

Mediation Effect of Competitive Advantage on Marketing Environment and Product Creativity on Marketing Performance

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Abstract: The aim of this research is to examine the mediating effect of competitive advantage on the relationship between the marketing environment and product creativity on marketing performance. This type of research is quantitative research with a survey method. The number of samples studied in this study was 150 samples of Batik MSMEs in Banjarnegara Regency. Technique: Purposive sampling technique, the data collection method used was a questionnaire. The data analysis technique uses Structural Equation Modeling (SEM) with the SmartPLS program. The results of this research show that the marketing environment and Product Creativity partially have a positive and significant effect on Competitive Advantage. marketing environment, Product Creativity and Competitive Advantage partially have a positive and significant effect on marketing performance. Competitive Advantage is able to mediate the influence of the marketing environment on marketing performance. Competitive Advantage is able to mediate the influence of Product Creativity on marketing performance.

Keywords: Environment, Advantage, Marketing Product, Marketing Competitive.

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INTRODUCTION

In the era of globalization and increasingly fierce business competition, companies are required to continue to innovate and adapt to a dynamic marketing environment (Kotler & Keller, 2016; Wang, 2020). The marketing environment includes various external factors that can influence company performance, such as changes in consumer needs and preferences, technology, regulations, and competition in the market. To face this challenge, companies need to develop a competitive advantage that is able to differentiate them from competitors (Ambarwati et al., 2023).

Competitive advantage is the ability of a company to produce higher value for customers than that offered by competitors. This can be achieved through various strategies, including product innovation, operational efficiency, and the use of information technology. In a marketing context, competitive advantage is often measured through various indicators such as market share, customer loyalty and brand image (Ardianwiliandri et al., 2021). One important aspect in building competitive advantage is product creativity. Product creativity refers to a company's ability to create products that are innovative and different from those on the market (Ferreira et

al., 2020; Handayani et al., 2022). Creative products not only meet customer needs, but also provide unique and value-added experiences. In this case, product creativity can be a key factor that helps companies to achieve and maintain competitive advantage (Sukarno, 2019).

However, the influence of the marketing environment and product creativity on marketing performance is not always direct. Often, competitive advantage acts as a mediating variable that strengthens the relationship between these two variables and marketing performance. In other words, companies that are able to utilize the marketing environment effectively and develop creative products tend to have a strong competitive advantage, which in turn improves their marketing performance (Maulana & Tuti, 2022).

Marketing performance is the result of a company's efforts in marketing their products or services, which can be measured through various metrics such as sales, market share growth, and customer satisfaction levels. Understanding how competitive advantage can mediate the relationship between the marketing environment and product creativity on marketing performance is important for companies to formulate effective marketing strategies (Anjaningrum & Rudamaga, 2019).

This research aims to examine the mediating effect of competitive advantage on the relationship between the marketing environment and product creativity on marketing performance. By understanding these mechanisms, companies can more effectively design marketing strategies that not only focus on adaptation to the marketing environment and product innovation, but also strengthen their competitive advantages to achieve optimal marketing performance (Maulana & Tuti, 2022).

Research on the mediating effects of competitive advantage on the relationship between the marketing environment, product creativity, and marketing performance is of some significant interest, both from a theoretical and practical perspective. This research will add new insights to the marketing management literature by explaining how competitive advantage can mediate the relationship between the marketing environment and product creativity on marketing performance (Nuryakin, 2018; Pratono et al., 2019). This research also contributes to the development of a more comprehensive theoretical model, which incorporates various factors that influence marketing performance. This is important to deepen understanding of the dynamics of interactions between these variables.

This research uses the Resource Advantage Theory (RAT). Resource Advantage Theory (RA Theory) is a framework developed by Shelby D. Hunt and Robert M. Morgan that explains how companies gain and maintain competitive advantages in dynamic markets (Morgan & Hunt, 1995). This theory combines perspectives from economic theory, strategic management, and marketing to understand competitive dynamics and corporate strategy. Companies that have superior resources in terms of efficiency and effectiveness compared to their competitors. A company's superior position in the market that allows them to gain long-term economic profits. Companies that have competitive advantages tend to occupy stronger market positions, with larger market shares, higher customer loyalty, and better profit margins. A company's success is measured through financial metrics such as profit, ROI (Return on Investment), and revenue growth. A company's success can also be measured through non-financial metrics such as customer satisfaction, brand reputation, and product innovation.

