

**ANALYSIS OF THE INFLUENCE OF STRATEGY INNOVATION AND PRODUCT INNOVATION ON THE MARKETING PERFORMANCE OF SHARIA INVESTMENT PRODUCTS WITH COMPETITIVE ADVANTAGE AS A MEDIATOR FOR PRIORITY CUSTOMERS OF PT. BSI OF ACEH REGION**

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**ABSTRACT**

This research aims to examine the influence of strategic innovation and product innovation on the marketing performance of Sharia investment products with a competitive advantage as a mediator at PT. Bank Syariah Indonesia of Aceh Region (PT. BSI Aceh Region). The population in this research is all priority customers in PT. BSI Aceh Region. The sample in this research was 335 customers. Data were processed using Structural Equation Modeling (SEM) for the direct effect test and the Sobel calculator for the indirect effect test. The result shows that at PT. BSI Aceh Region, Strategy Innovation Influences Competitive Advantage, Product Innovation influences Competitive Advantage, Strategy Innovation Influences Marketing Performance, Product Innovation influences Marketing Performance, Competitive Advantage Influences Marketing Performance, Competitive Advantage mediates the Strategic Innovation affecting Marketing Performance, and Competitive Advantage mediates the Product Innovation affecting Marketing Performance. These results also prove that competitive advantage plays a role as a partial mediator. So the findings explain the model for increasing Marketing Performance at PT. BSI Aceh Region is a function of strengthening strategy innovation, increasing product innovation, and increasing competitive advantage.

**Keywords:** Strategy Innovation, Product Innovation, Competitive Advantage, Marketing Performance.

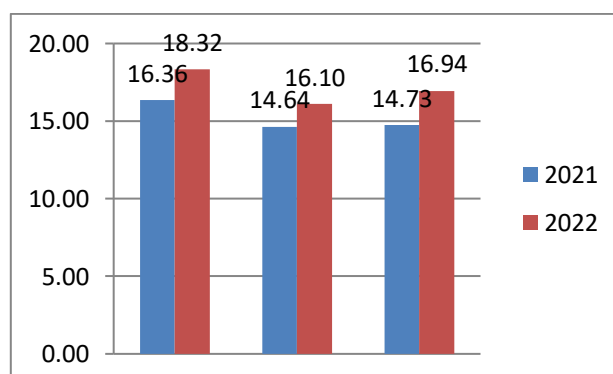
**1. INTRODUCTION**

Indonesia has a lot of Muslims and could be a top player in the Sharia finance business. Raising public knowledge about halal and getting support from important people are key to building the halal industry in Indonesia. This means banks that follow Sharia law. More and more people in Indonesia are putting their money in Sharia Banks because they like the idea of it. It's becoming a popular thing to do. The Sharia Banking Development Report says that more people are using Sharia Banking because the profit sharing and product margins are still good compared to interest rates at regular banks. Aside from that, Sharia banking is doing well and making more money. This can be seen in the higher amount of money they have and the profits they are making (LPPS, 2018). Apart from that, Aceh also has various Local Government Regulations (Qanun) regarding the Implementation of Islamic Sharia, including for Sharia Financial Institutions. With the existence of Aceh Qanun no. 11 of 2018 which played a significant role in the conversion stage were state-owned banks, including Bank Mandiri, BNI, BRI, and BTN. Private banks that are part of Sharia are Bank BCA, Danamon, and CIMB Niaga. This Qanun has been in effect since January

4, 2019, when financial institutions operating in Aceh are required to adapt to this Qanun no later than 3 (three) years after this Qanun was promulgated. With this banking conversion stage, it is hoped that this can become an option, especially for the people of Aceh, in choosing banking services without having to worry about the problem of usury. Efforts are also being made to convert conventional banks to Sharia to create customer satisfaction, especially Bank Mandiri Syariah which adheres to Islam.

