

The Impact of Entrepreneurial Marketing, Relational Marketing and Innovation Strategy on Marketing Performance Business

Laili Savitri Noor
Universitas Pancasila; Jakarta, Indonesia
E-Mail: laili.savitri@univpancasila.ac.id

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ABSTRACT

The purpose of this study is to analyze and discuss the impact of Entrepreneurial Marketing, Relational Marketing and Innovation Strategy on the Marketing Performance of Batik Businesses in Central Java. This research method uses a causal-verification method with a survey technique, and data processing is carried out using Structural Equation Modeling–Partial Least Squares (SEM-PLS) on 126 batik business units selected through a purposive sampling technique. The results of the study indicate that innovation strategy has a significant effect on marketing performance (KP), while relational marketing plays an indirect role by strengthening the innovation process. Customer knowledge has also been shown to be a key factor driving SI and KP, reinforcing the importance of market understanding in strategic decision making. However, the effectiveness of innovation is greatly influenced by the industry context, product type, and marketing approach used. This shows that there is no single strategy that applies universally. These findings emphasize the need for a contextual and adaptive marketing model, in line with the dynamics typical of batik SMEs. Integration between entrepreneurial, relational, and innovative approaches is key to improving competitiveness, customer satisfaction, and long-term sustainability of the batik industry.

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ABSTRAK

Tujuan penelitian ini untuk menganalisis dan membahas dampak Pemasaran Kewirausahaan, Pemasaran Relasional dan Strategi Inovasi terhadap Kinerja Pemasaran Usaha Batik di Jawa Tengah. Metode penelitian ini menggunakan metode kausal-verifikatif dengan teknik survei, dan pengolahan data dilakukan menggunakan Structural Equation Modeling–Partial Least Squares (SEM-PLS) terhadap 126-unit usaha yang dipilih melalui teknik purposive sampling. Hasil penelitian menunjukkan bahwa strategi inovasi berpengaruh signifikan terhadap kinerja pemasaran, sementara pemasaran relasional berperan secara tidak langsung dengan memperkuat proses inovasi. Pengetahuan pelanggan juga terbukti menjadi faktor kunci yang mendorong SI dan KP, memperkuat pentingnya pemahaman pasar dalam pengambilan keputusan strategis. Namun demikian, efektivitas inovasi sangat dipengaruhi oleh konteks industri, jenis produk, dan pendekatan pemasaran yang digunakan. Hal ini menunjukkan bahwa tidak ada strategi tunggal yang berlaku universal. Temuan ini menekankan perlunya model pemasaran yang kontekstual dan adaptif, selaras dengan dinamika khas UKM. Integrasi antara pendekatan kewirausahaan, relasional, dan inovatif menjadi kunci dalam meningkatkan daya saing, kepuasan pelanggan, dan keberlanjutan jangka panjang industri batik.

Kata kunci: *Pemasaran Kewirausahaan, Strategi Inovasi, Kinerja Pemasaran, Hubungan Pemasaran*

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INTRODUCTION

The Small and Medium Industry (SME) sector plays a vital role in Indonesia's economic development by absorbing labor, boosting local economies, and increasing exports (Pulka & Gawuna, 2022). According to the Ministry of Cooperatives and SMEs, Indonesia has 55.2 million SMEs, making up 99.98% of business units and employing 101.72 million workers or 97.3% of the national workforce (Mervita et al., 2023). SMEs are thus critical in reducing poverty and enhancing welfare. Based on Minister of Industry Regulation No. 12/M-IND/PER/2013, SMEs include small industrial companies (investment up to IDR 500 million) and medium industrial companies (IDR 500 million–10 billion), excluding land and buildings.

Batik, a recognized Intangible Cultural Heritage by UNESCO since October 2, 2009, represents an important cultural product (Hasanah et al., 2025). 44% of Indonesians own 1–5 pieces of batik, 37% own 6–10, and 19% own over 11; 58% wear batik for formal events. Batik SMEs belong to the fashion and creative industry sector. Etymologically, “batik” derives from the Javanese words *amba* (cloth) and *titik* (dot), referring to the wax-dotting technique used to create batik motifs (Hanif et al., 2022; Putra & Nuvriasari, 2024).

