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## Marketing Innovativeness on Marketing Performance: Role of Religio-Centric Relational Marketing Strategy

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### ABSTRACT

This paper is an empirical study aimed at investigating the effect of marketing innovativeness, market sensing capabilities and customer relationship management on marketing performance. The researchers tried to develop and solve the problem of the gap between marketing innovativeness and marketing performance. The respondents of this study were 318. Some of them are leaders or owners of SMEs Muslim fashion in Central Java, Indonesia. Data was analyzed by using Structural Equation Modeling (SEM). The results of the study show that marketing innovativeness (MI) has no significant effect on marketing performance (MP), while market sensing capabilities (MSC) and Customer Relationship Management Capabilities (CRMC) have a significant effect on marketing performance. Likewise, marketing innovativeness, market sensing capabilities, and CRM capabilities have a significant effect on the religio-centric relational marketing strategy. Furthermore, religio-centric relational marketing strategy (RRMS) is able to mediate the relationship between marketing innovativeness and marketing performance.

### KEYWORDS

Marketing innovativeness; market sensing capabilities; CRM capabilities; marketing performance; religio-centric relational marketing strategy

### Introduction

The business environment changes very dynamically, so companies must be able to adjust to environmental changes. The fashion industry which is dominated by style elements tends to only survive in the short term in the market (Christopher, Lawson, & Peck, 2004). The existence of fashion is very easy to imitate so that production will be carried out as long as the product is successful in the market (Jones, Hayes, & Jones, 2006; Lea-Greenwood, Barnes, & Lea-Greenwood, 2010) and the speed in responding to changes in fashion trends and the ability to provide products will make the company successful (Lea-Greenwood et al., 2010). Companies that can respond to market opportunities, monitor customers and competitors and

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also allocate appropriate resources will have the ability to identify market opportunities (Coleman, 1978).

According to Teece (2012), market sensing capability includes the ability to capture market opportunities and configure resources to improve company performance. Vorhies and Morgan (2005) said that organizations that can use information properly and learn to understand changes in the market environment can encourage increased marketing performance. Day (2014) states that market sensing capability also have a role in improving marketing performance. Several studies also showed that market sensing capability is a determinant of marketing performance (Ahmed, Ibrahim, Hafiez, & Hasaballah, 2017; Bailey, 2013; Osakwe, Chovancova, & Ogbonna, 2016; Tseng & Lee, 2014). Another study showed that market sensing capability is not able to improve marketing performance (Olavarrieta & Friedmann, 2008; Morgan, Slotegraaf, & Vorhies, 2009) and is also unable to be a driver in increasing profitability and sales (Ardyan, 2016).

Likewise, CRM that is developed through strengthening the quality of information will provide satisfaction for customers and become a driver for company performance (Al-Weshah, Al-Manasrah, & Al-Qatawneh, 2018). CRM can create harmonious long-term relationships and have an impact on increasing company performance in the form of profits and sales (Muro, Magutu, & Getembe, 2013). The ability to interact with customers is determined by the quality of market intelligence and customer centric commitment (Nurhayati & Hendar, 2017). Another study showed that computerized CRM is not able to improve company performance (Ngambi, 2015).

Efforts to increase market share and competitive advantage require innovation to successfully enter new markets (Hsieh, Tsai, & Wang, 2008; Gunday, Ulusoy, Kilic, & Alpkan, 2011). Innovation is needed by the company because there is a push for a more productive production process and tight competition so that it must be more attractive in the market (Gunday et al., 2011). Company performance will be achieved if it can innovate in producing unique goods or services and create customer value (Barney, 1991; Grant, 1991).

The study of marketing innovativeness and its influence on business performance has been a concern of practitioners and business researchers (Moreira, 2012). Marketing innovativeness can be done through the fields of products, processes and relationships (Cascio, 2011). Marketing innovativeness on products is directed at fulfilling the desires and needs of consumers, through developing new products, seeking new ideas, research, and development by utilizing new technologies so that they can produce unique and different products (Cascio, 2011). The ability to create new products and services, then communicating and distributing in new ways will be the key to the company's success. Therefore, the main role of marketers is to

create innovative supply sources in accordance with the needs of new markets, increase consumer expectations in new markets, and implement new actions in order to meet the target market (Moreira, 2012). Therefore, the company's long-term strategic steps are marketing innovation.

Innovativeness is a type of approach that can be used to predict company performance (Ar, 2012; Atalay, Anafarta, & Sarvan, 2013; Cheng, Yang, & Sheu, 2014; Dunk, 2011; Zhou, 2005). Several previous studies indicate that company performance can be improved through a marketing innovativeness approach (Cheng et al., 2014; Gunday et al., 2011). Marketing innovativeness is needed to maintain customers, by providing the best service, creating satisfaction, providing products according to customer desires and needs (Cheng & Krumwiede, 2012). Another study showed that marketing innovativeness becomes a determinant of marketing performance (Hendar, Nurhayati, & Sugiyarti, 2018).

