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## Effect of Marketing Strategy Factors on Marketing Performance of Food Home Industry in Malang City

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**ABSTRACT:** This research examines factors or types of marketing strategies and marketing performance. The aim of the research is to examine the factors of each variable and the influence of marketing strategy factors on the performance of marketing strategies in the home food industry in Malang City. The research is in the form of a survey with a type of causal research. The number of samples was 398, taken from the food and beverage processing industry in Malang City. Data was collected through a survey using a questionnaire. Data were analyzed using the Structural Equation Modelling (SEM) Partial Least Squares (PLS) method. The research results explain that the marketing strategy factors formed are cost efficiency, product innovation, marketing innovation, and distribution channels. Meanwhile, the effectiveness of marketing strategy performance can be measured by increasing sales, market share and customer satisfaction. In further testing, cost efficiency, innovation and effective distribution factors influence marketing performance. This research provides benefits for the food home industry that product innovation, marketing, distribution and cost leadership strategies are very important to increase consumer satisfaction. Increased consumer satisfaction will have an impact on increasing market share, product sales, and profit sustainability.

**Keywords:** Marketing, Performance, Strategy, Foods Home Industry



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### INTRODUCTION

The dynamic business environment in Malang City requires Foods Home Industry (FHI) companies to develop effective marketing strategies to face ever-changing challenges. FHI experiences highly competitive pressure in maintaining market share, increasing sales, and maintaining competitiveness amidst intense competition (Rahman, 2023; Al-Bakry, 2024)). It is important to ensure business continuity and achieve company goals. The need to continue to increase the role of marketing strategy is very necessary for FHI (Ritonga, 2019). A dynamic and complex business environment can hinder the achievement of company goals, so it is necessary to

conduct research to identify factors that effectively influence the marketing strategy of FHI companies in Malang City.

Factors influencing the effectiveness of marketing strategies will be explored and evaluated. Marketing strategy is concerned with cost efficiency, innovation, customer retention rates, and distribution performance. Cost efficiency in companies is a critical factor in business management because it involves expenditure in operational processes (Sharma et al., 2022; Kibirige et al., 2021). Innovation in the food industry plays a very important role (Larina, 2018). The impact of the digital economy on the food industry and retail requires companies to implement effective marketing innovation strategies (Garcia et al., 2023; Olexova & Gogolova, 2021). Likewise, customer retention is also an important factor in maintaining consumer loyalty (Ugonna et al., 2017; Ascarza et al., 2018).

Evaluation of the effectiveness of marketing strategies will involve performance indicators such as market share, sales, customer satisfaction, and brand awareness of the company's brand. The factors of food and service quality, customer satisfaction, and increasing market share are the indicators mentioned by (Alvarez, 2020). Strong brand awareness will determine the sustainability of the company's strategy (Horsfall, 2018). Strong brand awareness greatly influences consumer purchasing decisions (Anita & Ardiansyah, 2019). Of course, the factor of increasing sales is an important indicator of effective marketing performance (Koval, 2016).

Evaluation of the effectiveness of the marketing strategy used by the FHI company in the dynamic business environment in Malang City is the aim of this research, namely testing marketing strategy factors that effectively influence the marketing performance of the FHI company. This research is expected to provide practical and theoretical benefits. Practically, the results of this research can provide insights and recommendations to FHI companies in Malang City to increase the effectiveness of their marketing strategies in facing a dynamic business environment. Theoretically, this research is expected to contribute new knowledge in the field of marketing management, especially in the context of FHI companies in a dynamic business environment. With this research, it is hoped that it can contribute to the development of knowledge about evaluating FHI company marketing strategies in the dynamic business environment in Malang City and provide valuable input for FHI companies in optimizing their marketing efforts.

## **THEORETICAL FRAMEWORK AND HYPHOTHESIS**

FHI companies face challenges in dealing with uncertain and complex global and national economic conditions. Xu et al., (2020) emphasizes the importance of FHI companies anticipating environmental changes in maintaining market share and increasing profits. Venkatesha (2022) states that companies need to adapt marketing strategies well in order to meet customer satisfaction and achieve optimal profits. Anita & Ardiansyah (2019) stated that brand awareness, image and effective use of media greatly influence consumers in making purchasing decisions at restaurants.

