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The Effect of Product Innovation, Price and Marketing Capabilities on Business Performance

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Abstract: The title of the article is The Effect of Product Innovation, Price and Marketing Capabilities on Business Performance. This research aims to determine the influence of product innovation, selling price and marketing capability on business performance. This research is quantitative research using data obtained from questionnaires. The population used was employees of PT Dua Empat Tujuh with a total of 75 respondents. The sampling technique in this research was total sampling. Total sampling is a sampling technique where the number of samples is the same as the population. Data analysis in this research uses descriptive analysis, data quality testing, classical assumption testing, multiple linear regression analysis, and hypothesis testing with the help of the SPSS version 26 for Windows 2023 program. Based on the data processing that has been carried out, the following research results are obtained: product innovation has a positive and significant effect on business performance, selling price has a positive and significant effect on business performance, and marketing capability has a positive and significant effect on business performance. Furthermore, product innovation, selling prices and marketing capabilities have an influence on business performance simultaneously.

Keywords: Product Innovation, Selling Price, Marketing Capability.

INTRODUCTION

In the ever-evolving digital era, businesses in the information technology sector are at the forefront of innovation and change. The dynamic and rapidly changing business environment forces information technology companies to continue to innovate and improve their capabilities in order to remain relevant and competitive. Reported from an article published by databoks in 2022, it stated that the business competition climate in Indonesia increased in 2021. This was recorded in the annual report of the Business Competition Supervisory Commission (KPPU) for the 2021 period which was published on its official website in April 2022. KPPU measures the Business Competition Index (IPU) with a scoring system on a scale of 1-7. A score of 1 indicates a low level of competition, while a score of 7 indicates a high level of competition. With this scoring system, Indonesia's business

competition index in 2021 was assessed at 4.81, the highest in the last four years (Ahdiat, 2022). This is shown in the graph below:

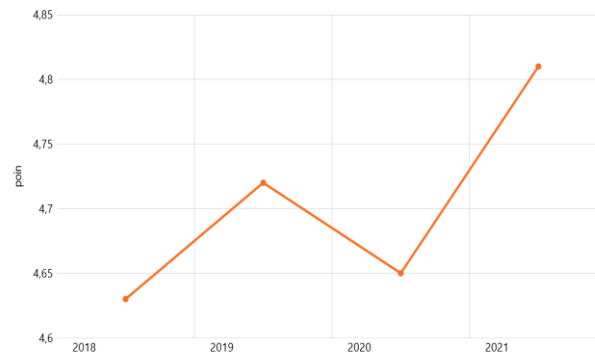


Figure 1. Indonesia Business Competition Index Chart (2018-2021)

Source: databooks (2022)

Thus, business performance becomes important because it is for the sustainability of the company. If the company has low business performance, the company will not have a long time, as explained in the article published by CNBC Indonesia.

One of the most important components of an information technology company's business strategy is product innovation. Innovative information technology products, such as new mobile devices, applications, and online services, not only benefit consumers but also contribute to increasing competitive advantage. By concentrating on product innovation, companies can develop more effective, efficient, and timely solutions that meet the demands and challenges of an ever-changing market. An article on froyonio.com states that manufacturers who do not innovate and fail to innovate must be ready to be overtaken by competitors who are the first to leave their comfort zone (Utami, 2023). And a business article issued by Xendit (2021) states that product innovation is very important for business continuity so that customers do not experience boredom and are always waiting for the latest products. The following is information from the company regarding innovations that have been carried out over the past few years, which can be seen in the table below:

Table 1. Innovation Products of PT Dua Empat Tujuh

Initial Product	Innovation Product	Description
YAVA247	YAVA247 3.1	Feature Addition
Hgrid247	HgridDE247 3.2	Feature Addition
Hnalytic247	HgridAN247 3.1	Feature Addition
Medan247	Medan247 3.1	Feature Addition
	Chantel247	New Product
	Medis247	New Product
	Ais247	New Product