Resource Advantage Theory explains that firms achieve superior performance through unique resources, capabilities, and adaptive strategies in dynamic markets (Hunt, 2015). Firms with strong dynamic capabilities tend to create sustainable competitive advantages that positively influence organizational performance (Ferreira et al., 2020; Teece, 2018).

Competition is viewed as a dynamic and uneven process in which companies continually strive to gain, develop, and maintain competitive advantage through innovation and adaptation. Demand and supply in the market are not homogeneous. Consumers have different preferences, and companies have different abilities in meeting these needs. The success of companies depends on the strategic fit between the resources they have and market needs. Successful companies are those that are able to adapt and align their strategies to changing market conditions. Innovation and adaptive learning are key to maintaining competitive advantage. Companies must constantly look for new ways to leverage their resources and adapt to changes in the external environment. Develop the ability to monitor changes in the market environment and quickly adjust company strategies and resources to remain relevant and competitive. By understanding and applying the principles of Resource Advantage Theory, companies can more effectively manage their resources, develop sustainable strategies, and achieve superior performance in competitive markets (Barney, 1991).

The marketing environment plays an important role in influencing a company's competitive advantage. The marketing environment consists of external factors that influence a company's ability to implement effective marketing strategies and achieve its business goals (Ardianwiliandri et al., 2021). The marketing environment influences a company's competitive advantage in various ways, including economic conditions, technological developments, socio-cultural changes, political-legal regulations, and competitive dynamics. Companies that can manage and respond to these factors effectively will be better able to maintain and strengthen their position in the market. Adaptability, innovation and operational efficiency are the keys to achieving and maintaining competitive advantage in a dynamic marketing environment (Handayani et al., 2022). Based on the explanation above, a hypothesis can be derived:

H1: Marketing Environment has a positive and significant effect on Competitive Advantage

Product creativity plays an important role in forming and strengthening a company's competitive advantage. Product creativity refers to innovation and development of new products that are unique, different and have significant added value for customers (Maulana & Tuti, 2022). Product creativity is a key driver of competitive advantage because it allows companies to create differentiation, increase value for customers, respond quickly to market changes, increase efficiency and costs, and create new markets. In a competitive business environment, the ability to continuously innovate and develop creative products is the key to maintaining and strengthening a company's competitive position. Companies that succeed in product creativity are often better able to attract and retain customers, increase market share, and achieve long-term growth (Ambarwati et al., 2023). Based on the explanation above, a hypothesis can be derived:

H2: Product Creativity has a positive and significant effect on Competitive Advantage

The marketing environment includes various external factors that influence a company's marketing strategy and activities, including economic, technological, socio-cultural, political-legal and competitive factors. Understanding and responding effectively to these factors is key to achieving optimal marketing performance (Ardianwiliandri et al., 2021). The marketing environment has a significant impact on a company's marketing performance. Economic, technological, socio-cultural, political-legal, and competitive factors all play a role in determining how effective a company's marketing strategy is. To achieve optimal marketing performance, companies must be able to recognize, understand and respond proactively to changes in the marketing environment. Adaptability, innovation and a deep understanding of markets and

customers are the keys to achieving success in marketing (Handayani et al., 2022). Based on the explanation above, a hypothesis can be derived:

H3: Marketing Performance positive and significant effect on Competitive Advantage

Product creativity involves innovation and development of products that are unique, attractive, and provide added value to consumers. Product creativity allows companies to create products that are different and unique from competitors. Unique products can attract consumer attention and create stronger brand preferences. Product creativity can open new market segments or even create new markets. This provides an opportunity for significant growth without much initial competition (Maulana & Tuti, 2022). Product creativity directly influences marketing performance through product differentiation, increasing customer value, creating new market opportunities, increasing marketing efficiency, and increasing brand equity. Creative and innovative products attract consumer attention, create significant added value, and enable companies to compete more effectively in the market. In a competitive business environment, the ability to develop creative products is key to achieving optimal marketing performance and maintaining competitive advantage (Anjaningrum & Rudamaga, 2019). Based on the explanation above, a hypothesis can be derived:

H4: Product Creativity has a positive and significant effect on Marketing Performance