Al-Bakry (2024) highlight good relationships with customers as well as with other companies as an important factor in maintaining market share and achieving maximum profits. The company needs

to find out all about competitors, compare its marketing strategy and find areas of potential competitive advantage and disadvantage (Alvarez, 2020). Roy et al. (2021) identifies new realities as rapid and difficult to predict changes in the marketing industry, and emphasize the importance of adaptation, strengthening internal capabilities, product innovation and analytical skills. Rohmah et al. (2020) highlights the importance of careful market research and analysis to understand changes in consumer behavior and competition in the new business environment. By paying attention to this literature, companies can take appropriate strategic steps in facing uncertain and complex conditions.

### *Marketing Concepts in an Uncertain and Complex Environment*

The concept of marketing in an uncertain and complex environment involves a set of strategies and approaches designed to meet changing challenges. In such situations, companies need to adapt their marketing strategies to meet customer needs, maintain market share, and increase profits (Larina, 2018). One important aspect of the marketing concept in an uncertain and complex environment is flexibility. Companies need to have the ability to respond quickly to external changes that occur, such as fluctuations in raw material prices, changes in government policies, and increasingly fierce competition (Xu et al., 2020).

Companies also need to adopt an adaptive approach that allows them to change their marketing strategies according to changes in the uncertain environment (Garcia et al., 2023). Additionally, companies need to conduct thorough market research to understand consumer behavior and preferences in an uncertain and complex environment. In the concept of food product innovation, Larina (2018) emphasizes efforts to innovate new products, processing technology, develop new markets, new material sources and organizational restructuring. With a deep understanding of customers and their needs, companies can develop products or services that are relevant and meet customer expectations.

It is also important to create customer value, increase satisfaction, and build customer loyalty in an uncertain and complex environment. In much literature, customer satisfaction will increase consumer loyalty (Abu-Alhaija et al., 2019). In conditions of supply resilience and strong loyalty relationships, companies can take advantage of the benefits of strong loyalty relationships to maintain market share and achieve optimal profits (Ascarza et al., 2018). In order to face an uncertain and complex environment, this marketing concept emphasizes the importance of adaptation, flexibility, market research, creating customer value, and building customer loyalty. By understanding and applying this concept, companies can face challenges and take advantage of opportunities that arise in a dynamic environment.

### *Factors that Influence Company Marketing Strategy*

There are several factors that influence a company's marketing strategy. The first factor is the external environment, which includes fluctuations in raw material prices, changes in government policies, technological developments, consumer trends, and increasingly fierce competition (Aisyah & Susilowati, 2021). Companies need to monitor and anticipate changes in the external environment to adjust their marketing strategies. The development of technology and social media provides opportunities for entrepreneurs to build brand awareness of their products and

businesses effectively to a broader audience (Al-Bakry, 2024). By using social media platforms, business people can carry out other promotional activities. Companies need to build a positive brand image and differentiate themselves from competitors through unique positioning. This helps companies build brand awareness, a positive image and customer loyalty (Anita & Ardiansyah, 2019).

Companies can identify opportunities, develop appropriate products, and plan effective marketing campaigns through measuring the effectiveness of marketing performance. Apart from that, product availability and distribution factors also have an important role in the company's marketing strategy (Enda et al., 2019). Companies need to ensure their products are available in places that are easily accessible to consumers and that distribution is carried out well in order to meet market demand and achieve sales targets. Lastly, effective promotional strategies and good communication also influence the company's marketing strategy. Companies need to choose appropriate promotional methods, such as advertising, sales promotions, and digital marketing, and communicate with customers effectively to increase brand awareness, influence purchasing behavior, and build strong relationships with customers (Garcia et al., 2023). Efficient and effective marketing strategies are very important in culinary business situations (Rahman, 2023.)

