. The need for batik clothes today is not only for the elderly but also for dynamic young people and batik can be modified into a young fashion style.

Most of Jember batik shop consumers are married, as many as 86 people (74.8%), meaning that consumers are generally married. The remaining 29 people or 25.2% are not married. This shows that Jember batik shop consumers are married consumers who have clothing or fashion needs. The largest number of respondents are civil servants, as many as 57 people or 49.6%. The fewest are private employees, as many as 3 people (2.6%). This shows that the need for batik clothes is widely used by civil servants who are required to wear batik. While private employees are the fewest because they generally wear free uniforms. Based on the income of the most respondents, it is IDR 2,500,000 - IDR 5,000,000, as many as 55 people or 47.8%. The fewest are <2,500,000, as many as 3 people (2.6%). This shows that consumers who buy batik clothes generally have incomes higher than the Jember Regency UMR because the price of batik is also expensive depending on the quality of the batik clothes. Based on the results of the frequency of purchase of the most respondents is 2 times as many as 55 people or 47.8%. The least is buying more than 3 times as many as 25 people (21.7%). This shows that consumers generally have bought batik clothes.

The results of the regression analysis are explained in Table 1 below.

Table 1 Result of Regression Analysis

Hypothesis	Variables	Unstandardized Coefficients	t-count	p-value	Information
Constants		0.246	0,000		-
1	Customer Relationship (X1)	-0.009	-0.259	0.796	Not significant
2	Competitive price (X2)	-0.020	8,542	0.039	significant
3	Competitive advantage (X3)	0.929	26,328	0,000	significant

Based on the regression coefficient, the following path equation can be explained.

$$Y = 0.246 + -0.009 X_1 + 0.020 X_2 + -0.929 X_3$$

Based on this equation, it can be interpreted as follows.

- The constant of 0.246 means that if the customer relationship, competitive price and competitive advantage



variables are constant or zero, then the marketing performance is 0.246.

- The coefficient of -0.009 is the intercept of X.1, namely customer relationship, meaning that if the customer relationship variable increases, marketing performance decreases by -0.009.
- The coefficient of 0.020 is the intercept of X.2, namely competitive prices, meaning that if the competitive price variable increases, marketing performance decreases by -0.020 or 2%.
- The coefficient of 0.929 is *intercept* from X3, namely competitive advantage, meaning that if the competitive advantage variable increases, marketing performance increases by 0.929 or 92.9%.

The result of correlation coefficient (R) of 0.930 shows that the regression equation model for calculating customer relationship, price, competitive advantage to marketing performance has a high relationship. While the R Square coefficient of 0.864 shows that the regression equation model for calculating customer relationship, competitive price, competitive advantage to marketing performance has a high relationship.

*Adjusted R2* (R square) of 0.861 or 86.1% means that every change in the value of the customer relationship calculation variable, competitive prices, competitive advantages can explain or influence behavioral changes of 86.1%. While the rest (100% - 86.1%) which is 13.9% is explained by other factors, meaning that there are still many other factors that can affect the marketing performance of Jember batik shops. The results of the hypothesis testing are explained:

- Hypothesis one (H1): Customer relationship factors have a positive influence on marketing performance.
- Hypothesis testing one is seen from the beta coefficient ( $\beta$ ) of -0.009 with a  $p$ -value of 0.796. Hypothesis one is proven to be rejected because the  $p$ -value  $> \alpha$  or  $0.796 > 0.05$  or  $t$  count  $< t$  table ( $0.796 < 1.980$ ). This shows that the first hypothesis stating that customer relationship factors have a significant effect on marketing performance is rejected.
- Hypothesis two (H2): Price factors have a positive effect on marketing performance.
- Testing the influence of price factors on marketing performance is indicated by a beta coefficient ( $\beta$ ) of 0.020 with a  $p$ -value of 0.039 or  $t$  count  $> t$  table ( $8.542 > 1.980$ ). Because the  $p$ -value  $> \alpha$  or  $0.039 < 0.05$ , H2 is rejected. Thus, the hypothesis stating that competitive price factors have a significant effect on marketing performance is accepted.
- Third hypothesis (H3): Competitive advantage factors have a positive effect on marketing performance.

Testing the effect of competitive advantage on marketing performance is seen from the beta coefficient ( $\beta$ ) of 0.076, with a  $p$ -value of 0.000 or ( $26.328 > 1.980$ ). The  $p$ -value is less than 0.05, so H3 is accepted. This means that the hypothesis stating that competitive advantage has a significant effect on marketing performance is accepted.

The results of validity and reliability testing indicate that each indicator has been able to measure the dimensions and concepts tested and between one concept and another is free. Furthermore, an analysis of the parameter values obtained, theoretical interpretation and managerial implications are carried out. The marketing performance factor of MSMEs is something important in an agency because many studies show that competitive advantage is related to increased marketing performance of MSME products. Based on the previous data analysis, it can be seen that several human resource factors, including Customer Relationship and competitive prices, are related to competitive advantage and marketing performance. These results are also supported by the results of descriptive analysis of respondents' answers to the variables of customer relationship, competitive prices and competitive advantage and marketing performance. The results of the study are explained in full as follows.