Other studies showed different results, marketing innovativeness is not able to improve marketing performance (Atalay et al., 2013; Kim & Mauborgne, 2004). Radical marketing innovation is not able to improve marketing performance (Nargundkar, 2003). Marketing innovation cannot encourage product performance improvement even though the market potential is available (Song, Song, Benedetto, & Di, 2011). Product innovation cannot improve marketing performance even though the company can explore new markets (Calantone & Griffith, 2007). The results of the study above showed that marketing performance is not always influenced by marketing innovation. In addition, some previous studies showed inconsistent results. Therefore, research that is expected to contribute to the inconsistencies from previous studies is still needed.

The trend of religious business fashion trends for market segments relates to meeting the needs of customers who are committed to products in accordance with religious values. Market segments that have religious commitment have potential market opportunities and need the right marketing strategy. The ability to build relationships with customers through religious values will create satisfaction and commitment to buy products that affect marketing performance. Thus, Religio-centric Relational Marketing Strategy is very necessary for strengthening the relationship between MI, MSC, and CRM with marketing performance. A more in-depth marketing study on RRMS for Muslim fashion SMEs that have religious commitment is still limited, so further research is still needed. Personal consumer awareness to use fashion products that have religious values will create potential market opportunities. Companies that are able to capture market opportunities well will be able to gain large profits in market segments that have religious commitments. Therefore, RRMS is expected to be able to solve the problems of previous research.

## Literature review and hypothesis developments

### *Conceptual development of religio-centric relational marketing strategy*

The Relational Marketing concept is derived from the Relationship Marketing Theory. Halinen (2000) explained Relationship Marketing Theory was built through business marketing, marketing channels, marketing services, and marketing data-based. Furthermore, marketing channels are developed to explain partner relations between buyers and sellers. In particular, partner relations are characterized by high levels of trust, long-term relationship orientation, intensive information exchange and a good level of cooperation. Relationship marketing is built through trust, commitment, and communication (Cruceru & Moise, 2014; Maznah Wan Omar, 2010). According to Buttle, Ahmad, and Aldlaigan (2002), companies must make efforts to bind customers in the long term, through meeting the customer needs. Ford (1980) states that buyer interaction with sellers will make easier to find the right relationship and each party will be involved to adapt to accommodate shared interests.

The religio-centric concept is derived from Social Identity Theory. According to Harry Tajfel (1976) Social Identity Theory explains that to understand one's social identity, it can be done through self and group. This theory explains that each individual will relate to a particular group and try to support self-esteem which is a basic human need. This theory also examines the importance of ethnocentricity as one of the studies that reveal consumers' choices in meeting their needs (Kaynak & Eksi, 2011). According to the social identity and ethnocentric perspective, the religio-centric concept is inherent in religion so that individual and group identities can be determined based on religion. The religio-centric concept implies a combination of positive attitudes towards group members in religion and negative attitudes towards other religions (Sterkens & Anthony, 2008). Ethnocentric customers tend to respond positively to the products included in their groups and give negative responses to products that are not from their group. Ethnocentric customers are proud of their cultural symbols and values and reject others' symbols and cultural values (Herche, 1994). Religio-centrism describes the existence of religious sentiments, that someone in meeting personal needs will act based on religion (Ray & Doratis, 1971). Religio-centric holds the absolute truth of their religion and denies the truth of other religions and does not provide space for activities to other religions (Abu-Nimer, 2003). Every individual affiliated with a particular religious group will consider that their religious attributes are better than other religious groups (Sterkens & Anthony, 2008).

Morgan and Hunt (1994) said that marketing relationship strategy will succeed if all activities are directed at building, developing and maintaining

relationships. According to Iacobucci and Hibbard (1999), relationship marketing is characterized by long-term, intense, closed and symmetrical interactions so that it is important to strengthen commitment, trust, and interdependence. Sorce (2002) said that marketing strategies can be done by building customer commitment, such as creating customer satisfaction by providing products, superior services, and also creating and maintaining relationships. Success in using a strategy of creating and maintaining relationships will result in high repurchases, strengthen relationships and responsibilities with customers (Sorce, 2002).

Religio-centric synthesis and relational marketing strategy lead to a new concept of religio-centric relational marketing strategy. In this study, the definition of religio-centric relational marketing strategy is a strategy of building relationships on the basis of shared benefit, religion-based relations, relationship commitment on the basis of brotherhood, building religious-based networks, developing religious value-based network resources, coordinating between religious-based functions and sharing information based on religious values that are built to create customer value.

### ***Marketing innovativeness and marketing performance***

MI has three dimensions, namely product innovation related to product physical changes, service innovations related to the effectiveness and efficiency of service processes, and also innovation in the delivery of goods related to product delivery to buyers (Kim & Mauborgne, 2004). Innovativeness shows a culture, values, and beliefs in an organization to innovate (Kam Sing Wong, 2012) and MI is considered capable of improving marketing performance (Hendar et al., 2018).

The ability to create value added for customers by making various innovations is strongly influenced by the experience, skills, and knowledge of employees (Wang & Wang, 2012). Innovativeness is done by creating products, looking for new ways, trying to try new ideas, marketing products early and daring to take risks (Suliyanto & Rahab, 2012). MI becomes a means to enter new markets, respond to competitor's actions, increase sales and create sustainable competitive advantage (Carbonell & Rodriguez, 2006; Gunday et al., 2011; Iyer, LaPlaca, & Sharma, 2006). MI shows changes in marketing activities, including packaging, design, and price in order to increase sales and other changes that are considered better than before (Karabulut, 2015).