Initial observations were conducted in Central Java (Pekalongan, Solo, Sragen, and Semarang), areas familiar to the researchers. Based on interviews and questionnaires with 30 batik entrepreneurs, 76.67% were over 40 years old, 70% had over 10 years of experience, and 66.67% inherited their businesses. Many maintain traditional batik designs, though changing consumer tastes especially younger consumers preferring bright colors pose competitive challenges. Some entrepreneurs adapt by producing printed batik, which, while efficient and cost-effective, pressures hand-drawn and stamped batik producers (Hosnaidah et al., 2023; Sidik & Tyas, 2024).

Batik skills are now mostly preserved by older generations, with younger individuals preferring jobs in shops or offices. Many batik entrepreneurs lack innovation, mainly producing fabric, shirts, or house dresses (Khan et al., 2022). In contrast, batik can be transformed into more elegant fashion products to boost demand. Innovation enhances product value and competitive advantage (Mutianto & Hidayati, 2024; Ambarwati et al., 2025). Most batik SMEs lack structured promotional strategies, relying on passive approaches like local government invitations to bazaars. This limits exposure and market reach. Weak marketing skills hinder industry growth (Khan & Khan, 2021; Erislan, 2024).

Batik entrepreneurs typically lack knowledge of digital marketing, branding, and social media. However, mastering these strategies could expand their market domestically and internationally. Training and mentoring in modern marketing are needed to boost SME competitiveness (Arifin et al., 2021; Dinata et al., 2024). Previous studies, such as Gradistya and Farida (2016), provided general marketing strategy insights but did not address specific challenges in Central Java's batik sector. After the 2016 Banjarsari Market fire, the government relocated traders to the Batik Bursa Center (BBC), but the impact on business performance was limited (Khan et al., 2022). While infrastructure exists, weak innovation in sales strategy and customer relationship management still impedes progress (Guerola-Navarro et al., 2021; Herman et al., 2021).

Despite these insights, few empirical studies have examined the integration of entrepreneurial marketing, relational marketing, and innovation strategies in improving batik SMEs' marketing performance. The lack of context-specific theoretical frameworks underscores the need for applied research. Addressing this research gap is essential for developing a strategic, relevant marketing model that supports the sustainability of the batik industry in Central Java. Therefore, this study aims to investigate how entrepreneurial marketing, relational marketing, and innovation strategies influence the marketing performance of batik SMEs in Central Java. It addresses practical challenges and contributes to a more grounded understanding of strategic approaches in culturally rich but commercially under-optimized sectors like batik.

LITERATURE REVIEW & HYPOTHESIS DEVELOPMENT

Entrepreneurial Marketing and Innovation Strategy

Entrepreneurial marketing is a strategic approach that emphasizes creativity, innovation, proactivity, and a keen focus on recognizing and exploiting market opportunities. This approach is particularly important for small and medium enterprises (SMEs), as it equips them with the ability to navigate competitive and rapidly changing business environments. Entrepreneurial marketing encourages entrepreneurs to continuously generate new ideas that align with evolving consumer preferences and market dynamics, thereby enabling SMEs to remain relevant and competitive (Teguh et al., 2021). The relationship between entrepreneurial marketing and innovation strategy is significant because entrepreneurs who adopt this mindset are more likely to aggressively explore market opportunities and develop value-added product differentiation. This means that they focus not only on meeting existing customer needs but also on anticipating future demands by introducing unique products or enhancing business processes. Elgarhy and Abou-Shouk (2023) found that entrepreneurial orientation positively influences innovation strategy, resulting in the development of more competitive products and improved operational efficiencies. Moreover, SMEs that implement entrepreneurial marketing tend to be more innovative and adaptable. According to Sari et al. (2023), these SMEs quickly respond to market changes, which is essential for survival and growth in today's fast-paced markets. This ability to innovate and adapt enables SMEs to sustain their business performance over time.

H1: Entrepreneurial Marketing has a significant influence on Innovation Strategy.