### *Company Marketing Strategy*

The study of marketing strategies cannot be separated from the service and hospitality industries. Rahman (2023) examines culinary business marketing strategies after the Covid-19 pandemic in Indonesia. In his findings, it is important to pay attention to online marketing strategies. Other research related to culinary business development strategies in Malang City as an effort to develop the local community economy in Malang City, among others, was written by (Ruth & Hutabarat, 2015). This study provides insight into the local market and consumer behavior in the city. Sampita (2021) which discusses online marketing strategies in increasing sales of Sambal Mbok Bariah products in Malang City, provides insight into the use of online marketing channels in the city. Research by Deanova et al. (2023) in one of its findings states that the strategy for developing culinary businesses is to provide training, business protection, partnerships, promotions and innovation. In the era of innovation, Larina (2018) emphasized the importance of innovative marketing strategies in the culinary business. Innovation is carried out in products, marketing and organizations. Koval (2016) emphasizes the importance of efficiency as an indicator of the success of value-based enterprise strategies. Alvarez (2020) in a study on food companies in the Philippines emphasized the influence of marketing variables including distribution, sales force, and service on the marketing process.

This research hypothesis can be formulated as follows:

H0: There is no positive relationship between marketing strategy factors and the marketing performance of Foods Home Industry Companies.

H1: There is a positive relationship between marketing strategy factors and the marketing performance of Foods Home Industry Companies.

## **METHOD**

This research is a type of causal quantitative research which aims to describe and analyze the effectiveness of the FHI company's marketing strategy in the dynamic business environment in Malang City (Kota Malang Dalam Angka, 2022). The population in this research is food companies in the city of Malang. Based on BPS data for Malang City, the number of food and beverage industries in Malang City in 2022 will be 4233. As quoted by Memon, et al. (2020), one of the famous sample size tables from The Krejcie and Morgan table (KMT) in 1970 suggested that a sample of 384 is sufficient for all research. This figure has been used by thousands of studies. Researchers have distributed 500 questionnaires, but the response rate is 398.

The data collection technique used was a survey via questionnaire distributed to respondents involved in the marketing strategy of the FHI company in Malang City. The research instrument used was a questionnaire specifically designed to collect data regarding the effectiveness of the FHI company's marketing strategy, including questions related to relevant variables such as cost efficiency, product innovation, customer retention rate, distribution channel performance. Dependent variable of marketing strategy effectiveness: increase in sales, market share, customer satisfaction, brand awareness, customer loyalty.

The validity of the research instrument will be checked through analysis of content validity and construct validity, while the reliability of the instrument will be tested using reliability coefficients such as Cronbach's alpha. The collected data will be analyzed using the Structural Equation Modeling - Partial Least Squares (SEM-PLS) method to test the relationship between variables and measure the influence of the independent variable on the dependent variable.

**Table 1. Operational variable definition**

<b>Variable</b>	<b>Indicators</b>	<b>Description</b>	<b>Referensi</b>
<b>Independent</b>			
The factors of marketing strategy	X1, X2: Cost efficiency	An efficient marketing strategy can increase marketing effectiveness	(Kangean et al., 2020.; Kumar Sharma et al., 2022)
	X3, X4: Product innovation	Product innovation is an important factor in a company's marketing strategy.	(Olexova & Gogolova, 2021)
	X5, X6: customer retention	A high customer retention rate indicates the success of a company's marketing strategy.	(Ugonna et al., 2017)
	X7, X8: Distribution channel performance	Good distribution channel performance has a positive impact on the effectiveness of marketing strategies.	(Xu et al., 2020)

Variable	Indicators	Description	Referensi
Dependent Marketing Performance	Y1: Increased sales	The increase in sales describe the effectiveness of the company's marketing strategy.	(Sari, 2020)
	Y2: Market Share	An increasing market share explain the success of the company's marketing strategy.	(Alvarez, 2020; Tri et al., 2018)
	Y3: Customer Satisfaction	High customer satisfaction indicates the effectiveness of the company's marketing strategy.	Alvarez, 2020)
	Y4: Brand Awareness	A high level of brand awareness indicates the effectiveness of a company's marketing strategy.	(Horsfall, n.d.; Anita & Ardiasyah, 2019; Alvarez, 2020)
	Y5: Loyalty	A high level of customer loyalty indicates the effectiveness of the company's marketing strategy.	(Abu-Alhaija et al., 2019)

## RESULT AND DISCUSSION

According to Rianto (2023)an examination of the factor matrix of 0.3 in additional factors is considered to have met the standard, but if it is 0.4 it will be better, while if it is above 0.5 it is certainly better and considered significant. The filling factor in this research is 0.7.