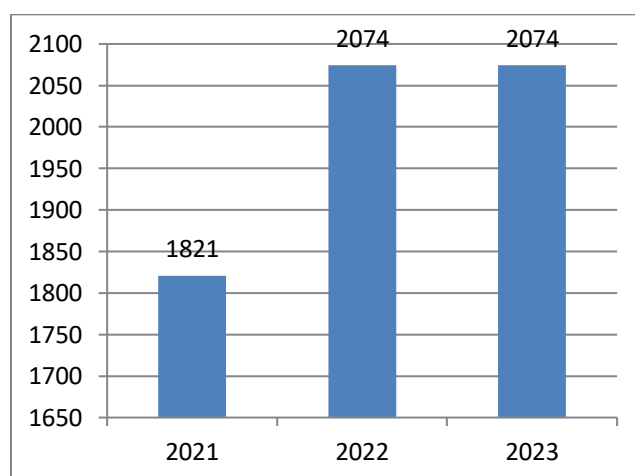
After a year of the stages of converting Conventional Banks to Sharia Banks, on February 1 2021 the Indonesian Government established another Sharia institution, a bank called Bank Syariah Indonesia (PT. BSI) which was founded by Hery Gunardi (Main Director), Mulya E. Siregar (Main Commissioner). Which is the result of a merger of state-owned subsidiaries in the banking sector, including Bank Syariah Mandiri, BNIS, and Bank Rakyat Indonesia Syariah. Even though BSI recorded positive performance nationally, BSI's performance in Aceh was not that good. A complaint was received by the Indonesian Ombudsman regarding poor service from BSI. The Aceh Ombudsman requested that BSI guarantee that its services to customers return to normal, especially at Automated Teller Machines (ATMs) (Fadhil & Dani, 2021).

The organizational changes being carried out by PT BSI have an impact on marketing performance. Marketing performance is very meaningful in the performance of a company because it can have a role in achieving company goals, namely competitive advantage, including competitive advantage in terms of market share, sales growth, retaining and increasing customers, as well as creating the ability to meet consumer needs and desires so that consumers experience satisfaction and will provide feedback, namely loyalty so that company goals will be achieved. To achieve this, namely by achieving excellence and company goals through marketing performance, there are many strategies, including in terms of Market Sensing Ability and Brand Management Ability in Relational Sales Strategy. In a tough business competition, companies need to improve their marketing to do well. If a product does well, it will affect how well it's marketed. Marketing performance is how well a company is doing. It is measured over a set amount of time to see if the things they have done to advertise and sell their products are working. This helps them figure out if they are doing things right or if they need to make changes (Puspitasari, 2015). Doing a good job and using smart advertising for business can help to stay ahead of other companies. This can make more people know about and want to buy the products. Simply put, marketing is crucial for the success and continuation of a business, whether it provides services or sells products, especially when competing with others (Narastika & Yasa, 2017).



**Figure 1.** Growth of Third Party Funds, Assets and Financing

PT. BSI of Aceh Region (mentioned as PT. BSI Aceh Region) posted good performance throughout 2023 with increasing assets which currently reach IDR. 18.32 trillion, growing 12% year on year. This is also proven by the achievement of the performance of collecting Third Party Funds (DPK) of Rp. 16.10 trillion which grew 10.45% year on year, as well as financing which grew 15.19% year on year to Rp. 16.94 trillion. One of the products at PT BSI is a Sharia investment product. Sharia investment products are intended for priority customers managed by PT BSI Aceh Region. Based on the data, it is known that the number of priority customers at PT BSI of Banda Aceh Area increased from 2021 to 2023. However, throughout 2023 there was no additional number of new customers, so marketing performance was not optimal.



**Figure 2.** Growth of the Number of Priority Customers

(Narastika & Yasa, 2017) said that just being better than others is not enough to succeed in competition, the important thing is to be better in a way that lasts for a long time. The company's success depends on its market focus and creating new products. Market orientation is when a company focuses on what their customers want and it can make their marketing better. When a company doesn't know what will happen outside of it, it tries new things to beat its competition. Innovation is when a company changes and improves to make its products or services better for customers. (Naqbi, Alshurideh, Alhamad, & Kurdi, 2020) found that being innovative helps businesses do better in marketing. In a study by (Narastika & Yasa, 2017), they found that being innovative can make organizations perform better. According to the preliminary survey, it was found that the strategic innovation variable is not effective because the average value is 3.40, which is lower than 3.41. This shows that the company's new ideas and plans have not been the best so far.