Relational Marketing and Innovation Strategy

Relationship marketing centers on building and maintaining long-term, valuable connections between companies and their customers. This approach goes beyond mere transactions by fostering loyalty and trust, which are essential for sustainable business success. One of the critical benefits of relationship marketing is its ability to drive relevant innovation. Through ongoing interactions with customers, companies gain direct access to feedback regarding their needs, expectations, and complaints. This rich source of information serves as a vital foundation for designing effective innovation strategies tailored to real market demands (Peñalba-Aguirrezabalaga et al., 2022). For small and medium enterprises (SMEs), relationship marketing is particularly important because close, personal ties between business owners and customers often yield innovative ideas that formal research methods might overlook. According to research by Minami et al. (2023), the quality of customer relationships significantly influences a company's ability to innovate, especially when developing solutions that align with evolving market needs. Furthermore, Migdadi et al. (2021) demonstrated that strategic customer relationship management accelerates innovation by enhancing the company's understanding of market trends and consumer preferences, allowing businesses to respond more effectively and swiftly. Consequently, relationship marketing is not only a tool for customer retention but also a critical driver of adaptive and competitive innovation strategies. In the SME sector, where resources may be limited and market conditions volatile, leveraging strong customer relationships enables businesses to co-create value and maintain a competitive edge.

H2: Relationship Marketing has a significant influence on Innovation Strategy.

Entrepreneurial Marketing and Marketing Performance

Entrepreneurial marketing plays a vital role in enhancing marketing performance, particularly within the micro, small, and medium enterprises (MSME) sector, which often faces rapid market changes and limited resources. This approach is characterized by a willingness to take risks, innovate in marketing strategies, and focus on untapped market opportunities. Entrepreneurs who embrace entrepreneurial marketing tend to be highly

adaptive and creative, allowing them to offer unique value propositions that resonate with customers. These efforts directly contribute to higher customer satisfaction, loyalty, and increased sales volume (Budur & Poturak, 2021; Khan et al., 2022). According to Karami et al. (2023), the synergy between entrepreneurial skills and flexible marketing strategies significantly improves marketing communication effectiveness, facilitates deeper market penetration, and strengthens customer retention.

This is particularly important for MSMEs, where conventional marketing approaches may be constrained by limited budgets and manpower. Entrepreneurial marketing leverages creativity, agility, and market sensitivity, enabling MSMEs to respond swiftly to changing consumer preferences and competitive pressures (Elgarhy & Abou-Shouk, 2023; Erislan, 2024). Moreover, entrepreneurial marketing helps MSMEs overcome their resource limitations by emphasizing innovative, low-cost marketing tactics and quick decision-making (Dinata et al., 2024; Hanif et al., 2022). This results in stronger brand awareness and a more competitive market position (Indriyani & Shan, 2024). In dynamic and often unpredictable markets, MSMEs that apply entrepreneurial marketing principles are better equipped to seize emerging opportunities and foster sustainable growth (Arifin et al., 2021; Mervita et al., 2023; Ambarwati et al., 2025).

H3: Entrepreneurial Marketing has a significant effect on Marketing Performance.

Relational Marketing and Marketing Performance

Building close relationships between business actors and customers provides valuable insights into customer needs and preferences, enabling the customization of products and services that better meet market demands. These long-term relationships foster sustainable value creation in marketing by strengthening trust and loyalty over time. According to Abdullah et al. (2022), a high-quality relationship with customers significantly enhances customer satisfaction and loyalty. This positive outcome directly contributes to improved marketing performance by increasing sales and boosting competitiveness in the marketplace. Furthermore, research by Tuti and Sulistia (2022) highlights that strong customer relationships play a crucial role in enhancing brand image. When customers feel connected and valued, they are more likely to engage in positive word-of-mouth recommendations, which serve as a powerful marketing tool that can effectively increase market share. This organic promotion is particularly beneficial for businesses operating in competitive environments, as it builds credibility and attracts new customers without heavy advertising costs. Relationship marketing is especially important because it allows businesses to adapt quickly to changing market conditions. By maintaining continuous communication and understanding consumer behavior on a deeper level, companies can anticipate shifts in customer preferences and respond proactively. This adaptability helps ensure that products and services remain relevant and competitive.

H4: Relationship Marketing has a significant effect on Marketing Performance.