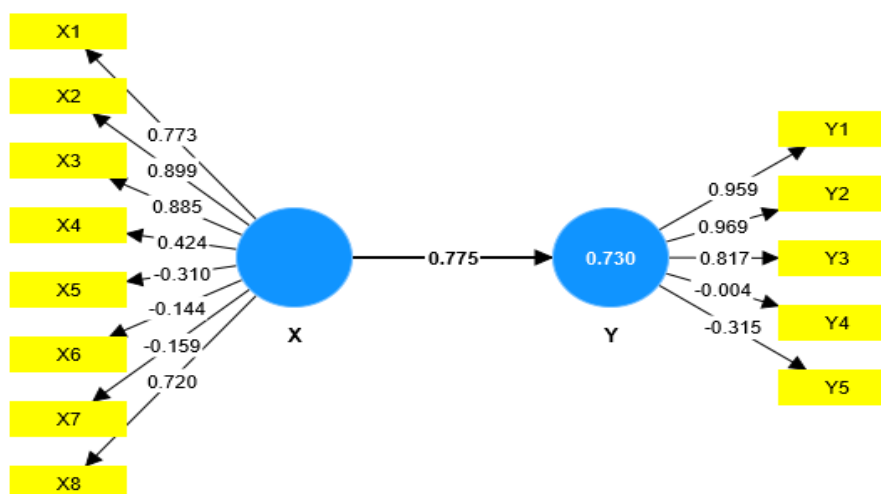


Figure 1. Structural Model

From the structural model image above, it can be seen that the results of the validity and reliability test data in SEM PLS 4 analyze outer loadings for each variable in the model. Outer loadings describe the level of correlation between latent variables (X and Y) and related indicators (X1-X8 and Y1-Y5). Following are the results of outer loadings:

Table 2. Outer Loadings

Latent variable	Indicators	Outer Loading	Correlation
X	X1	0.773	Strong
X	X2	0.899	Extremely strong
X	X3	0.885	Extremely strong
X	X4	0.424	Medium
X	X5	-0.310	Negative
X	X6	-0.144	Weak
X	X7	-0.159	Weak
X	X8	0.720	Strong
Y	Y1	0.959	Extremely strong
Y	Y2	0.969	Extremely strong
Y	Y3	0.817	Strong
Y	Y4	-0.004	Extremely weak
Y	Y5	-0.315	Negative

These results clarify that most indicators have a strong correlation with the related latent variables. However, it should be noted that indicators X4, So, to improve the results of outer loadings, the indicator variables X (free), namely X4, X5, likewise with the Y (dependent) variable Y, namely Y4 and Y5. Then recalculate. As a result, the following is a picture of the model structure after elimination.

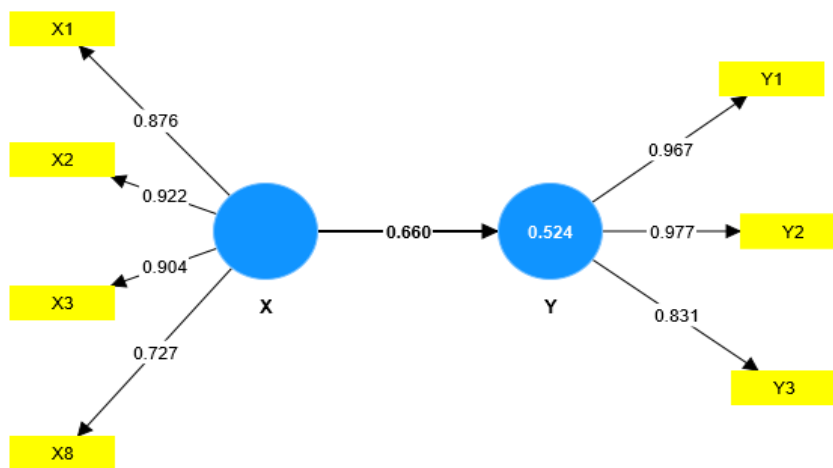


Figure 2. Structural model (Revision)