The next thing to consider is how much the market affects it. Marketing performance is a measure of how well a person or organization does their job. It shows how successful they are at carrying out their tasks. Marketing performance is how well a business does at carrying out its marketing strategy. A salesperson's performance depends on how well they approach and serve their customers. However, how well a company sells its products is also determined by how well the company creates new and improved products. (Fadhillah, Yacob, & Lubis, 2021) in their study, they found that creating new products can make marketing better. According to the initial survey,

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the market orientation is not very good because the average score is 3.37, which is lower than 3.41. This means that the company hasn't done a very good job of focusing on what customers want.

The next thing to consider is having an advantage over competition. Having a competitive edge helps marketing a lot. In the past, (Narastika & Yasa, 2017) found that being focused on the market can help companies do better in their marketing. Companies that focus on understanding and meeting customer needs will do better in their marketing. (Usvita, 2015) said that being better than others helps a lot in selling things. In their study, (Hajar & Sukaatmadja, 2016) discovered that having a competitive edge had a good impact on how well a company's marketing worked. Marketing performance is a way to see how well a product is doing in the market. It helps companies see how successful their product is. One way to win in competition is for a company to figure out what customers want and keep coming up with new ideas for products that match those wants. This makes the company stand out from others. Innovation means turning an idea into something that people want to buy. A company can get more rewards when they create, talk about, and explore new ideas that people want (Udriyah, Tham, & Azam, 2019). The pre-survey results show that the competitive advantage variable is not very good. This is because the average value is 3.40, which is lower than 3.41. This means that company y is not using its strong points to the fullest. Based on the various explanations and phenomena mentioned above, the authors were interested in conducting a comprehensive study on Strategic Innovation, Product Innovation, Marketing Performance, and Competitive Advantages in PT. BSI Aceh Region.

## **2. LITERATURE**

### **Marketing Performance**

Marketing performance is a measure of the success that a company can achieve in marketing its products in the market (Mulyaniida & Mudiantono, 2015). It is a concept used to measure a company's achievement in the market for a product (Naqbi et al., 2020). Marketing performance is an effort made by a company to identify needs and meet consumer needs and tastes (Leal-Rodríguez & Albort-Morant, 2016). It is an achievement achieved by an organization as seen from the results of its marketing work. (Iskandar, Aprillianita, Sani, Irawan, & Hamidah, 2018) state that marketing performance can be measured through several indicators, namely: Sales turnover, Increase in sales, Sales return, and Marketing area coverage.

### **Competitive Advantage**

(Dalimunthe, 2017) stated competitive advantage is the ability of a business to create competitive advantages so that it can compete with competitors. The competitive advantage indicators were developed by several experts, namely competitive prices, management capabilities, profits, strategic position and location. In research conducted by (Arbawa & Wardoyo, 2018), Porter's Strategy explains that competitive advantage is the heart of business performance to face competition. According to (Hajar & Sukaatmadja, 2016), there are 5 indicators, including Competitive prices, Opportunity exploration, Competitive threat defense, Flexibility, and Customer relations.

### **Strategy Innovation**

Strategy is important for the survival of a company. According to (Karabulut, 2015), an

innovation strategy must be consistent with the company's mission, vision, goals, and strategy. Marketing Strategy is a series of goals and objectives, policies, and rules that provide direction to a company's marketing efforts from time to time, at each level and its references and allocations, especially as a company's response to the ever-changing competitive environment and conditions (Nduati, 2020). (Perwiranegara, 2015) stated strategic innovation uses the indicators: Market Leadership Orientation, Followership Innovation, Innovation Source, and Investment level.