Innovation Strategy and Marketing Performance

Innovation strategy plays a crucial role in enhancing marketing performance, especially for companies striving to remain competitive in today's fast-paced and ever-changing markets. By adopting the right innovation approach whether in product development, business processes, or business models companies can create greater value for customers, leading to higher satisfaction and increased market share (Cheng & Shiu, 2023). Innovation enables businesses to respond effectively to shifting consumer demands and evolving industry trends, ensuring their offerings stay relevant and appealing. Mukaro et al. (2023) highlights that implementing an effective innovation strategy significantly improves marketing performance by delivering products or services that better match current market needs. This alignment with customer expectations helps companies build stronger connections with their target audiences, fostering loyalty and driving sales growth. Moreover, innovation allows companies to differentiate themselves from

competitors, which is essential in crowded markets. A well-executed innovation strategy enhances the company's brand image by showcasing its ability to adapt, improve, and lead in its sector. Beyond product innovation, an innovation strategy supports the sustainability and long-term growth of a company's market position. By continuously innovating, businesses can maintain their competitive edge, anticipate future trends, and avoid stagnation. This proactive stance contributes to a dynamic marketing approach that not only attracts new customers but also retains existing ones.

H5: Innovation Strategy has a significant effect on Marketing Performance

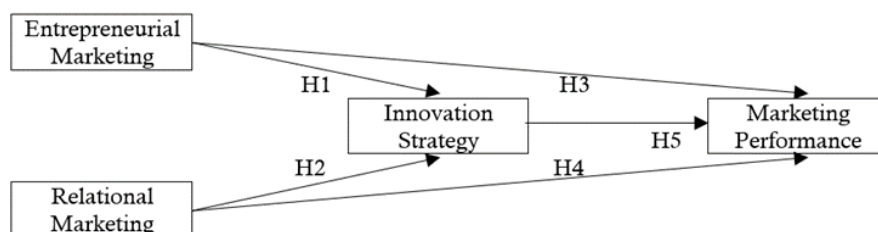


Figure 1. Research Model

The conceptual framework in Figure 1 illustrates that the marketing performance of batik SMEs can be enhanced through the integration of entrepreneurial marketing, relationship marketing, and innovation strategies. Entrepreneurial marketing is assumed to significantly influence innovation by encouraging proactive and creative efforts to generate added value and respond to market competition. Similarly, relationship marketing contributes to innovation by enabling businesses to better understand customer needs through close, ongoing interactions. Both entrepreneurial and relationship marketing are believed to directly improve marketing performance entrepreneurial marketing through adaptive and opportunity-driven strategies, and relationship marketing through customer loyalty, retention, and effective communication. Innovation strategy acts as a key mediator that reinforces the impact of both marketing approaches by facilitating product development, updating business processes, and adopting marketing methods that align with changing market dynamics.

RESEARCH METHOD

This study employs a quantitative research approach with a causality method aimed at empirically testing the relationships between variables. The focus of the research is on the batik business sector in Central Java, selected due to its significant potential in both cultural and economic aspects. Preliminary field research was conducted from 2019 to early 2020 to identify practical issues faced by batik businesses, which subsequently informed the development of the research model. The research design applied in this study is causal or verification research, as outlined by Ibrahim et al. (2023), intended to test hypotheses regarding the interactions between variables. A total of 126 batik business units were chosen as respondents using purposive sampling techniques, which allowed for selecting subjects that best represent the population under study. The data analysis was divided into descriptive and inferential methods. The descriptive analysis aimed to provide an overview of respondents' perceptions regarding each variable, giving a clear picture of how these factors are viewed in the batik industry context.

The inferential analysis focused on examining the influence among variables through Structural Equation Modeling (SEM) using the Partial Least Squares (PLS) method. SEM-PLS was selected because it effectively manages complex models even with relatively small sample sizes and does not require the data to meet the assumption

of a normal multivariate distribution. Additionally, PLS accommodates both reflective and formative indicators within the model, facilitating a flexible and smooth analysis of the relationships between latent constructs. Data collection was conducted through a closed questionnaire employing a 5-point Likert scale, which is treated as interval data to capture the degree of agreement or perception of respondents towards various statements. Thus, this methodological approach is designed to yield robust empirical evidence that explains the combined effect of marketing strategies on the performance of batik businesses more comprehensively.