Source: PT Dua Empat Tujuh

Based on the data in table 1, initial products will always be innovated to create new products or improve existing products. In addition to product innovation, price is a key factor that influences the success of the company. With innovation, it affects the increase in client lines, the total number of nodes installed in several clients and the increase in the value of contracts obtained. Product prices must be competitive and able to withstand very sensitive market fluctuations. A fair price must consider an analysis that includes production costs, competitor prices, and customer expectations. Prices that are too high can hinder the adoption of new technologies, while prices that are too low can reduce profit margins and business continuity. Therefore, an effective pricing strategy is very important for companies to achieve

growth. In addition, marketing capability is another important factor that has a significant impact on business work processes. Marketing capabilities improve the organization's ability to identify markets, understand customer needs and preferences, and develop effective marketing strategies (Noviansyah et al., 2023).

This capability covers various areas, such as market analysis, market segmentation, product development, marketing, distribution, and customer service. Businesses with strong sales capabilities will be able to react quickly to market changes, maximize sales strategies, and create more competitive prices for customers. The background of the problem in this study is to determine how much influence product innovation, selling price and marketing capabilities have on business performance at PT Dua Empat Tujuh. Business performance can be assessed from the results of a company's product sales, where product innovation and proper pricing and marketing capabilities can have a significant impact on increasing sales that affect the company's business performance. PT Dua Empat Tujuh is a company engaged in information technology which focuses on processing large amounts of data through Bigdata technology, initially PT Dua Empat Tujuh only focused on selling people or professional services (mandays) so that the business lines produced or sales obtained only focused on one line, until finally the company carried out product innovation that supports data processing. To face this competition, PT Dua Empat Tujuh began to implement strategies by innovating products, adjusting prices with competitors and conducting marketing according to customer needs.

Product Innovation

Product innovation is a new idea or way to create a new product or develop an existing product to be better with the aim of meeting consumer needs and desires (Gultom, 2022). Product innovation is a way of combining various processes that have an influence on each other. New products have a role to improve the company, while process innovation plays a role as a strategy to reduce costs. Product innovation is one of the introductions and developments of new goods or services that are different from before by prioritizing quality (Yanuar & Harti, 2020). Product innovation is not a concept of a new idea, discovery or also not a development of a new market but innovation is a combination of all processes (Firmansyah, 2016).

There are three indicators of product innovation, namely product quality, product type, product shape and design (Kotler, 2010):

- 1) **Product Quality**

Product quality refers to the ability of the product to perform its function, which includes data resistance, reliability, and manufacturing accuracy

- 2) **Product Type**

Product type can be interpreted as a competitive tool or as a tool and differentiator between products created by the company and competing products.

- 3) **Product Shape and Design**

Product design is an effort to determine the type of product that meets consumer desires. Design, apart from considering appearance factors, also aims to improve product performance, reduce production costs and increase competitive advantage.

Price

Price is an amount of value or money charged for a product or service for the amount of value exchanged by consumers for the benefits of the price that has become an important factor influencing buyer choice (Oetama, 2022). Price is one of the important attributes evaluated by consumers so that company managers need to really understand its role in influencing consumer attitudes. Price is the amount of money charged for a product or service

that customers exchange for a benefit (Andre, 2022). Price is an amount of money charged for a product or service, or the amount of value exchanged by consumers for the benefits of having or using the product or service. Companies must be able to provide or set prices for their products according to market share and properly so that consumers are interested and the company can continue to make a profit (Kotler, 2017).

There are several main factors that influence product pricing (Kotler, 2017):

1. **Production Costs:** The costs incurred to produce goods or services including the cost of raw materials, labor, and overhead must be considered.
2. **Market Demand:** The demand for a product or service affects prices. When demand is high and supply is limited, prices tend to rise.
3. **Competition:** Prices are also influenced by the prices set by competitors. Companies must consider competitors' pricing strategies to remain competitive in the market.
4. **Customer Perceived Value:** Prices are influenced by the value perceived by customers.
5. **Marketing Objectives:** Pricing strategies must be aligned with the company's marketing objectives, such as increasing market share, maximizing profits, or market position.
6. **Economic Conditions:** Macroeconomic conditions, such as inflation, recession, and interest rates, affect consumer purchasing power and, therefore, affect prices.
7. **Market Segmentation:** Prices can vary based on the market segment targeted.
8. **Price Elasticity:** Price elasticity of demand measures how a change in price affects the quantity demanded
9. **Distribution Channels:** Costs and markups along the distribution channel can affect the final price paid by consumers.
10. **Government Regulation:** The government may set price limits or impose taxes that affect the final price of a product.