MI is measured through seven indicators, namely creativity in seeking marketing ideas, product design improvements, improvements in product placement, improvement of product promotion, reasonable product price increases, sanctions against staff who fail to produce new marketing ideas,

and the courage to take risks for implementing ideas (Naidoo, 2010). Another study also shows that the performance of small and medium enterprises is strongly influenced by the innovation capabilities (Mulyana, 2016; Salim & Sulaiman, 2011). The better product innovation, process innovation, marketing innovation, and management innovation can lead to increased company performance (Sulistyo & Siyamtinah, 2016). Organizational resources affect creativity, innovation, imagination and technology needed to compete in the global market (Jardon & Martos, 2012). Likewise the internal resources, if it is used appropriately, it can encourage the creation of competitive advantage and company performance (Kumar & Rose, 2010). Other studies also show that business performance measurement can be done through some indicators, such as: market share growth, sales growth, profit growth and Return on Assets (Johnson, Dibrell, & Hansen, 2009).

Companies that have the ability to retain customers, attract new customers, increase customer satisfaction, increase sales growth and increase net income show good marketing performance (Soliman, 2011). The company's confidence to always innovate to meet customer needs will be able to increase the commitment of customers to buy products. Furthermore, satisfying ability and conveying customer value better than competitors will have an impact on the expansion of market share and sales volume. Therefore, MI has the potential to increase MP.

H1: MI has a significant effect on MP

### ***Market sensing capabilities and marketing performance***

The company's ability to understand customers, competitors, distribution channels and business environment shows the company's ability to understand market changes (Morgan, Katsikeas, & Vorhies, 2012). This concept becomes a component of market sensing capabilities (Day, 1994; Lindblom, Olkkonen, Mitronen, & Kajalo, 2008; Morgan et al., 2009). Organizations must quickly understand market changes, and can act proactively in order to strategize properly (Day, 1994; Martinette & Obenchain-Leeson, 2012). Marketing performance is the company's success in retaining old customers, gaining market share, increasing sales and the number of new customers (Merrilees, Rundle-Thiele, & Lye, 2011). Companies that have the ability to retain customers, attract new customers, increase customer satisfaction, increase sales growth and increase net income have good marketing performance (Soliman, 2011). Companies that can capture market opportunities, understand customer needs, respond to competitor's strategies, provide products according to customer expectations and configure resources can take action quickly. The ability to take action quickly to create

customer value higher than competitors can satisfy customers, expand market share and increase sales. Therefore, MSC has the potential to increase MP.

H2: MSC has a significant effect on MP

### ***CRM capabilities and marketing performance***

CRM capabilities refer to the companies that are able to build long-term relationships and competitive advantage positions, through the integration of CRM technology, CRM processes, and CRM organizations (Elkordy, 2014). CRM capabilities show customer interaction management, customer relationship improvement, and mutually beneficial relationships with customers (Wang and Feng, 2012). Marketing performance is the success in retaining old customers, gaining market share, increasing sales and increasing the number of new customers (Merrilees et al., 2011).

Companies that have the ability to retain customers, attract new customers, increase customer satisfaction, increase sales growth and increase net income have good marketing performance (Soliman, 2011). Companies that can build and develop marketing relationships well can satisfy customers. Satisfaction with the quality of the relationship will affect the commitment to maintain long-term relationships. The ability to build good relationships will increase the commitment of customers to buy products so that it will affect the increase in sales, profits and market share. Therefore, CRM capabilities have the potential to increase MP.

H3: CRMC has a significant effect on MP

### ***Religio-centric relational marketing strategy and marketing performance***

The concept of relationship marketing is to be as organizational cultural values in developing relationships with customers (Sin et al., 2005). Increasing the quality of relationships with old and new customers can be done by maintaining the quality of long-term relationships (Hunt & Madhavaram, 2006; Zeynep Ata & Toker, 2012). Relationship orientation is a strategy that emphasizes the importance of building and utilizing relationships with customers (Matikainen, Terho, Matikainen, Parvinen, & Juppo, 2015), so that organizational culture places customer relations as the company's operational strategy (Sin et al., 2005). In the market segment, small faith-based companies will have high marketing performance when they have a religio-centric positional advantage (Hendar et al., 2017). While creative marketing strategy is also a determinant of business performance (Ishaq & Hussain, 2016). Religiosity also has a big role in developing good

relationships in the long term so that the ability to maintain good relations is a charity and the higher the religiosity, the better the quality of relationships (Skarmeas & Shabbir, 2011). Likewise, Islamic relationship marketing can increase customer satisfaction and retention so that it will affect business sustainability (Salleh, 2014).