**Table 3. Outer Loadings (revision)**

Latent Variable	Indicators	Outer Loading
X	X1	0.876
X	X2	0.922
X	X3	0.904
X	X8	0.727
Y	Y1	0.967
Y	Y2	0.977
Y	Y3	0.831

The outer loading results demonstrate the correlation between latent variables (X and Y) and related indicators. The latent variable X has a strong or very strong correlation with indicators of efficiency, product innovation, marketing innovation and distribution channels. This analysis describe that the latent variable X is significantly shaped or influenced by these indicators. On the other hand, the latent variable Y has a very strong correlation with indicators of increasing sales and market share, as well as indicators of customer satisfaction. This result define that the latent variable Y has been shaped or influenced by these indicators. The results of these outer loadings provide an understanding of the strength of the relationship between the latent variable and its indicators and will be used in further analysis in this research.

**Table 4. Cronbacsh's alpha**

Cronbach's alpha	Composite reliability (rho_a)	Composite reliability (rho_c)	Average variance extracted (AVE)
X 0.882	0.903	0.919	0.741
Y 0.919	0.984	0.948	0.860

Cronbach's alpha is a measure of internal reliability or internal consistency of a measurement instrument used in research. This measures the extent to which the items in the instrument correlate with each other and reflect the same concept. The Cronbach's alpha value scale ranges from 0 to 1, where the higher the alpha value, the higher the reliability of the instrument. In the context of this research, Cronbach's alpha for variable X is 0.882, while for variable Y is 0.919. Alpha values above 0.7 are considered quite high and indicate good reliability. This result describe that the items in variables X and Y are correlated with each other and consistently reflect the same concept. Thus, these findings indicate that the instrument used in this research has good internal reliability, so it can be relied on to measure variables X and Y. This provides confidence that the data collected through the instrument has consistency and can be interpreted well in the research context.

**Table 5. R Square and Adjusted R Square**

	R-square	R-square adjusted
Y	0.524	0.523



R-Square ( $R^2$ ) is a measure used in regression analysis to evaluate how well an independent variable explains variation in a dependent variable. R-Square indicates the proportion of variation in the dependent variable that can be explained by the independent variables in the regression model. The R-Square scale ranges from 0 to 1, where the higher the R-Square value, the greater the proportion of variation that can be explained.

The R-Square value for variable Y is 0.524. This means that 52.4% of the variation in the dependent variable Y can be explained by the independent variables used in the regression model. The independent variable in this research has quite a significant influence on the dependent variable Y. Then there is the Adjusted R-Square. Adjusted R-Square is an adjusted version of R-Square that considers the number of independent variables and the number of samples in the regression model. Adjusted R-Square considers the complexity of the model and prevents the R-Square value from increasing just because of the addition of independent variables. In this study, the Adjusted R-Square value for variable Y is 0.523, which explain the level of adjustment of the R-Square to model complexity.

Both R-Square and Adjusted R-Square values provide information about the extent to which the independent variable can explain variations in the dependent variable. However, Adjusted R-Square is more recommended when comparing regression models with different numbers of independent variables or different sample sizes, because it considers model complexity more precisely.

**Table 6. Discriminant Validity**

	X	Y
X		
Y	0.751	

Discriminant validity is a concept used in factor or confirmatory analysis to ensure that two constructs that are measured separately are truly different from each other. The purpose of discriminant validity is to ensure that the measurement tool can differentiate between different constructs and does not produce mixed results between constructs that should be different. The discriminant validity value for variable Y is 0.751. This value interpret that variable Y is below 0.9, meaning it has a high level of discriminant validity (Rasoolimanesh, 2022), which means this variable can be effectively differentiated from other variables in this research.

These results indicate that the construct measured by variable Y is completely different from the construct measured by other variables in this study. Discriminant validity is necessary because if the measurement tool is unable to differentiate between different constructs, then the interpretation of research results can be invalid. By ensuring discriminant validity, researchers can be sure that the construct being measured truly reflects the desired variable and can provide accurate information in research analysis.