Marketing Capability

Marketing Capability is a collection of skills, knowledge and company resources applied to business actors related to the needs designed to perform various marketing functions as an accumulation process (Anifah, 2022). Marketing capability Mostly comes from sources selected for inter-company relationships and employee relationships. Marketing capability has an influence on the performance of a business, because optimizing marketing capabilities will increase the number of sales and customer satisfaction. With this, it will improve the performance of the business (Arif & Safitri, 2023). A company's marketing capability not only completes marketing mix activities such as pricing, advertising, and channel management efficiently, but also develops and implements the right marketing strategy (Muis, 2020).

Some of the main factors that influence marketing capabilities (Kotler & Keller, 2021):

- 1) **Market Orientation:** Understanding customer needs and market dynamics through continuous data analysis.
- 2) **Product Innovation:** The ability to develop new products that meet customer needs better than competitors.
- 3) **Customer Relationship Management:** Building long-term relationships with customers through superior service and loyalty programs.
- 4) **Marketing Communications:** Designing creative and effective advertising and promotional campaigns.
- 5) **Distribution and Marketing Channels:** Managing product distribution efficiently to ensure timely availability.
- 6) **Pricing:** Setting competitive and profitable prices based on cost and customer value analysis.

- 7) Marketing Technology: Leveraging digital technologies such as data analytics and e-commerce.
- 8) Segmentation, Targeting, and Positioning (STP): Identifying and targeting profitable market segments and establishing a clear position in the minds of consumers.
- 9) Performance Analysis and Measurement: Measuring and analyzing the results of marketing strategies using KPIs.
- 10) Marketing Team Resources and Competencies: Having a skilled and knowledgeable team to execute marketing strategies well.

Business Performance

Performance is the final result or achievement of a company's routines and performance, namely the accumulation of the final results of all routines and work processes of the company (Rachmasari & Suprpti, 2022). Business performance is measured using indicators, namely sales profit growth, customer number growth, market share growth, and sales volume growth (Sugiarto & Hargyatni, 2024).

Business performance plays a crucial role in determining a company's success and competitiveness in the market. The benefits of good business performance include several things (Kotler, 2017):

1. Competitive Advantage: Good business performance allows a company to compete more effectively in the market with a clear competitive advantage.
2. Increased Customer Satisfaction: With effective business performance, a company can meet and exceed customer expectations, increasing overall customer satisfaction.
3. Revenue Growth: Solid business performance supports increased sales and revenue, enabling sustainable company growth.
4. Operational Efficiency: Good performance improves efficiency by reducing costs and increasing productivity, which in turn increases profitability.
- Customer Loyalty: Satisfactory and consistent performance strengthens customer relationships, increasing loyalty and retention.

Based on the formulation of the problem and the objectives of the study, the researcher puts forward several hypotheses in this research, the initial hypotheses proposed are as shown in Figure 2:

1. There is an effect of product innovation on the business performance of PT Dua Empat Tujuh.
2. There is an effect of selling price on the business performance of PT Dua Empat Tujuh.
3. There is an effect of marketing capability on the business performance of PT Dua Empat Tujuh.
4. There is a simultaneous effect between product innovation, selling price and marketing capability on the business performance of PT Dua Empat Tujuh.