The ability to build relationships plays an important role in improving business performance through individual and collective coordination to create higher customer value than competitors (Johnsen, Ngugi, Johnsen, & Erde, 2010; Zohdi, Shafeai, & Hashemi, 2013). The RRMS implementation is expected to strengthen the network, share information with business partners, build trust between partners, build a bond of brotherhood to achieve common goals and benefit the society. MP is the company's success in maintaining old customers, gaining market share, increasing sales and increasing the number of new customers (Merrilees et al., 2011). Company will be able to improve marketing performance if it can retain customers, attract new customers, increase customer satisfaction, increase sales growth and increase net income (Soliman, 2011).

Religio-centric relational marketing strategy is a relationship marketing strategy that is built based on mutual benefit, religion-based relationships, relationship commitment based on brotherhood, building religious-based networks, developing religious value-based network resources, coordinating between religious-based functions, and sharing information based on religious values to create customer value. The ability to build a relational marketing strategy based on religious values will increase the commitment of customers to buy products in the long term and expand market share. Therefore, RRMS has the potential to increase MP.

H4: RRMS has a significant effect on MP

### ***Marketing innovativeness and religio-centric relational marketing strategy***

MI becomes an instrument for entering new markets, responding to competitors' actions, increasing sales and as a way to create competitive advantage (Carbonell & Rodriguez, 2006; Gunday et al., 2011; Iyer et al., 2006). MI shows changes in marketing activities, including packaging, design, and price in order to increase sales and other changes that are considered better than before (Karabulut, 2015).

Maintaining a good marketing relationship with old and new customers is needed so that the quality of relationships is maintained (Hunt & Madhavaram, 2006; Zeynep Ata & Toker, 2012). The customer relationship marketing concept is directed at building long-term relationships with customers (Frow et al., 2011; Wang & Feng, 2012). The development of good relations in the long term is a worship service that can create quality

relationships (Skarmeas & Shabbir, 2011). Religio-centric relational marketing strategy is a marketing relationship strategy based on religious values aimed at market segments that are committed to products with religious values. Companies that can understand customer behavior towards products that have religious values will be more proactive in developing a marketing relationship strategy. Marketing innovations directed at meeting customer needs, responding to competitors' actions, and creating products based on the needs of religious market segments, will trigger companies to develop religious-based marketing relations strategies.

H5: MI has a significant effect on RRMS

### ***Market sensing capabilities and religio-centric relational marketing strategy***

Market-oriented strategy development will be successful if the organization has the ability to understand market changes, market information, and be proactive (Day, 1994; Martinette & Obenchain-Leeson, 2012). Companies that actively understand customers, competitors, distribution channels and business environments will be able to predict future market changes (Morgan et al., 2012). Market needs can be served if the company has the ability to do market sensing, which is actively acquiring and sharing information on market needs (Martinette & Obenchain-Leeson, 2012). Market sensing capability shows the ability of companies to understand market changes, this is demonstrated through the ability to understand customers, competitors, distribution channels and business environment (Day, 1994; Lindblom et al., 2008; Morgan et al., 2009). Companies that can understand market changes quickly will act quickly to develop appropriate strategies (Day, 1994; Martinette & Obenchain-Leeson, 2012).

The increase of quality of relationships is needed both with old and new customers to maintain sustainable relationships (Hunt & Madhavaram, 2006; Zeynep Ata & Toker, 2012) and efforts to strengthen long-term relationships can be done by meeting customer needs (Buttle et al., 2002). The value of relationships is more directed at key customers, managing knowledge, and integrating customer relationship management-based technology (Kim, Eun Park, Dubinsky, & Chaiky, 2012). In the concept of religiosity, building a good long-term relationship to get a reward is a charity, so that the quality of relationships will get better when someone's religiosity is getting higher (Skarmeas & Shabbir, 2011). Companies that can understand market changes, understand competitors, and analyze market information will be able to take action quickly. Therefore, if the company can understand the needs of the targeted market segment more quickly, the company

will be able to act proactively in establishing a religious-based marketing relationship strategy.

H6: MSC has a significant effect on RRMS

### ***CRM capabilities and religio-centric relational marketing strategy***

The CRM concept is intended to build long-term relationships with customers that can be done through cross-functional coordination (Frow et al., 2011; Wang & Feng, 2012). The development of long-term relationships to strengthen, satisfy and create customer loyalty can be achieved through a CRM strategy. Technological change and a very fast market required the ability to build close relationships with loyal customers in the long term. Building close relationships with loyal customers will provide value-added and customer loyalty (Zineldin, 2006).

Relationship orientation is a strategy that emphasizes the importance of building and utilizing relationships with customers (Matikainen et al., 2015) so that the company's operational strategy prioritizes customer relations (Sin et al., 2005). Furthermore, customer satisfaction has a large role in creating strong relationships in the long term (Storbacka, Strandvik, & Grönroos, 1994). Efforts to strengthen better long-term relationships to obtain merit are acts of worship so that when someone's religiosity gets higher, the quality of the relationship will be better (Skarmeas & Shabbir, 2011). Companies that can build long-term relationships to satisfy, strengthen and create customer loyalty will be able to develop a relationship strategy quickly. Therefore, the ability to manage relationships with potential customers who are committed to products that are seen to be related to religious values, especially in the field of fashion requires a strategy of value-based relations. Therefore, if the company can manage long-term relationships with customers, it will be able to develop a marketing relationship strategy quickly.