#### ➤ *The Effect of Customer Relationship (CR) on Marketing Performance*

The results of the path coefficient test indicate that Customer Relationship does not have a significant effect on marketing performance. Based on the test results, the first hypothesis stating that Customer Relationship has a significant effect on marketing performance is not proven (rejected). This shows that the better Customer Relationship does not necessarily improve marketing performance. Customer Relationship cannot be used as a reference to be a target for MSMEs, MSME products so that it cannot determine marketing performance.

The results of the study show that Customer Relationship has no effect on marketing performance. This is because ineffective Customer Relationship can reduce marketing performance due to failure to understand customer needs, provide personal service, and build loyalty. This can lead to lost sales opportunities, decreased customer satisfaction, and lack of positive word of mouth promotion. There are several reasons why Customer Relationship has no effect on marketing performance, including:

- *Lack of customer understanding.*

Lack of customer understanding without a deep understanding of customers, it is difficult to provide products or services that suit their needs. This can cause UMKM customers to be dissatisfied and will not return to shop again. This can be explained by the fact that the products purchased are sometimes returned because of the wrong design chosen. Although the batik shop has a commitment to a return period, customers in buying must buy products more carefully and according to their needs.

- *Lack of personal service:*

Impersonal service can make customers feel unappreciated and will not build a strong relationship with the company. Personal service can help customers feel special and more likely to be loyal to the brand. Sometimes there are still shop employees who do not understand when asked about batik which is possible because they are new employees so they often do not master the batik products being sold.

- *Lack of customer loyalty:*

If customers are not satisfied with the service or product provided, they may not return to buy again or recommend the product to others. Customer loyalty is the key to a company's long-term success. This is evidenced by the number of consumers who buy batik only once, especially buyers of products with expensive or limited batik prices. It is possible that loyalty also depends on competitive prices.

- *Lack of positive word of mouth*

Satisfied customers tend to spread positive news about the company to others, which can help increase brand awareness and sales. Conversely, dissatisfied customers can spread negative news that damages the reputation of MSMEs. This is because batik consumers are generally only a few segments and are still certain groups so that consumers rarely provide information about batik to others.

- *Lack of team training*

If the team is not well trained on how to build relationships with customers, they may not be able to provide quality service and build customer loyalty. This is evidenced by the fact that batik employees are only given training on making batik but are not given worktime. This also affects team training.

The results of this study are not in accordance with the opinions of Alipour and Mohammadi (2011) and Soliman (2011) who explained that companies that have a high level of Customer Relationship will have high marketing performance. This is because MSMEs that have a high degree of Customer Relationship will have a competitive advantage in terms of product quality, service quality, competitive product prices and costs. MSMEs that have implemented Customer Relationship will be able to provide better service so that they can satisfy their customers and can obtain higher business profits. The results of this study support Farida's research (2016) which found that Customer Relationship has no effect on marketing performance.

Based on the characteristics of the respondents, it shows that most of the respondents of the Batik Shop in Jember are mostly women. Based on the respondents' answers as a whole, it shows that some respondents have a good perception of Customer Relationship at the Batik Shop in Jember. Although there are those who answer quite agree with Customer Relationship, this is due to the so-so assessment of Customer Relationship at the Batik Shop in Jember. The results of this study indicate that Customer Relationship does not have a significant effect on marketing performance. Although the results of the assessment of Customer Relationship are mostly positive, the implementation of Customer Relationship carried out at the Batik Shop in Jember has not been optimal. The implementation of Customer Relationship that has been carried out in UMKM in establishing relationships with customers has been carried out so far. However, the real impact of the implementation of Customer Relationship does not provide an increase in competitive advantage. When the Batik Shop in Jember decided to implement. Customer Relationship System, often the reality in the field does not go according to expectations. The investment that has been issued

by MSMEs does not provide results and benefits as imagined. There are several things that can cause the Customer Relationship function not to run well at the Batik Shop in Jember, including:

- *The purpose of the Customer Relationship function is not clear*

The lack of clear and measurable goals in the Customer Relationship system causes the Batik Shop in Jember to be unfocused and unfinished. The Batik Shop in Jember identifies whether the goals of your Customer Relationship software have been achieved or not. After installing and configuring the Customer Relationship software, you must ensure that there are changes. The CR function can be said to be successful when the goals of the CR system are designed to satisfy MSMEs, customers and users.

- *Strategy Customer Relationship which is less than optimal*

CR Strategy less than optimal includes the business's ability to utilize Customer Relationship software with customer data to achieve business goals. One of the keys to Customer Relationship success in building a good and effective Customer Relationship is choosing the right partner. The Customer Relationship strategy that is built must be designed to face customers and be in line with the business strategy of Toko Batik in Jember. For example, increasing revenue by increasing the number of customers, or saving costs by increasing employee productivity. In addition, the Customer Relationship strategy at Toko Batik in Jember has not aligned all elements in MSMEs, starting from human resources, business processes, to MSME business priorities. This will make Customer Relationships in MSMEs successful and sustainable.