RESULT

The research model is based on the Structural Equation Modeling Partial Least Square (SEM-PLS) approach. This model describes the relationship between entrepreneurial marketing variables (*Pemasaran Kewirausahaan/*PK), relational marketing (*Pemasaran Relasional/*PR), innovation strategy (*Strategi Inovasi/*SI), and marketing performance (*Kinerja Pemasaran/*KP), along with their measuring indicators.

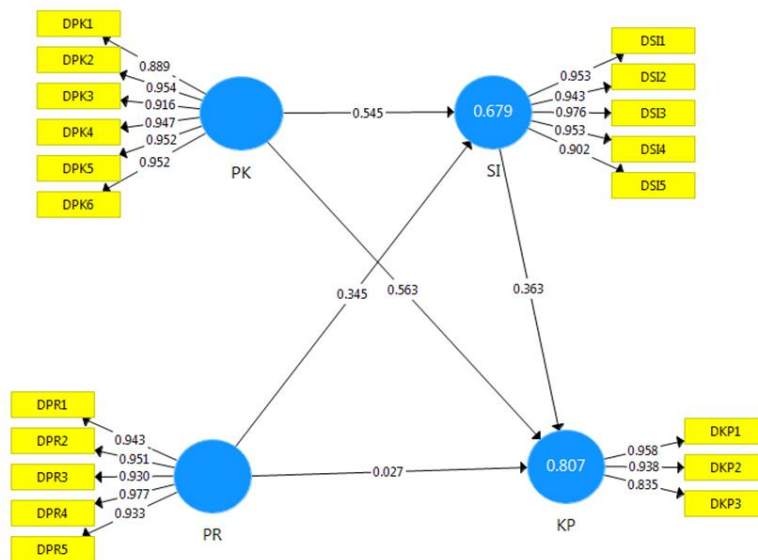


Figure 2. SEM PLS Research model

The SMART PLS software analysis, as summarized in Table 1, confirms that the model meets the outer model criteria standards. This demonstrates that the model possesses strong validity and reliability, ensuring the accuracy and consistency of the relationships among the constructions. The final SEM PLS model in Figure 2 shows that the Entrepreneurship Marketing Variable is reflected by 6 Indicators, namely Proactive (TPF1), Focus on Opportunities (TPF2), Taking Risks (TPF3), Increasing Resources (TPF4), Creating Value (TPF5), and Net Working (TPF6). Of all the indicators, the Focus on Opportunities (TPF2) indicator reflects the largest correlation with a Loading Factor value of 0.954. The Relational Marketing variable is reflected by 5 indicators, namely Business Partner Commitment (DPR1), Business Partner Trust (DPR2), Business Partner Communication (DPR3), Business Partner Bonds (DPR4), and Business Reciprocity (DPR5). Of all the indicators, the Business Partner Communication indicator (DPR4) reflects the largest correlation with a Loading Factor value of 0.977. The Innovation Strategy variable is reflected by 5 indicators, namely Product Innovation (DSI1), Process Innovation (DSI2), Marketing Innovation (DSI3), Organizational Innovation (DSI4), and Collaboration Innovation (DSI5). Of all the indicators, Marketing Innovation (DSI3) reflects the largest correlation with a Loading Factor value of 0.976. The Marketing Performance variable is reflected by 3 indicators, namely the Sales Volume Growth Indicator (DKP1), Market Share Expansion (DKP2), and Profitability (DKP3). Of all the

indicators, Sales Volume Growth (DKP1) reflects the largest correlation with a Loading Factor of 0.958.

Table 1. Reliability and Validity

Criteria	Indicator	Value
Loading Factor	DPK1	0.889
	DPK2	0.954
	DPK3	0.916
	DPK4	0.947
	DPK5	0.952
	DPK6	0.952
	DPR1	0.943
	DPR2	0.951
	DPR3	0.930
	DPR4	0.977
	DPR5	0.933
	DSI1	0.953
	DSI2	0.943
	DSI3	0.976
	DSI4	0.953
DSI5	0.902	
Composite Reliability	DKP1	0.958
	DKP2	0.938
	DKP3	0.835
Average Variance Extracted	PK	0.977
	PR	0.977
	SI	0.977
Average Variance Extracted	KP	0.937
	PK	0.874
	PR	0.897
	SI	0.894
	KP	0.832