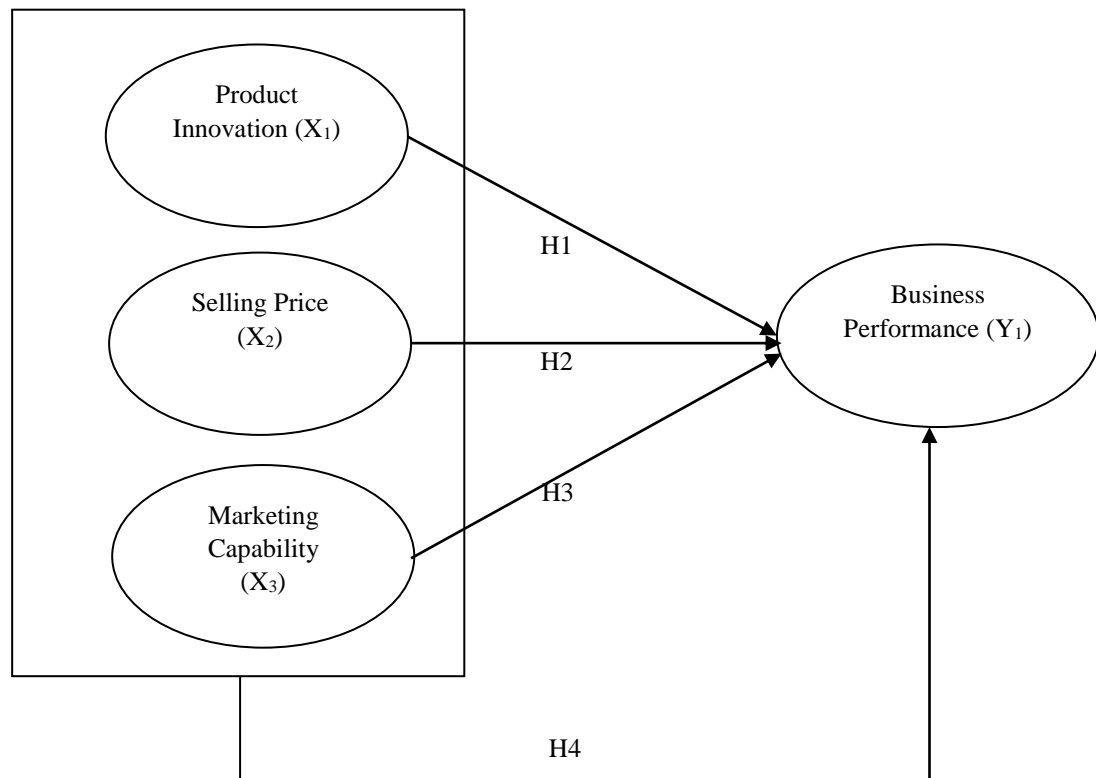


Figure 2. Conceptual Framework

Source: Authors

The novelty of this study lies in its simultaneous analysis of three key business variables—product innovation, price, and marketing capability—and their combined effect on business performance within a single, specific organizational setting (PT Dua Empat Tujuh). It uses total sampling of all employees, providing a comprehensive internal perspective rather than relying on limited samples or external respondents. The study emphasizes internal employee insights, highlighting how frontline understanding of innovation, pricing, and marketing affects perceptions of performance, which is rarely explored in a combined manner.

This study contributes originality by examining these factors within the context of a single company in a real-world setting, rather than using aggregated industry data or anonymous surveys. Unlike many studies that separate innovation and marketing capabilities, this research integrates them with pricing strategy, which reflects a more holistic, real-life approach to business performance. It applies multiple linear regression analysis using primary data from an entire company population, which adds statistical reliability and avoids sampling bias.

While prior studies often analyze the impact of either product innovation, pricing, or marketing capability individually, there is limited research combining all three variables simultaneously to assess their joint impact on business performance. There is a lack of contextual studies in the Indonesian corporate environment, particularly those using internal company data rather than consumer perceptions or market trends. Most past studies tend to focus on external customer data, but this study brings in the employee perspective, which is essential in understanding how internal processes contribute to business success.

Reasons Why the Research is Important are that:

- 1) The research offers practical insights for business leaders, especially in developing economies like Indonesia, on how to strategically align innovation, pricing, and marketing efforts to boost performance.
- 2) By showing the positive influence of these variables, the research helps companies prioritize investment and capability development in areas that directly impact performance.
- 3) It reinforces and expands current theories in strategic management and marketing by validating that internal capabilities (innovation and marketing) and strategic decisions (pricing) are critical to business outcomes.
- 4) This research is highly relevant for small and medium enterprises (SMEs) aiming to improve performance through non-financial, operational strategies, not just capital investment.
- 5) It lays the foundation for future studies that may explore other moderating or mediating variables such as customer satisfaction, competitive advantage, or digital transformation.