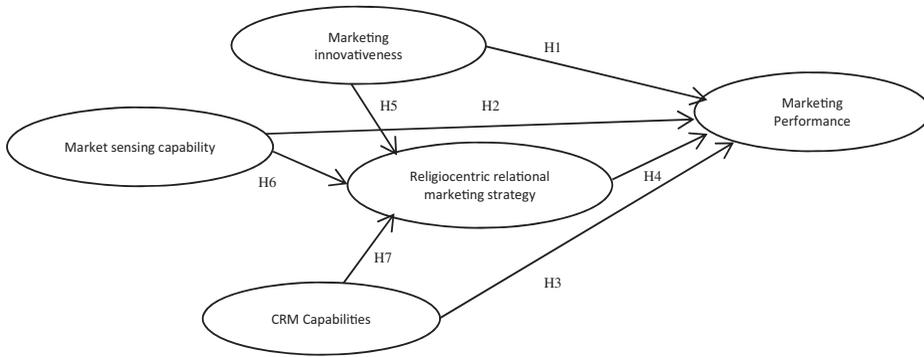
H7: CRMC has a significant effect on RRMS.

Figure 1. illustrates these hypotheses. The examination of these hypothesis is the main contribution of this article.

## **Research method**

### ***Sample and data collection***

This research object is small and medium-sized Muslim fashion in Central Java, Indonesia. The respondents are owners or leaders of Muslim fashion small and medium businesses and have 3 years of experience. Researchers consider leaders or small and medium business owners to have experience,



**Figure 1.** Conceptual framework.

attitudes, and views on the importance of marketing innovativeness, market sensing capability, CRM capability, religio-centric relational marketing strategy to improve marketing performance. Data was collected by distributing questionnaires and face-to-face as many as 470 respondents in 10 districts/cities in Central Java. Face-to-face meetings are conducted with the owner or business manager to ensure the accuracy of the information, validate the results and facilitate the understanding of the questionnaires distributed. From the 470 questionnaires that were distributed, 405 questionnaires were returned and after the selection was conducted, it turned out that only 318 (67.65%) were eligible as respondents. The elected respondents consisted of 78.6% of women and 21.4% of men and aged between 22 and 50 years and they are the owners or leaders of Muslim fashion small and medium businesses. They also have experiences in business around 3 to 13 years with the types of business in the field of retail as much as 38.6%, 5.5% online retail, 44.7% convection and 11.2% wholesale.

### Measures

All constructs are measured by using a scale of 1 to 10, score (1) is for strongly disagree and score (10) is for strongly agree. MI adapted from Cascio (2011) and Karabulut (2015) measured through seven indicators, namely willingness to look for ideas and try new ways in marketing activities, improvements in product design, improvements in product positioning, improvements in marketing communication activities, improvements in competitive pricing, improvements in distribution channels and improvements in customer maintenance. MSC adapted from Morgan et al., (2009) and Lindblom et al. (2008) measured through five indicators, the company's ability to learn about customer needs and desires, find competitor strategies and tactics, gain insight into channel members, identify and understand market trends, and learn about the broad market environment. CRM Capabilities adapted from Wang and Feng (2012) measured through

six indicators, namely the ability to identify attractive customers, the ability to set attractive customer targets, the ability to establish dialog with customers in selected market segments, the ability to focus on meeting the target customer needs length, ability to maintain loyalty among attractive customers, and the ability to improve the quality of attractive customer relationships. RRMS is measured through seven indicators adopted from (Salleh, 2016; Widana, Wiryono, Purwanegara, & Toha, 2015), namely: strengthening the relationship of mutual benefit-based relations, consistently building religious-based relationships, commitment to strengthen the bonds of brotherhood with customers, building networks with faith-based business partners, developing network resources based on religious values, coordinating between religious-based functions and sharing information with business partners based on religious values. MP adapted from Soliman (2011), Merrilees et al. (2011) measured through five indicators, namely: sales growth, increase in sales volume, achievement of sales targets, customer growth and expansion of marketing areas.

### ***Data analysis and measurement model***

The collected data is obtained by using the Structural Equation Model (SEM) approach to facilitate the hypothesis testing. This study wants to examine the relationship between MI, MSC, CRMC, RRS and MP. There are two types of variables in SEM analysis, namely latent and manifest variables. Latent variables cannot be known directly but can be observed through indicators as a reflection of constructs while manifest variables can be identified directly. Some goodness-of-fit indexes that are used for model compatibility evaluations include: Normal Fit Index (NFI); Comparative Comparison Index (CFI); Tucker-Lewis Index (TLI); the Root Mean Square Error of Approximation (RMSEA); and the Chi-square statistic.

Evaluation Results of Structural Model Assumptions indicate: (1) data are normally distributed, it is proven that value of critical ratio skewness  $\pm 2.58$  with a significance level of 0.01; 2) outliers do not occur, it is evident that all indicators have no Mahalanobis distance value  $> 66.25$ ; 3) multicollinearity does not occur, it is proven that the determinant value of the covariance matrix sample = 6.57 (far from zero).