**Table 7. Discriminant Validity – Fornell – Larcker Criterion**

	X	Y
X	0.861	
Y	0.724	0.927

The results of the Discriminant Validity test - Fornell-Larcker Criterion interpret the level of discriminant validity between variable X and variable Y in this study. For variable X, the value on the main diagonal is 0.861, which describe the level of discriminant validity of variable X against itself. This indicates that variable X has a good level of internal consistency and can differentiate itself from other variables in this research. For variable Y, the value on the main diagonal is 0.927, which explains the level of discriminant validity of variable Y against itself. This means that variable Y also has a good level of internal consistency and can differentiate itself from other variables in this study.

Cells that are not on the main diagonal, namely the value 0.724, indicate the level of discriminant validity between variable X and variable Y. This value resolve that variable X and variable Y are quite different from each other in the context of this research. The results of this discriminant validity test indicate that variable X and variable Y in this study can differentiate themselves and can also be differentiated from each other. This ensures that the measurement tools used can separate and accurately measure the different variables in the study.

**Table 8. Discriminant Validity – Cross Loadings**

	X	Y
X1	0.876	0.408
X2	0.922	0.689
X3	0.904	0.711
X8	0.727	0.596
Y1	0.775	0.967
Y2	0.734	0.977
Y3	0.442	0.831

Discriminant validity - Cross Loadings is a method for testing whether the indicators of one latent variable have a higher correlation with the corresponding latent variable than with other latent variables. In this research, the cross-loading values between indicators and latent variables X and Y. For variable X, cross loadings describe that indicator X1 has the highest correlation with latent variable X (0.876), followed by, X3 (0.904), and X8 (0.727). The indicators X are more correlated with latent variable X than with latent variable Y. These results support discriminant validity between latent variables Larcker, 2016).

For variable Y, cross loadings explain that indicator Y1 has the highest correlation with latent variable Y (0.967), followed by Y2 (0.977), and Y3 (0.831). The indicators Y are more correlated with latent variable Y than with latent variable X. This also supports discriminant validity between latent variables. These Cross Loadings describe that the indicators in each latent variable have a

higher correlation with the corresponding latent variable than with other latent variables. This indicates that the measurement tool used can clearly differentiate between latent variables X and Y in this study.

**Table 9. Inner VIF**

	VIF
X -> Y	1,000

Inner VIF (Variance Inflation Factor) in the inner model is a method used to test multi-collinearity between latent variables in the structural model. VIF measures how strong the correlation is between a latent variable and a linear combination of other latent variables in the model. If the VIF exceeds a certain threshold value (usually 5 or 10), this indicates a multi-collinearity problem (Rianto, 2023). In this context, the VIF inner model interpret the correlation between latent variable X and latent variable Y in the structural model. If the VIF value between X and Y is 1,000, this indicates that there is no multi-collinearity problem between the two latent variables. In other words, latent variables X and Y are independent of each other in the structural model, no significant correlation occurs between the two. These results indicate that in the structural model tested, there is no multi-collinearity problem between latent variables X and Y. This is important because multi-collinearity problems can affect the validity and stability of parameter estimates in SEM-PLS analysis. With an inner model VIF of 1,000, it can be concluded that the latent variables X and Y can be considered independent of each other in the structural model studied.

**Table 10. Path Coefficient**

	<b>Original sample (O)</b>	<b>Sample mean (M)</b>	<b>Standard deviation (STDEV)</b>	<b>T statistics ( O/STDEV )</b>	<b>P values</b>
X -> Y	0.660	0.661	0.032	20.864	0.000

The results of hypothesis testing in SEM-PLS use T statistics and P-values to evaluate the significance of the relationship between latent variable X and latent variable Y. In this case, the test results describe a T statistics value of 20,864. T statistics is the ratio between the value of the hypothesis being tested (O) and the standard deviation (STDEV) of the sample. A high T statistics value indicates a significant difference between the hypothesis value and the sample mean. In the T distribution table, with the relevant degrees of freedom, P-values of 0.0000 are obtained. P-values are the probability of getting a result that is as extreme or more extreme than the observed result if the null hypothesis is true. In this context, P-values close to zero indicate that the test results significantly reject the null hypothesis. Based on these results, it can be concluded that the relationship between latent variable X and latent variable Y is statistically significant. This means that there is a significant relationship between latent variables X and Y in the structural model being tested.