METHODS

The research design used in this study is a quantitative approach. The purpose of this study is to understand the causal relationship between two or more variables. Causal research aims to determine whether there is a causal relationship between the variables studied. The data collection process in the survey was carried out using the questionnaire method (Sugiyono, 2022).

The research method used in this study is a quantitative survey method where this method provides the possibility of replicating research and testing the validity of the results. Because the research instruments used are standardized and repeatable, other researchers can repeat the study using the same method to verify or expand previous findings (Sugiyono, 2022). This study aims to determine the extent to which product innovation, selling price and marketing capabilities influence business performance at PT Dua Empat Tujuh.

This study uses primary data to conduct research. Primary data is a source of data obtained directly from respondents through questionnaires or can also be obtained from interviews with direct sources (Sugiyono, 2022). Primary data in this study includes the influence of product innovation, selling price, marketing capabilities and business performance. This data was obtained through a questionnaire using a google form or direct interviews. to calculate each test in this study using the SPSS (Statistical program for social science) version 26 application (Sugiyono, 2022).

The population used as the object of this study were employees who were in the head office and were related to the operational running of PT Dua Empat Tujuh and understood how the business was running, so 75 people were obtained. The sampling technique in this study was total sampling. Total sampling is a sampling technique where the number of samples is the same as the population (Sugiyono, 2016). This often occurs when the population is relatively small, less than 100 people, or in research that tries to generalize with relatively small errors (Sugiyono, 2022). employees who were in the head office and were related to the operational running of PT Dua Empat Tujuh and understood how the business was running, so 75 people were obtained.

RESULTS AND DISCUSSION

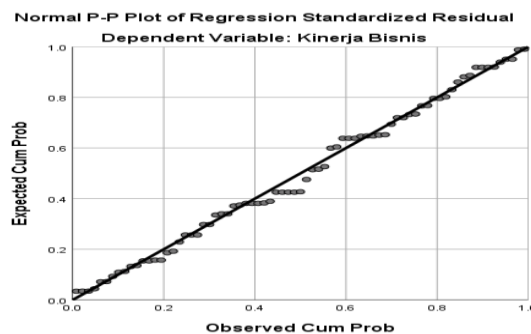
Results

This study describes the influence of product innovation, selling price and marketing capability on business performance at PT Dua Empat Tujuh. This aims to determine how

much influence product innovation, selling price and marketing capability have on business performance at PT Dua Empat Tujuh. In this study, all central employees became the research sample. Data collection techniques that can be used in quantitative research using questionnaires are data collection methods carried out by giving a set of written questions or statements to respondents to answer. The measurement scale used in this study is the Likert Scale, this scale is used to collect data from respondents to test product development variables and product prices on sales (Sugiyono, 2017). Before distributing the questionnaire, an instrument test was first carried out involving 30 respondents. From the results of the validity test, it was found that all statement items in the questionnaire were concluded to be valid because they had a calculated r value greater than the r table of 0.227. Then, the results of the reliability test showed that all questionnaire statement items were reliable because the Cronbach's Alpha value was more than 0.60. So it can be concluded that the study can be continued using the specified questionnaire.

The other tests performed on the data are the Normality Test, Multicollinearity Test, Heteroscedasticity Test, and multiple linear regression analysis, F Test and T Test as well as the Coefficient of Determination Test (R^2).

1. Normality Test



The results of the normality test using SPSS version 26, 2023 in the normality graph image show that the data is spread around the diagonal line and tends to follow the direction of the diagonal line, so the regression meets the normality assumption.

2. Multicollinearity test

The multicollinearity test is used to test whether the regression model finds a correlation between independent variables. The results of the multicollinearity test using SPSS version 26, 2023 can be seen in the table below.