Convergent validity is evaluated using the loading factor and Average Variance Extracted (AVE) values. The loading factor reflects the correlation between an indicator and its construct, with values above 0.7 considered ideal for confirmatory research, while 0.6–0.7 is acceptable for exploratory research. An AVE value exceeding 0.5 is recommended, indicating that at least 50% of the indicator’s variance is explained by the construct. Discriminant validity is assessed by comparing the square root of each construct’s AVE with its correlations to other constructs in the model. A model demonstrates adequate discriminant validity when the AVE square root for each construct surpasses its correlations with other constructs. Reliability is evaluated through composite reliability, with values above 0.7 indicating good reliability for confirmatory research, while values between 0.6 and 0.7 are acceptable for exploratory research. These metrics ensure the model’s validity and reliability, confirming the robustness of the relationships among constructs.

Table 2. Inner Model Evaluation Results

Indicator	R ²	Coef.	t	Description
Innovation Strategy (IS)	0.639			
Marketing Performance (KP)	0.736			
PK → SI		0.545	6.129	Significant
PR → SI		0.345	4.589	Significant
PK → KP		0.563	6.892	Significant
PR → KP		0.027	0.500	Not Significant
SI → KP		0.363	4.573	Significant

Following the outer model evaluation, the inner model assessment examines relationships between variables, analyzing whether these connections exhibit a positive or negative influence. Observation of R² of endogenous latent variables is carried out to see how much variability of endogenous constructs can be explained by variability of exogenous constructs.

After the R^2 assessment is carried out, the model evaluation is carried out by testing the path coefficient estimation to determine the influence between variables through the bootstrapping technique. In this test, a variable is said to influence another variable if the t-statistic is greater than the t-table at alpha 5% (t-table is 1.96). In other words, entrepreneurial marketing variables will influence marketing performance if they have a t-statistic value exceeding 1.96. The inner model evaluation results, based on criteria and standard values, are presented in Table 2. The R^2 value for the endogenous variable Innovation Strategy is 0.639, indicating that 63.9% of the variance in Innovation Strategy is explained by Entrepreneurial Marketing (PK) and Relational Marketing, while 36.1% is attributed to factors outside the studied variables. For the endogenous variable Marketing Performance, the R^2 value is 0.736, suggesting that 73.6% of the variance in Marketing Performance is accounted for by entrepreneurial marketing, relational marketing, and Innovation Strategy. The remaining 26.4% is influenced by variables not included in this study. These findings highlight the substantial explanatory power of the studied variables on Innovation Strategy and Marketing Performance.

The next inner model evaluation, conducted using the bootstrapping method, assesses the path coefficient estimates to determine the direct positive effects among latent constructs. The analysis reveals that four out of five paths exhibit significant influences. Entrepreneurial marketing significantly impacts Innovation Strategy, with a T-Statistic of 6.129 and a path coefficient of 0.545, indicating that a rise in Entrepreneurial Marketing boosts Innovation Strategy by 54.5%. Similarly, Relational Marketing affects Innovation Strategy, with a T-Statistic of 4.589 and a path coefficient of 0.345, suggesting a 34.5% increase in Innovation Strategy with enhanced Relational marketing. Entrepreneurial marketing also influences marketing performance, with a T-Statistic of 6.892 and a path coefficient of 0.563, implying a 56.3% improvement in Marketing Performance as Entrepreneurial Marketing increases. However, relational marketing shows no significant effect on marketing performance, with a T-Statistic of 0.500 (below the 1.96 threshold) and a path coefficient of 0.027, indicating a negligible 2.7% increase in Marketing Performance. Lastly, the innovation strategy significantly impacts marketing performance, with a T-Statistic of 4.573 and a path coefficient of 0.363, suggesting that an increase in Innovation Strategy enhances Marketing Performance by 36.3%. These findings highlight the critical role of entrepreneurial marketing and innovation strategy in driving marketing outcomes, while relational marketing's direct influence on Marketing Performance appears limited in this model.