Table 1 shows all indicators have a loading factor  $> 0.5$  and  $p$ -value  $< 0.05$  so that all indicators are declared valid. Table 2 shows all constructs are declared reliable or all indicators of the latent variables measured have internal consistency (Hair, 2010). The test results are in accordance with the standard internal consistency of the indicators measured, it is proven by reliability values (CR)  $> 0.6$ , Variance Extracted (VE)  $> 0.5$ . Furthermore, Marketing Innovativeness variable, Market Sensing Capability

**Table 1.** Confirmatory factor analysis result for the measurement model.

Variable and Indicator	Loading factor	p-value
<b>Marketing innovativeness</b>		
• We give creative freedom to all employees to find new marketing ideas that can improve the effectiveness of marketing programs.	.572	0.000
• We often try new ways to implement marketing programs.	.694	0.000
• We make use of new technologies that facilitate the marketing of products produced	.652	0.000
• We always improve the appearance of Muslim fashion products offered	.685	0.000
• Every month we introduce Muslim fashion products with new models to the market	.615	0.000
• Over the past three years, we have developed various approaches to new sales management	.688	0.000
• Over the past three years, we have developed various approaches to marketing relationships with customers.	.679	0.000
<b>Market sensing capability</b>		
• We have the ability to learn about customer needs and desires, and how to fulfill them.	.716	0.000
• We have the ability to learn and understand the strategies and tactics of the company's main competitors in the market.	.690	0.000
• We have the ability to get information about channel members both in distribution and communication.	.694	0.000
• We have the ability to identify and understand market trends.	.701	0.000
• We have the ability to learn to understand the changing market environment	.701	0.000
<b>CRM capability</b>		
• Our company has the ability to identify interesting customers	.738	0.000
• Our company has the ability to set attractive target customers	.718	0.000
• Our company has the ability to build a dialog with customers in selected market segments	.698	0.000
• Our company has the ability to focus on meeting long-term target customer needs	.686	0.000
• Our company has the ability to maintain attractive loyalty among customers	.679	0.000
• Our company has the ability to improve the quality of attractive customer relationships	.715	0.000
<b>Religio-centric relational marketing strategy</b>		
• We design relationships with customers as part of friendship and strengthen mutual benefit-based relationships.	.616	0.000
• We are consistent in building relationships and aligning inter-organizational synergies with business partners based on religious values.	.647	0.000
• We have a strong commitment to strengthen the bond of brotherhood with customers or business partners	.644	0.000
• We consistently pioneered the establishment of networks with religious-based business partners	.638	0.000
• We develop network resources based on religious values.	.650	0.000
• We intensively coordinate between functions for the effectiveness of religion-based marketing strategies	.741	0.000
• We are committed to sharing information with business partners based on religious values	.621	0.000
<b>Marketing performance</b>		
• Over the past three years, the results of our company's sales have continued to increase	.682	0.000
• Over the past three years, the number of products we sell has continued to increase	.647	0.000
• Over the past three years, the number of our customers has continued to grow	.720	0.000
• Over the past three years, the sales area of our company has continued to expand	.649	0.000
• Over the past three years, our company's profits have continued to increase	.693	0.000

$\chi^2 = 430.557$ ;  $df = 395$ ;  $Prob = .105$ ;  $GFI = .917$ ;  $AGFI = .903$ ;  $TLI = .988$ ;  $CFI = .989$ ;  $RMSEA = 0.017$ ;  $CMIN/DF = 1.090$ .

**Table 2.** Construct reliabilities, AVE and correlations.

<i>n</i> = 318	1	2	3	4	5
Marketing Innovativeness (MI)	.840				
Market Sensing Capabilities (MSC)	.413	.828			
CRM Capabilities (CRMC)	.448	.423	.856		
Religio-centric Relational Marketing Strategy (RRMS)	.385	.356	.409	.837	
Marketing Performance	.413	.493	.459	.413	.812
Average Variance Extracted (AVE)	.695	.703	.748	.687	.668

**Table 3.** Hypothesis test.

Relationship specification	Std $\beta$	Unstd $\beta$	SE	C. R.
H1: MI $\rightarrow$ MP	.146	.135	.070	1.938
H2: MSC $\rightarrow$ MP	.268	.238	.068	3.504*
H3: CRMC $\rightarrow$ MP	.185	.178	.071	2.504**
H4: RRMS $\rightarrow$ MP	.191	.225	.086	2.625*
H5: MI $\rightarrow$ RRMS	.234	.183	.061	2.993*
H6: MSC $\rightarrow$ RRMS	.157	.118	.056	2.093**
H7: CRMC $\rightarrow$ RRMS	.185	.202	.062	3.276**

\* $p < 0.01$ ; \*\* $p < 0.05$ .

variable, CRM Capability variable, Religio-centric Relational Marketing Strategy variable, and Marketing Performance variable, have values of CR > 0.7 and AVE > 0.5.

## Results

SEM recommends several criteria that must be met in full structural model testing. The test results for the Goodness-of-Fit index are good and in accordance with the criteria recommended by SEM. The value of  $X^2 = 430,557$  and not significant at  $\alpha: 0.05$ , GFI index: 0.917; AGFI: 0.903; TLI: 0.988; CFI: 0.989, all values meet the SEM recommended conditions, that is  $\geq 0.90$ . RMSEA value: 0.017 smaller than 0.08 and CMIN/DF 1.090 less than 2.00. The test results for the Goodness-of-Fit index are in accordance with the recommendations in SEM. Thus, the model is fit to test relationships among variables.