Table 3. Multicollinearity Test Results

Variable	VIF
Product Innovation (X_1) -> Business Performance (Y_1)	1,653
Selling Price(X_2) -> Business Performance (Y_1)	1,474
Marketing Capability (X_3) -> Business Performance (Y_1)	1,709

Source: SPSS Data Processing Results version 26

If VIF (Variance Inflation Factor) is below ,10 and Tolerance value is above > 0.1 then there is no multicollinearity. Based on table 4.11, it is known that the VIF value is smaller than 10, including product innovation $1.653 < 10$, selling price $1.474 < 10$, and marketing capability $1.709 < 10$. So it can be concluded that there is no multicollinearity between independent variables in the study.

3. Heteroscedasticity Test

The heteroscedasticity test aims to determine whether the regression model has unequal variance from the residuals of one observation to another. To detect the presence or absence of heteroscedasticity, testing is carried out using SPSS version 26, 2023.

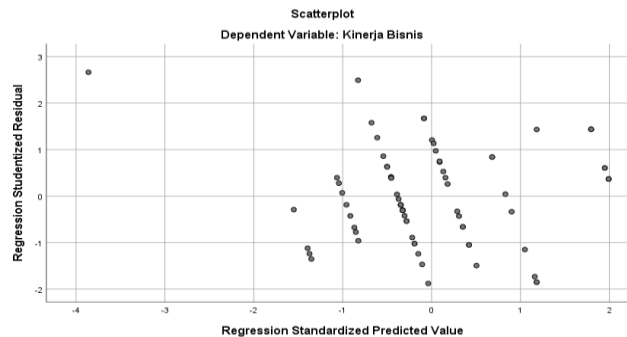


Figure 4. Heteroscedasticity Test Result
Source: SPSS Data Processing Results version 26

Based on the scatterplot output in Figure 2, the points are seen to be spread in the right area. It can be concluded that heteroscedasticity occurs, thus the assumptions of normality, multicollinearity and heteroscedasticity in the regression model can be met, so that the regression model is suitable for use in conducting testing.

4. Multiple linear regression Analysis

Multiple linear regression aims to measure the magnitude of the influence of two or more independent variables on one dependent variable. Based on the results of multiple linear regression analysis using SPSS version 26, 2023, the constant value is 4,730, the product innovation value is 0.035, the selling price value is 0.288 and the marketing capability value is 0.357 from the results of the multiple linear regression test, the following value equation can be produced:

$$Y = 4.730 + (0,035X_1) + 0,288X_2 + 0,357X_3$$

Table 4. Multiple linear regression

	<i>Unstandardized coefficients</i>		<i>Sstandardized coefficients</i>	<i>T value</i>	<i>Sig.</i>
	B	Std. Error	Beta		
Product Innovation	0,035	0,017	0,057	2.062	0,043
Selling Price	0,288	0,021	0,353	13.429	0,000
Marketing Capability	0,357	0,014	0,714	25.248	0,000
<i>Constant</i>	4.730	455	0,000	10.388	0,000

Source: SPSS Data Processing Results version 26

Interpretation of multiple linear equations can be seen in the picture and table shown, namely:

- A constant of 4,730 means that if all independent variables in this study have a positive assessment of business performance.
- The regression coefficient on the product innovation variable (X_1) is 0.035 which indicates a positive value which means that product innovation (X_1) increases, assuming other variables remain constant, the product innovation value increases by 0.035 or 3.5%. The product innovation variable has a positive coefficient value which means that product innovation and business performance have a direct relationship. When product innovation increases, Business Performance increases.

- c) The regression coefficient on the selling price variable (X_2) is 0.288 which indicates a positive value which means that the selling price (X_2) increases, assuming other variables remain constant, the selling price value increases by 0.288 or 28.8%. The selling price variable has a positive coefficient value which means that the selling price and business performance have a direct relationship. When the selling price increases, the Business Performance increases.
 - d) The regression coefficient on the marketing capability variable (X_3) is 0.357 which shows a positive value which means that marketing capability (X_3) increases, assuming other variables remain constant, the marketing capability value increases by 0.357 or 35.7%. The selling price variable has a positive coefficient value which means that there is a direct relationship between marketing capability and business performance. When marketing capability increases, business performance increases.
5. F Test

The F test shows whether the independent variables as a whole can explain the dependent variable, namely Customer Loyalty. The results of the simultaneous test are obtained as follows:

Tabel 5. F Test Result
ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	198.714	3	66.238	688.254	.000 ^b
	Residual	6.833	71	.096		
	Total	205.547	74			

a. Dependent Variable: Kinerja Bisnis

b. Predictors: (Constant), Kapabilitas Pemasaran, Harga Jual, Inovasi Produk

Source: SPSS Data Processing Results version 26

Based on table 4.13, it can be seen that the significant value for the influence of X_1 , X_2 and X_3 simultaneously on Y_1 is $0.000 < 0.05$ so that H_a is accepted. This shows that there is a simultaneous influence between all dependent variables on the independent variables.