### Product Innovation

According to (Kotler & Keller, 2018), product innovation is a combination of various processes that influence each other. According to (Hubeis, 2012), product innovation is new product knowledge, which is often combined with new things to form unknown production methods. Innovation is a change or big idea in a collection of information related to input and output. (Uliana, 2012) revealed the indicators of product innovation are: Relative Advantage, Compatibility, Complexity, and Triability.

### 3. METHOD

The population in this study was all Priority Sharia Investment Products customers of PT. BSI Aceh Region, totaling 2074 customers. The sample was 335 customers. Data were processed using Structural Equation Modeling (SEM) for the direct effect test and the Sobel calculator for the indirect effect test. Based on the literature, the authors determined the hypotheses as a model to be tested as follows.

H1 : Strategy Innovation Influences Competitive Advantage at PT. BSI Aceh Region.

H2 : Product Innovation Influences Competitive Advantage at PT. BSI Aceh Region.

H3 : Strategy Innovation Influences Marketing Performance at PT. BSI Aceh Region.

H4 : Product Innovation Influences Marketing Performance at PT. BSI Aceh Region.

H5 : Competitive Advantage Influences Marketing Performance at PT. BSI Aceh Region.

H6 : Competitive Advantage mediates the Strategic Innovation affecting Marketing Performance at PT. BSI Aceh Region.

H7 : Competitive Advantage mediates the Product Innovation affecting Marketing Performance at PT. BSI Aceh Region.

### 4. RESULT

The testing with SEM is in Table below.

**Table 1. Regression**

Influence			Estimate	S.E	CR	P	R-Square
Competitive Advantage	<---	Strategy Innovation	0.422	0.092	6.142	0.000	0.542
Competitive Advantage	<---	Product Innovation	0.361	0.098	5.223	0.000	
Marketing Performance	<---	Strategy Innovation	0.257	0.066	4.274	0.000	0.703
Marketing Performance	<---	Product Innovation	0.223	0.069	3.717	0.000	
Marketing Performance	<---	Competitive Advantage	0.449	0.042	8.734	0.000	

Source: Primary Data Processed, (2023)

**H1 : Strategy Innovation Towards Competitive Advantage**

The Strategic Innovation impact test on Competitive Advantage obtained CR 6.142 with p 0.000. Thus, it can be concluded that Strategic Innovation affects increasing Competitive Advantage. The impact magnitude of Strategic Innovation on Competitive Advantage is 0.422 or 42.2%, explaining that strengthening Strategy Innovation will have a positive and real influence on increasing Competitive Advantage.

**H2 : Product Innovation Towards Competitive Advantage**

The product innovation impact test on competitive advantage obtained CR 5.223 with p 0.000, revealing Product Innovation affects increasing Competitive Advantage. The impact magnitude of Product Innovation on Competitive Advantage is 0.361 or 36.1%, explaining the higher the Product Innovation, the more Competitive Advantage will increase.

**H3 : Strategy Innovation on Marketing Performance**

The Strategic Innovation impact test on Marketing Performance obtained CR 4.274 with p 0.000, revealing Strategic Innovation influences Marketing Performance. The impact magnitude of Strategic Innovation on Competitive Advantage is 0.257 or 25.7%, explaining the stronger the Strategic Innovation, the more Marketing Performance will improve.

**H4 : Product Innovation on Marketing Performance**

The product innovation impact test on marketing performance obtained CR 3.717 with p 0.000, revealing Product Innovation affects Marketing Performance because the p obtained is <0.05. The impact magnitude of Competitive Advantage on Marketing Performance is 0.223 or 22.3%, explaining the higher the Product Innovation will have a direct influence on Marketing Performance.

**H5 : Competitive Advantage on Marketing Performance**

The Competitive Advantage impact test on Marketing Performance obtained CR 8.734 with p 0.000, revealing Competitive Advantage influences Marketing Performance. The impact magnitude of Competitive Advantage on Marketing Performance is 0.449 or 44.9%, explaining the higher Competitive Advantage will have a direct influence on Marketing Performance.