In Table 3 and Figure 2, it shows that MI does not have a significant effect on MP (Std  $\beta = .146$ , CR = 1.938,  $p > 0.05$ ), thus H1 is rejected. Furthermore, there was a significant positive effect of MSC on MP (Std  $\beta = .268$ , CR = 3.504,  $p < 0.01$ ), then CRMC on MP (Std  $\beta = .165$ , CR = 2,051,  $p < 0.05$ ), RRMS on MP (Std  $\beta = .191$ , CR = 2.625,  $p < 0.01$ ), MI on RRMS (Std  $\beta = .234$ , CR = 2.993,  $p < 0.01$ ), MSC on RRMS (Std  $\beta = .157$ , CR = 2.093,  $p < 0.05$ ) and CRMC on RRMS (Std  $\beta = .185$ , CR = 3.276,  $p < 0.01$ ). Thus, H2, H3, H4, H5, H6, H7 are accepted.

The result of the RRMS test as a mediating variable between MI and MP is that MI has a direct and not significant effect on MP (Std  $\beta = .146$ , CR = 1.938,  $p > 0.05$ ), whereas the effect of MI on MP through RRMS has

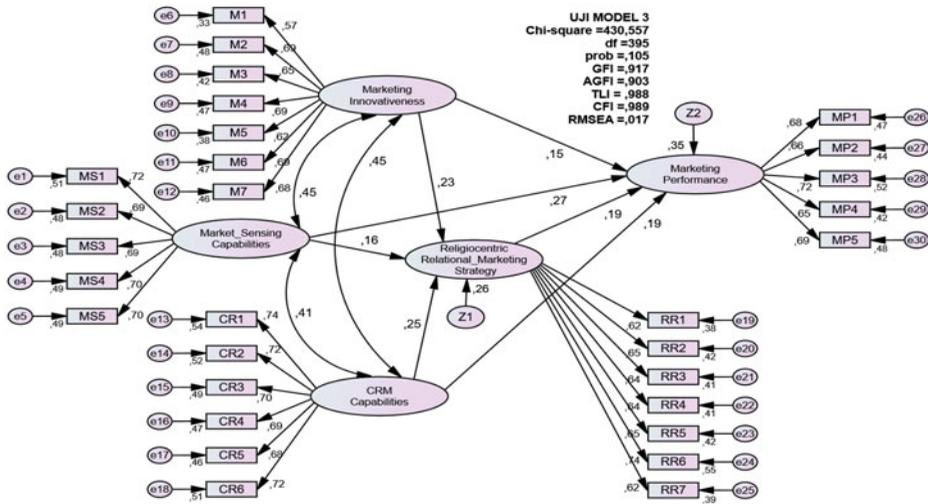


Figure 2. Structural model.

shown that MI has a significant effect on RRMS (Std  $\beta = .234$ , CR = 2.993,  $p < 0.01$ ) and RRMS have a significant effect on MP (Std  $\beta = .191$ , CR = 2.625,  $p < 0.01$ ). Thus, RRMS has a role as mediation between MI and MP. The results of the RRMS test as the mediating variable between MSC and MP is that MSC has a direct and significant effect on MP, whereas the effect of MSC on MP through RRMS shows that MSC has an effect on RRMS (Std  $\beta = .157$ , CR = 2.093,  $p < 0.05$ ) and RRMS has an effect on MP (Std  $\beta = .191$ , CR = 2.625,  $p < 0.01$ ). Thus, RRMS has the role of mediating the relationship between MSC and MP. Furthermore, the results of the RRMS test as the mediating variable between CRMC and MP indicate that CRMC has a direct and significant effect on MP (Std  $\beta = .165$ , CR = 2.051,  $p < 0.05$ ), while the effect of CRMC on MP through RRMS results in CRMC have an effect on RRMS (Std  $\beta = .185$ , CR = 3.276,  $p < 0.01$ ) and RRMS has an effect on MP (Std  $\beta = .191$ , CR = 2.625,  $p < 0.01$ ). Thus, RRMS has the role of mediating the relationship between CRMC and MP.

## Discussion

MI does not have a significant effect on MP. The company's confidence to innovate in order to meet customer expectations has not been able to improve marketing performance. Marketing innovations developed in the form of packaging innovations, designs, prices, new products, trying new ideas, and marketing products earlier have not been able to improve marketing performance. This is in line with the research findings that marketing innovation does not affect marketing performance (Kim & Mauborgne,

2004). The company's belief in innovating to meet market targets does not guarantee that it can increase sales and market share.

MSC has a significant effect on MP. The ability to understand customer needs, competitor strategies, satisfy customers, provide products according to customer expectations will strengthen customer commitment, expand market share, and increase sales. MSC will guide companies to take action quickly in conveying value to customers rather than competitors. This is in line with findings that the company can retain customers, attract new customers, give customer satisfaction, and improve marketing performance (Soliman, 2011). MSC will encourage companies to act proactively in understanding market changes that commit to religious products, then it is followed by the preparation of appropriate strategies so that it will drive marketing performance.