6. T Test

Tabel 6. T Test Result
Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	4.730	.455		10.388	.000		
	Inovasi Produk	.035	.017	.057	2.062	.043	.605	1.653
	Harga Jual	.288	.021	.353	13.429	.000	.678	1.474
	Kapabilitas Pemasaran	.357	.014	.714	25.248	.000	.585	1.709

a. Dependent Variable: Kinerja Bisnis

Source: SPSS Data Processing Results version 26

- a. In the product innovation analysis, the sig value for the influence of X_1 on Y is $0.043 < 0.05$ and the calculated t value is $2.062 > t$ table 1.994, so it can be concluded that product innovation has a positive and significant effect on business performance.
- b. In the selling price analysis, the sig value for the influence of X_2 on Y is $0.000 < 0.05$ and the calculated t value is $13.429 > t$ table 1.994, so it can be concluded that selling price has a positive and significant effect on business performance.

- c. In the marketing capability analysis, the sig value for the influence of X3 on Y is $0.000 < 0.05$ and the calculated t value is $25.248 > t$ table 1.994, so it can be concluded that marketing capability has a positive and significant effect on business performance.

7. Determination Coefficient Test (R^2)

The assessment of the structural model using SPSS version 26, 2023 begins with the R Square value for each variable, namely the Influence of Product Innovation, Selling Price and Marketing Capability on Business Performance as a prediction of the structural model.

Table 7. Determination Coefficient Test Result

Model Summary^b				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.983 ^a	.967	.965	.31023

a. Predictors: (Constant), Kapabilitas Pemasaran, Harga Jual, Inovasi Produk

b. Dependent Variable: Kinerja Bisnis

Source: SPSS Data Processing Results version 26

The R Square obtained from the SPSS version 26, 2023 test of the business performance variable is 0.967, this means that the variables influencing product innovation, selling price and marketing capability are able to predict 96.7% of business performance, while the remaining 3.3% is influenced by other variables not used in this study.

Discussion

Based on the results of the study of 75 respondents, it can be seen from the results of the respondents' responses to the variables proposed in the study, with the following discussion:

1. The Effect of Product Innovation on Business Performance

It can be seen that X1 has a positive and significant effect on business performance. Based on the F count of 688,254, while it can be seen that the significant value of the F test is 0.000 and less than 0.05 so that H_a is accepted. This shows that there is a simultaneous influence between all dependent variables on the independent variables. So the previous hypothesis is accepted according to the research that has been conducted by (Kalil & Aenurohman, 2020). In the t-test analysis on the product innovation variable, it is known that the sig value for the effect of X_1 on Y_1 is $0.043 < 0.05$ and the t count value is $2.062 > t$ table 1.994, so it can be concluded that product innovation has a positive and significant effect on business performance. Product innovation has a positive effect on business performance so that with these results the company can start to innovate periodically in each certain period in order to produce better products than before or products that can meet consumer needs.

2. The Effect of Selling Price on Business Performance

Based on the t-test on the selling price variable, the sig value for the effect of X_2 on Y is $0.000 < 0.05$ and the calculated t value is $13.429 > t$ table 1.994, so it can be concluded that the selling price has a positive and significant effect on business performance. The previous hypothesis is accepted as in the study (Gaghana et al., 2017). The selling price has a positive effect on the company's business performance so that in the future it can implement a more attractive pricing system, apply special prices for old clients, create purchase price packages

or discount schemes for clients.