**H6 : Strategy Innovation on Marketing Performance through Competitive Advantage**

The Sobel test resulted in a Sobel value was 4.832 with p 0.000. Thus, Competitive Advantage acts as a mediator in Strategic Innovation affecting Marketing Performance. So, because Competitive Advantage affected and acted as a mediator, Strategic Innovation affected Marketing Performance, the Competitive Advantage role in mediating the Strategic Innovation affecting Marketing Performance is partially mediating. Partial means that Strategic Innovation can affect Marketing Performance directly or indirectly through Competitive Advantage.



**Table 2. Sobel Test Result of Strategy Innovation Towards Marketing Performance Thru Competitive Advantage**

Input:	Test statistic:	Std. Error:	p-value:
a 0.442	Sobel test: 4.38216416	0.04528767	0.00001175
b 0.449	Aroian test: 4.36630027	0.04545221	0.00001264
s <sub>a</sub> 0.092	Goodman test: 4.39820223	0.04512253	0.00001092
s <sub>b</sub> 0.042	Reset all	Calculate	

### H7 : Product Innovation on Marketing Performance through Competitive Advantage

The Sobel test resulted in a Sobel value was 3.482 with p 0.000. Thus, Competitive Advantage acted as a mediator on Product Innovation affecting Marketing Performance. So, because Competitive Advantage affected and acted as a mediator, Product Innovation affected Marketing Performance, so the Competitive Advantage role in mediating the Product Innovation affecting Marketing Performance is partially mediating. Partial means Product Innovation can affect Marketing Performance directly or indirectly through Competitive Advantage.

**Table 3. Sobel Test Result of Product Innovation Towards Marketing Performance Thru Competitive Advantage**

Input:	Test statistic:	Std. Error:	p-value:
a 0.408	Sobel test: 3.22607885	0.05488769	0.00125499
b 0.434	Aroian test: 3.19590626	0.05540588	0.00139392
s <sub>a</sub> 0.108	Goodman test: 3.25712247	0.05436455	0.00112548
s <sub>b</sub> 0.070	Reset all	Calculate	

## 5. CONCLUSION

The result shows that :

- 1) Strategy Innovation Influences Competitive Advantage at PT. BSI Aceh Region.
- 2) Product Innovation influences Competitive Advantage at PT. BSI Aceh Region.
- 3) Strategy Innovation Influences Marketing Performance at PT. BSI Aceh Region.
- 4) Product Innovation influences Marketing Performance at PT. BSI Aceh Region.
- 5) Competitive Advantage Influences Marketing Performance at PT. BSI Aceh Region.
- 6) Competitive Advantage mediates the Strategic Innovation affecting Marketing Performance at PT. BSI Aceh Region.
- 7) Competitive Advantage mediates the Product Innovation affecting Marketing Performance at PT. BSI Aceh Region.

These results also prove that competitive advantage plays a role as a partial mediator. So the findings explain the model for increasing Marketing Performance at PT. BSI Aceh Region is a function of strengthening strategy innovation, increasing product innovation, and increasing competitive advantage. These results academically contribute to theory development and can be used as a basis for further research. Limitations exist in the set of variables studied and the subject. The survey also produced several recommendations for leaders of the subjects studied, namely as

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follows.

- 1) For the Strategy Innovation, the lowest average value was obtained for the followership innovation indicator, where the company has not been fully able to produce competent products and compete with similar competitor products. This can be an improvement for companies to make improvements to their strategy in creating more competent products.
- 2) For the Product Innovation, the average value obtained for the compatibility indicator is that the company's product does not have a great opportunity to be sold on the market. This can be a concern for companies so they can innovate products that can compete with competitors' products.
- 3) For the Competitive Advantage, the lowest average value was obtained for the opportunity exploration indicator. This can be a concern for companies to create products that have a great chance of being sold in the market.
- 4) For the Marketing Performance, the lowest average value was obtained for the sales increase indicator. This can be a concern for companies to improve marketing performance to increase company sales.

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