Competitive advantage is a key factor that influences marketing performance. Competitive advantage is a company's ability to offer better or different value than competitors (Barney, 1991; Hunt, 2015), which can be in the form of product uniqueness, operational efficiency, or other advantages that customers consider important (Anjaningrum & Rudamaga, 2019). Competitive advantage has a significant impact on marketing performance through increased market share, increased profit margins, higher customer loyalty, better marketing effectiveness, and increased ability to adapt to market changes. Companies that successfully create and maintain competitive advantages are able to achieve superior marketing performance, which in turn supports long-term growth and success. An effective marketing strategy must always consider and utilize competitive advantages to achieve optimal results (Sukarno, 2019). Based on the explanation above, a hypothesis can be derived:

H5: Competitive advantage has a positive and significant effect on marketing performance

Based on the description above, the following research model can be developed:

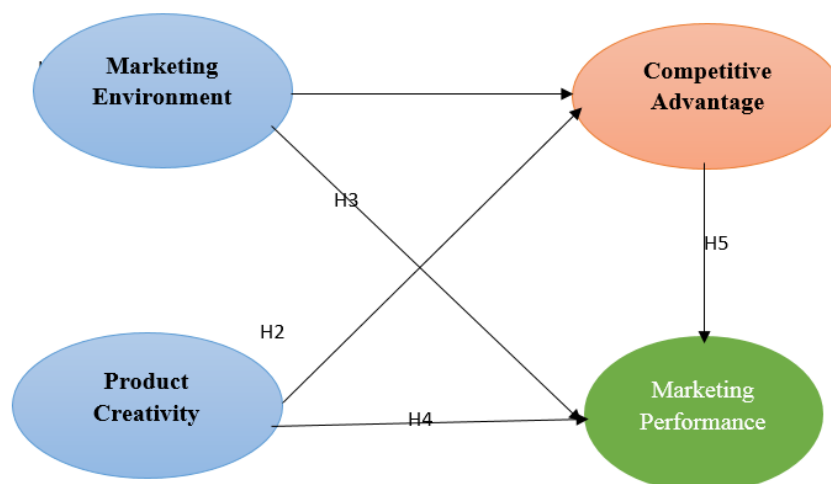


Figure 1. Research Model

This study extends the Resource Advantage Theory by positioning competitive advantage as the central strategic mechanism through which marketing environment adaptation and

product creativity are transformed into marketing performance outcomes. While previous studies have generally examined the direct effects of environmental factors and innovation on business performance, limited research has explored how these relationships operate through competitive advantage within traditional creative industries. By focusing on Batik MSMEs in Banjarnegara, this study contributes a contextualized explanation of how environmental responsiveness and product creativity jointly generate sustainable competitive positions that ultimately improve marketing performance. The findings therefore provide a more integrated understanding of performance-building processes in creative MSMEs operating in culturally embedded and highly competitive markets.

METHOD

This type of research is quantitative research carried out using survey methods and causal techniques (cause-effect relationships) (Sugiyono, 2016). This research aims to analyze whether there is an influence between one variable and another, using the Structural Equation Modeling (SEM) method which is processed through the Partial Least Squares (PLS) program. The SEM-PLS approach is appropriate for prediction-oriented research and complex mediation models (Hair et al., 2022; Yamin & Kurniawan, 2019). The data source used is primary data. The primary data in this research was obtained directly from the source by carrying out your own measurements and calculations using a questionnaire.

The population of this study were Batik MSME players in Banjarnegara Regency. The sampling technique is: purposive sampling, namely sampling based on certain characteristics or certain criteria. These characteristics include. 1) Batik MSMEs in Banjarnegara Regency that have been established for more than 1 year, 2) Have employees of approximately 5 - 15 people.

This research testing uses Structural Equation Modeling (SEM) with the SmartPLS program. The indicators created are built into constructs by taking into account relevant parameters. The measurement model is carried out by testing convergent validity to ensure whether the indicators are valid and suitable for measuring the construct in question. The probability estimation technique used in this research is Maximum Likelihood Estimation (MLE), based on the theory developed. In addition, reliability testing was carried out using the Cronbach alpha method (Cronbach's α). This method is used to measure how consistent and reliable a measurement scale is, by measuring the level of correlation between the items in the scale. The higher the Cronbach's α value, the higher the reliability of the scale

RESULTS AND DISCUSSION

Research Results

The results of this study were analyzed using the Structural Equation Modeling (SEM) approach with the SmartPLS application. Evaluation of the model was conducted through two stages, namely the outer model test and the inner model test. The outer model evaluation aims to measure the validity and reliability of the indicators used, while the inner model evaluation is conducted to test the relationships among variables and the proposed hypotheses.