1. The Influence of Marketing Capability on Business Performance

While in the t-test on the marketing capability variable, the sig value for the influence of X3 on Y is $0.000 < 0.05$ and the calculated t value is $25.248 > t \text{ table } 1.994$, so it can be concluded that marketing capability has a positive and significant effect on business performance. So the research hypothesis that supports this statement is research by (Anifah, 2022). Marketing capability has a positive effect on business performance, companies can improve marketing capabilities by, for example, strengthening the existing sales team or adding personal sales, promoting Solusi247 products to existing and new clients by holding Product knowledge events and improving relations with clients.

2. The Influence of Product Innovation, Selling Price and Marketing Capability on Business Performance.

The results of this study indicate that the variables of product innovation, selling price and marketing capability simultaneously have a positive and significant effect on business performance. This can be proven from the F test which has a calculated f value $> f \text{ table}$, namely $(688.254 > 1.665)$ with a significance value of 0.000 which is less than 0.05, which means that the hypothesis is accepted.

CONCLUSION

Based on the results of research conducted at PT Dua Empat Tujuh with the title The Influence of Product Innovation, Selling Price and Marketing Capability on Business Performance (case study at PT Dua Empat Tujuh) using the SPSS version 26 program, the validity test on variable X against variable Y is proven valid and so is the reliability test on variable X against variable Y is proven reliable explained in chapter 4. The results of the multiple linear regression analysis test on the product innovation variable (X1) against Y are $0.043 < 0.05$ and the t value is $2.062 > t \text{ table } 1.994$ indicating that the product innovation variable has a positive and significant effect on business performance. Selling price has a positive and significant effect on business performance, it is known that the sig value for the effect of X2 on Y is $0.000 < 0.05$ and the t value is $13.429 > t \text{ table } 1.994$. Marketing capability has a positive and significant effect on business performance, it is known that the sig value for the effect of X3 on Y is $0.000 < 0.05$ and the t value is $25.248 > t \text{ table } 1.994$. The results of this study also explain that the variables of product innovation (X1), selling price (X2) and marketing capability (X3) simultaneously have a positive and significant effect on business performance with a test result of 688.254 with a significance value of 0.000. In the results of the Determination Coefficient (R^2) test, it is explained that business performance can only be explained by 96.7% of the variables of product innovation, selling price and marketing capability. While 3.3% is explained by other variables that are not in the study.

This study contributes to the literature in strategic management and marketing by empirically validating the combined influence of product innovation, pricing strategy, and marketing capabilities on business performance. It supports Resource-Based View (RBV) theory, which emphasizes internal capabilities (like innovation and marketing) as key sources of competitive advantage. The findings strengthen the theoretical argument that firms with superior internal resources perform better in dynamic markets. The study also enriches marketing mix theory, especially the less-explored interplay between price and marketing capability, showing how these elements together affect performance, not in isolation. By applying this model in a real organizational setting with total population sampling, the research enhances the applicability and generalizability of business performance frameworks

in similar corporate contexts, especially in developing countries.

The findings highlight that investment in product innovation and marketing capabilities is not optional—but essential for firms aiming to improve performance. This can guide business leaders in prioritizing budgets and resource allocation. The significant effect of price strategy underscores the importance of market sensitivity and competitive pricing, encouraging firms to regularly review their pricing models. The study informs managers, especially in mid-sized companies, that innovation, competitive pricing, and effective marketing must be aligned strategically to create sustainable business growth. For HR and organizational development departments, the study suggests the need to develop internal talent and skills in innovation and marketing to strengthen overall organizational performance. For entrepreneurs and start-ups, the study offers a practical model to benchmark their activities in the early stages of business development.

To advance this field of study, future research could explore: Mediating or moderating variables, such as customer satisfaction, brand loyalty, or digital transformation, to better understand how product innovation, price, and marketing capabilities affect business performance. A comparative study across different industries (e.g., manufacturing vs. services) to test whether these relationships hold in other business environments. Longitudinal studies to measure changes in performance over time as innovation and marketing strategies evolve. Expansion of the sample to multiple companies or cross-country settings to increase the generalizability of the findings. Inclusion of external market factors like competition intensity, customer behavior, or economic conditions as influencing factors in the business performance model.

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