DISCUSSION

In the context of MSMEs, innovative strategies are key to increasing competitiveness and marketing effectiveness (Carrasco-Carvajal et al., 2023). Innovation encompasses not only product creation but also process improvements, marketing approaches, and adaptive business model development (Rahman et al., 2021). Innovation Strategy significantly influences Marketing Performance, as confirmed by internal model evaluations and studies by Sumarlin and Nuvriasari (2024), who found that product innovation, competitive advantage, and marketing strategy positively affect MSME marketing performance. Innovation increases customer value perception, expands market segmentation, and strengthens loyalty. However, not all innovations yield equal impact across contexts. Indriyani and Shan (2024) highlight that in fashion MSMEs, product innovation lacks significant effect on competitive advantage when moderated by digital marketing (Fatikha et al., 2021; Poernomo et al., 2025). Thus, innovation success depends on strategic fit with industry characteristics and media. Companies must consider context and environment in designing innovations. Furthermore, dynamic competition requires companies to build long-term customer relationships, enabling access to unmet needs, complaints, and aspirations. This information forms the foundation for relevant and impactful innovation (Pfajfar et al., 2022). Relational Marketing significantly affects Innovation Strategy, with trust-based customer interactions driving innovation. Research by Ningrum et al. (2020) and Khan et al. (2022) supports this, showing strategic relationship management strengthens innovation capacity through better market understanding. PR enhances adaptability and responsiveness, making it a vital part of the innovation ecosystem,

especially for MSMEs that rely heavily on close consumer relationships for sustainable growth (Sedalo et al., 2022).

Companies that actively manage Customer Knowledge (CK) can create relevant innovations, respond to market changes, and improve communication effectiveness (Peñalba-Aguirrezabalaga et al., 2022). CK significantly influences innovation strategy and marketing performance, proving that understanding customer behavior is key to competitive value. Chaithanapat et al. (2022) found that market knowledge competence enhances marketing performance through superior product development. Similarly, Alkhatib and Valeri (2024) emphasized that CK determines appropriate marketing strategies. Migdadi (2022) also confirmed that CK shapes product development, accelerating added value creation. However, in the consumer goods sector, CK did not significantly affect market performance, showing the impact of CK varies by industry and customer interaction. Suchek et al. (2021) and Filser et al. (2021) highlighted the need for contextualization in CK strategies. Meanwhile, Customer Relationships do not directly improve marketing performance but strengthen competitive advantage and drive innovation. Ningrum et al. (2020) and Khan et al. (2022) support this, showing PR enhances innovation capacity rather than direct marketing outcomes. Therefore, PR should be integrated into the innovative ecosystem, not seen as a standalone driver of marketing success (Budur & Poturak, 2021).

Targeted and market-based innovation offers opportunities for companies to create unique value, enhance customer satisfaction, and differentiate from competitors. Innovation includes new products, service development, technology use, and novel consumer interaction approaches. Innovation strategy significantly affects marketing performance, enhancing marketing effectiveness and competitiveness (Syahrial & Nofriza, 2022). However, the industry context matters; in MSME fashion, product innovation's impact may be limited when influenced by digital marketing (Tsou & Chen, 2023; Indriyani & Shan, 2024).

CONCLUSION

This study confirms that innovation strategy is a key factor that significantly influences marketing performance in the MSME sector. Effective Information Strategy includes not only the creation of new products, but also process updates, marketing approaches, and the development of business models that are adaptive to market dynamics. This finding is supported by the results of the SEM-PLS analysis which shows that entrepreneurial marketing and relational marketing contribute significantly to improving Information Strategy. Entrepreneurial marketing encourages the courage to take risks and be proactive towards market opportunities, which have a direct impact on increasing innovation and marketing performance. In contrast, relational marketing plays more of an indirect trigger for marketing performance through strengthening innovation, rather than as a primary determinant. In addition, customer Knowledge has also been shown to play an important role in shaping Information strategy and improving marketing performance. Good customer knowledge management allows companies to respond quickly to changes in market preferences and develop relevant innovations. However, the effectiveness of customer knowledge and relational marketing in improving marketing performance is highly dependent on the industry context, product type, and closeness of customer relationships. Therefore, a contextual and flexible approach is important in designing a sustainable marketing strategy. This study shows that MSME marketing performance can be significantly improved through the development of an entrepreneurial-based innovation strategy supported by targeted customer relationship and knowledge management. Further research is recommended to include digital transformation or digital maturity variables as moderating variables to see the extent to which technological adaptability strengthens the relationship between Innovation Strategy and Marketing Performance, especially in the era of increasingly developing MSME digitalization.

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