- *Batik Shop Design in Jember bad business process*

The average business changes strategy and operations every 20 months, while business processes every 4-5 years. Batik Shop in Jember only creates a new space to enter data. Meanwhile, the results are predictable, namely the lack of user interest and low use of Customer Relationship software and adaptation from its users. This will cause staff to continue using the usual manual methods.

- *Lack of continuous process improvement*

The target of Batik Shop in Jember to get more customers, increase customer share, and improve customer retention will never end, as well as Customer Relationship software. Batik Shop in Jember has not succeeded in controlling the market called "market drive firm" namely Batik Shop in Jember has not placed customer orientation and competitor orientation harmoniously so as to produce better performance of Batik Shop in Jember. The main dimensions in Customer Relationship are customer orientation and competitor orientation as well as good inter-functional coordination. Batik Shop in Jember that has a high level of Customer Relationship will have high marketing performance because UMKM that has a high degree of Customer Relationship will have a competitive advantage in terms of; product quality, service quality, competitive product prices and costs.

### ➤ *The Effect of Competitive Pricing for Marketing Performance*

The results of the path coefficient test indicate that competitive prices have a significant effect on marketing performance. Based on the test results, the second hypothesis stating that competitive prices have a significant effect on marketing performance is proven (accepted). This shows that competitive prices can improve the marketing performance of Batik Shops in Jember City.

Price is an important function in management, because competitive prices are related to marketing performance. The results of the study are in accordance with Suliana's opinion (2024) who found that competitive prices and new marketing programs have a positive effect on marketing performance. In addition, this study supports Darroch's research (2015) which found that competitive prices have an effect on performance both as measured by financial performance and non-financial performance, namely market share and sales growth. This study is in accordance with Distanont and Khongmalai (2018) and Conto et.al (2016) who stated that to achieve effective performance, competitive prices are needed for employees who have a high level of performance.

Competitive pricing can increase marketing performance especially Batik Shop in Jember City. This is because the competitive price that is done in Batik Shop in Jember City requires more than enough money to achieve the goal without much consideration. However, because only thinking short term, finally the operational costs swell. The cost can actually be allocated to competitive product prices but the budget allocated to In addition, one of the things that causes the failure of competitive pricing is not presenting a solution. Batik Shop in Jember City uses sophisticated technology rather than realizing solutions for consumers.

### ➤ *The Effect of Competitive Advantage on Marketing Performance*

The results of the path coefficient test indicate that competitive advantage has a significant effect on marketing performance. Based on the test results, the seventh hypothesis stating that competitive advantage has a significant effect on marketing performance is proven (accepted). This shows that the better the competitive advantage, the higher the marketing performance.

The performance of Jember batik shops is also supported by competitive advantages. This is because competitive advantages improve marketing performance. Companies are required to always improve their performance by making improvements to the products they produce in order to obtain superior value compared to their competitors. Competitive advantages can be obtained from the ability of MSMEs to manage and utilize the resources and capital they have. Batik shops in Jember that are able to create competitive advantages will have the strength to compete with other MSMEs because their products will continue to be in demand by customers. In addition, Batik shops in Jember. have good competitive advantages, then the capabilities of MSMEs are difficult to imitate by competitors. Thus, if the higher the competitive advantage that is owned, it can be said that

marketing performance is good. This study is consistent with Li's research (2000) which found a positive influence between MSMEs that have competitive advantages and increased marketing performance.

## V. CONCLUSION AND RECOMMENDATION

Based on the results of the data analysis, the research conclusions include: 1) Customer Relationship does not affect the marketing performance of batik shops in Jember City. This shows that customer relationship is not able to improve marketing performance; 2) Competitive prices affect the marketing performance of batik shops in Jember City. This shows that competitive prices carried out by SMEs improve marketing performance; 3) Competitive advantage affects the marketing performance of batik shops in Jember City. If the competitive advantage is higher, the marketing performance will be higher too.

Suggestions that can be submitted for batik shop management, consumers and further research. This study has limitations and weaknesses in this study can result in imperfect research, so it is expected to be perfected by other researchers 1) For batik shop management in improving the Customer Relationship of batik shops to customers so that good relationships can be established with batik customers so that marketing performance will later increase; 2) For further research where observations are only carried out using cross-sectional time horizon data that is only obtained from a certain time. This can affect the findings in the causal relationship of the variables in this study. For future research, a longitudinal study design can be used to observe the causality of research variables, namely Customer Relationship, strategy capability to competitive advantage. Measurement of variables in this study, using the owner's own perception through self-appraisal. There is a tendency when filling out the list of statements the owner concerned will always assess good or good for himself.

This limitation provides an opportunity for further research by considering agencies that can present generalizations of research findings. Future research can also consider other research objects, including the banking industry, the food and beverage industry, and other service industries. Recommendations that can be given for further research should be that the variables used in the study should be added as other variables that shape marketing performance so that it becomes more varied and can be a comparison in influencing marketing performance.

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