CRMC has a significant effect on MP. The company's ability to build and develop long-term relationships with customers will increase customer satisfaction and loyalty. Companies that can build relationships to maintain old customers, attract new customers, and expand market share will have an impact on sales growth. This result is in line with the research findings which state that companies that successfully improve marketing performance are when companies can retain old customers, gain market share, increase sales, and increase new customers (Merrilees et al., 2011). Marketing performance can be improved by maintaining customers, attracting new customers, and increasing customer satisfaction (Soliman, 2011).

RRMS can increase MP. RRMS is developed by strengthening the relationship of mutual benefit-based relations, consistently building religious-based relationships, commitment to strengthen brotherly relationships with customers, building networks with faith-based business partners, developing network resources based on religious values, coordinating between religious-based functions and sharing information with business partners based on religious values, this will then be a determinant of marketing performance. These results are in line with research findings which state that the development of a good long-term relationship to get a reward is a charity, so the higher the religiosity, the higher the quality of the relationship (Skarmeas & Shabbir, 2011). The development of religious-based relations strategies can properly influence marketing performance.

MI affects RRMS. These results support the finding that MI is an instrument for entering new markets, responding to competitors' actions, and increasing sales (Carbonell & Rodriguez, 2006; Gunday et al., 2011; Iyer et al., 2006). The company's confidence to innovate to meet customer expectations, respond to the competitors' actions, and utilize the resources they have will encourage the company to act quickly in strategizing. The development of MI through the freedom of employees to create, try new

ideas, use new technology, offer products with new models for the satisfaction of customers who are committed to religious products will lead companies to be more proactive in developing religious-based marketing relations strategies.

CRMC has a significant effect on RRMS. Companies that can build and maintain long-term relationships will make it easier to get information from customers. The ability to obtain and manage customer information will be able to encourage companies to develop marketing relationship strategies quickly and precisely. The results of this study support the findings that state the development of market-oriented strategies will succeed if the organization can understand customer changes, market information, and also be proactive (Day, 1994; Martinette & Obenchain-Leeson, 2012). CRM Capabilities with market segments that commit to religious products can trigger the companies to develop a strategy of religious-based relationships quickly, such as building relationships for mutual benefit and building relationship commitment based on religious values.

MSC affects RRMS. Companies that actively seek market information will be able to understand customer needs, competitor strategies and environmental changes. These results support the finding that companies that can understand market changes quickly will be able to act quickly to develop strategies that fit the conditions of the target market (Day, 1994; Martinette & Obenchain-Leeson, 2012). The speed in obtaining market information will lead corporate companies to act faster in developing strategies. The development of CRM for market segments that commit to religious products will trigger companies to design appropriate religious-based marketing relations strategies.

A marketing strategy aimed at potential customers who have an emotional bond with products that have religious values, especially in the field of fashion, this requires a religious value-based relationship strategy approach. A strategy that might be developed is to strengthen the relationship, which is known as RRMS. The company's ability to understand customer needs and respond to competing strategies for market segments that are committed to products with religious values and supported by religious-based marketing strategies will potentially increase MP. Thus, MI aimed at market segments that have a religious commitment and are supported by religious-based marketing relations strategies can increase MP.

## **Conclusion**

MI aimed at market segments that have a commitment to religious value-based products can increase MP if it is supported by a relationship-based

marketing relationship strategy. Likewise, MSC for market segments that have religious commitment can be used to predict marketing performance. MSC can be done by understanding customer needs and desires, finding competitor strategies and tactics, gaining insight into channel members, identifying and understanding market trends, and learning about a broad market environment. CRMC aimed at customers who have product commitments that have religious values can improve marketing performance. CRMC can be developed by identifying attractive customers, setting attractive customer targets, building a dialog with customers in selected market segments, focusing on meeting long-term target customer needs, maintaining attractive loyalty among customers, and improving the quality of attractive customer relationships. Furthermore, RRMS for market segments that have religious commitment can be used to predict MP.

RRMS has a big role in mediating the relationship between MI, MSC, CRMC, and MP, so that MI, MSC, and CRMC which are supported by Religio-centric Relational Marketing Strategy (RRMS) can increase MP. RRMS can develop by strengthening the relationship based on mutual benefit, consistently building religious-based relationships, commitment to strengthen the bonds of brotherhood with customers, building networks with business partners based on religious values, developing networks based on religious values, coordinating between religious-based functions, and sharing information with partners based on religious values.

### **Limitations and future research**

The study of marketing innovativeness in SMEs in the fashion sector, especially in Muslim fashion that is committed to products that have religious values, requires special attention. This study only focuses on small and medium-sized companies, while from observations, owners or leaders have different abilities, attitudes, and behaviors in managing a business. In addition, this study is only focused on Muslim fashions that have a commitment to religious values. Therefore, future researches should focus more on large companies that have a commitment to religious values or applied to SMEs that produce products that are committed to religious (non-Islamic) values. Thus, the results of future research are better and varied so that it has a great contribution to the development of marketing management science.

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