Table 11. Fit Model

	Saturated model	Estimated model
SRMR	0.130	0.128
d_ULS	0.472	0.455
d_G	1.030	1.158
Chi-square	1.439.875	1.583.172
NFI	0.629	0.592

The results of this research indicate that the relationship between the latent variable This can be concluded based on the high T statistics value (20.864) and P-values which are close to zero (0.0000). Thus, we can accept the null hypothesis (H0) which states that there is a positive relationship between latent variables X and Y. Therefore, the alternative hypothesis (H1) which states that there is no positive relationship between latent variables X and Y can be rejected.

The model Fit test results a comparison between the saturated model and the estimated model. The following is an explanation for each test result:

SRMR (Standardized Root Mean Square Residual):

Saturated model: SRMR value of 0.130.

Estimated model: SRMR value of 0.128.

SRMR measures the degree to which the model fits the observed data. The lower the SRMR value, the better the model fits the data. In this case, there is a small increase in SRMR values from the saturated model to the estimated model, indicating an improvement in model fit.

d\_ULS (d\_G: Geodesic discrepancy):

Saturated model: d\_ULS value is 0.472.

Estimated model: d\_ULS value is 0.455.

d\_ULS measures the error or approximation error in the model. The lower the d\_ULS value, the better the model is at approximating the data. In this case, there is a small decrease in the d\_ULS value from the saturated model to the estimated model, indicating an improvement in the quality of the model approximation.

Chi-square:

Saturated model: Chi-square value of 1,439,875.

Estimated model: Chi-square value is 1,583,172.

Chi-square is used to test the extent to which the model fits the observed data. The smaller the Chi-square value, the better the model fits the data. In this case, there is an increase in the Chi-square value from the saturated model to the estimated model, indicating a difference between the model and the observed data.

NFI (Normed Fit Index):

Saturated model: NFI value of 0.629.

Estimated model: NFI value is 0.592.

NFI measures the extent to which the estimated model fits the data compared to the saturated model. The higher the NFI value, the better the estimated model fits the data. In this case, there

is a slight decrease in the NFI value from the saturated model to the estimated model, indicating a decrease in model fit.

The findings of this research indicate that there is a significant relationship between variable X (Marketing Strategy of Foods Home Industry Companies in Malang City) and latent variable Y (Marketing Performance of Foods Home Industry Companies). The latent variable X describe a strong or very strong correlation with indicators of efficiency, product innovation, marketing innovation and distribution channels. This indicates that the latent variable X significantly influences these aspects in the context of the marketing strategy of home-based food companies. In addition, the latent variable Y describes a very strong correlation with indicators of increasing sales and market share, as well as customer satisfaction. The latent variable Y has a significant influence on these results.

Reliability-test analyse that the instrument used in this research has good internal reliability. High Cronbach's alpha values for latent variables X and Y indicate that the items in the instrument are correlated with each other and reflect the same concept. Therefore, the data collected through this instrument can be relied on in measuring latent variables X and Y. The results of the R-Square is 52.4% of the variation in the dependent variable Y (Marketing performance effectiveness) can be explained by the independent variable. Discriminant validity testing analyse that latent variables X and Y can effectively be distinguished from each other. This indicates that the measurement tool used is able to clearly differentiate between latent variables X and Y in this study. Furthermore, the VIF test results that there is no multi-collinearity problem between latent variables X and Y in the structural model tested. The two latent variables are independent of each other and there is no significant correlation between them.

Finally, hypothesis testing determine that the relationship between latent variables X and Y is statistically significant. High T statistics values and P-values that are close to zero indicate a significant difference between the hypothesis value and the sample mean. Therefore, it can be concluded that the relationship between latent variables X and Y is significant in the structural model tested. These findings provide a deeper understanding of the factors that influence the effectiveness of marketing strategies in this context, as well as providing implications for practitioners and researchers in the development of more effective and adaptive marketing strategies.

FHI companies are faced with uncertain and complex environmental challenges, including changes in the global and national economy, changes in government policies, and increasingly fierce competition. Previous research has highlighted the importance of adapting marketing strategies in the face of environmental change (Venkatesha, 2022; Xu et al., 2020). Companies need to implement adaptive and flexible strategies that enable them to respond quickly to change.

In addition, previous research also emphasizes the importance of understanding customer needs and satisfaction (Alvarez, 2020). Market research and data analysis are also important factors in understanding consumer behavior and market trends (Rohmah et al., 2020). In the context of FHI companies, it is important to understand consumer behavior regarding home-cooked food products and adapt marketing strategies to meet their needs.

The findings describe that the latent variable X (Marketing Strategy factors) is formed by cost efficiency, product innovation, marketing innovation, and distribution channels. The latent variable Y (Marketing performance effectiveness) has a strong correlation with indicators of increased sales, market share and customer satisfaction. This suggests that the effectiveness of marketing strategies also contributes to these results.

Overall, the interpretation of this research finding explain the importance of adapting marketing strategies, understanding customers, market research, creating customer value, and building strong relationships with customers in the face of uncertain and complex environments. FHI companies need to adopt adaptive and flexible strategies and integrate knowledge of customer needs, consumer behavior and market conditions in their strategic decision making. In this way, companies can face the challenges they face and take advantage of the opportunities that exist in a dynamic environment.

## **CONCLUSION**

The findings explain that the latent variable X (Marketing Strategy) is formed by cost efficiency, product innovation, marketing innovation, and distribution channels. The latent variable Y (Marketing strategy performance) is formed by indicators of increasing sales, market share and customer satisfaction. The effectiveness of marketing strategies can be measured from these indicators.

This research explains the importance of adapting marketing strategies, understanding customers, market research, creating customer value, and building strong relationships with customers in the face of an uncertain and complex environment. FHI companies need to implement adaptive and flexible strategies, especially digital/online strategies and integrate knowledge about customer needs, consumer behavior and market conditions.

FHI companies need to consider adaptive and flexible marketing strategies in facing uncertain and complex environmental changes. This research describes that adaptive marketing strategies can help companies maintain market share and increase profits. It is important for FHI companies to understand customer needs and satisfaction. By fulfilling consumer needs and creating customer value, companies can build strong relationships with customers and increase their loyalty. Market research and data analysis are key factors in company strategic decision making. By understanding consumer behavior and market trends, companies can identify opportunities, develop relevant products, and plan effective marketing campaigns.

This research is limited to FHI companies in Malang City, so generalization of the findings of this research needs to be done with caution. The business context and market characteristics in other locations may be different, so the results of this research cannot be directly applied generally. The research method used in this research is a quantitative method using survey data. In future research, researchers can consider qualitative methods such as in-depth interviews or case studies to gain deeper insight into FHI company marketing strategies. There is the possibility of bias in data collection and data processing. Although steps have been taken to minimize bias, factors such as respondent error or sampling that is not perfectly representative of the population may affect

the validity and reliability of the findings of this study. This research only considers internal factors of the FHI company in relation to marketing strategy. Wider external factors such as economic, political, social and technological factors can also influence a company's marketing strategy. Therefore, future research can consider these external factors to gain a more comprehensive understanding of FHI company marketing strategies.

This research provides several practical implications for Micro, Small, and Medium Enterprises (MSME) scale food businesses, including the following:

1. Important marketing strategy factors in this research are product innovation, marketing, distribution and cost leadership. Competition in small-scale food businesses is very tight because the barrier to entry is very easy and anyone can enter this industry easily. The market has many options. Therefore, it is important for marketers to always innovate with new product variants, quality, taste, packaging, promotions and distribution channels that are fast and cheap. Marketers can use B2C or C2C business models with the help of e-commerce/marketplaces.
2. Cost leadership is very important in the small-scale food industry because the type of consumer in this business is generally lower middle class consumers who are very concerned about prices. Marketers can be cost efficient, among other things, by getting the right suppliers, purchasing quantities of raw materials, and using efficient equipment and human resources.
3. The right marketing strategy will have an impact on increasing consumer satisfaction, market share and company profits. Companies must continue to strive to provide satisfaction to consumers. Consumer satisfaction can be achieved through food taste, product quality, excellent service and product delivery. Satisfied consumers will increase market share and company profits.

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