Outer Model Evaluation

The validity test in this study used convergent validity by examining the outer loading values of each indicator. An indicator is considered valid if it has an outer loading value above 0.60. The results of the outer loading test are presented in Table 1.

Table 1. Outer Loading Values

Variable	Indicator	Outer Loading	Information
Marketing Environment	ME1	0.624	Valid
	ME2	0.875	Valid
	ME3	0.877	Valid
	ME4	0.797	Valid
	ME5	0.813	Valid
Product Creativity	PC1	0.808	Valid
	PC2	0.670	Valid
	PC3	0.771	Valid
Competitive Advantage	CA1	0.639	Valid
	CA2	0.746	Valid
	CA3	0.800	Valid
	CA4	0.844	Valid
Marketing Performance	MP1	0.824	Valid
	MP2	0.762	Valid
	MP3	0.746	Valid
	MP4	0.811	Valid
	MP5	0.829	Valid
	MP6	0.852	Valid

Source: Processed primary data, 2024

Based on Table 1, all indicators have outer loading values above 0.60, indicating that all measurement indicators are valid and capable of explaining their respective latent variables. Therefore, no indicators were removed from the model. Evaluation of convergent validity, discriminant validity, and composite reliability follows the recommendations of (Ghozali, 2019; Hair et al., 2022).

Discriminant Validity

Discriminant validity was evaluated using cross loading values. A construct is considered to have good discriminant validity if the loading value of each indicator on its own construct is higher than its loading value on other constructs.

Table 2. Cross Loading Values

Indicator	CA	MP	PC	ME	Information
CA1	0.624	0.409	0.566	0.391	Good
CA2	0.875	0.664	0.497	0.501	Good
CA3	0.877	0.708	0.540	0.509	Good
CA4	0.797	0.590	0.380	0.482	Good
ME1	0.412	0.543	0.441	0.813	Good
ME2	0.443	0.578	0.495	0.808	Good
ME3	0.350	0.415	0.286	0.670	Good
ME4	0.531	0.632	0.448	0.771	Good

Indicator	CA	MP	PC	ME	Information
ME5	0.432	0.476	0.306	0.639	Good
MP1	0.516	0.746	0.511	0.615	Good
MP2	0.589	0.800	0.579	0.537	Good
MP3	0.529	0.844	0.528	0.573	Good
MP4	0.571	0.824	0.554	0.627	Good
MP5	0.651	0.762	0.367	0.536	Good
MP6	0.694	0.746	0.405	0.522	Good
PC1	0.538	0.564	0.811	0.569	Good
PC2	0.474	0.431	0.829	0.325	Good
PC3	0.516	0.543	0.852	0.431	Good

Source: Processed primary data, 2024

The cross loading results indicate that each indicator has the highest loading value on the construct it measures compared to other constructs. Thus, all constructs in this study meet the discriminant validity criteria.

Reliability Test

Reliability testing was conducted using Composite Reliability values. A construct is considered reliable if it has a Composite Reliability value greater than 0.70.

Table 3. Composite Reliability Values

Variable	Composite Reliability	Information
Marketing Environment	0.875	Reliable
Product Creativity	0.907	Reliable
Competitive Advantage	0.870	Reliable
Marketing Performance	0.860	Reliable

Source: Processed primary data, 2024

Table 3 shows that all constructs have Composite Reliability values above 0.70, indicating that all variables are reliable and consistent in measuring the intended constructs.

Inner Model Evaluation

The inner model evaluation was conducted by examining the Adjusted R-Square values to determine the predictive power of the structural model.

Table 4. Adjusted R-Square Values

Variable	Adjusted R-Square
Competitive Advantage	0.466
Marketing Performance	0.691

Source: Processed primary data, 2024

The results show that the Competitive Advantage variable has an Adjusted R-Square value of 0.466, meaning that 46.6% of Competitive Advantage can be explained by Marketing Environment and Product Creativity. Meanwhile, the Marketing Performance variable has an Adjusted R-Square value of 0.691, indicating that 69.1% of Marketing Performance can be explained by Marketing Environment, Product Creativity, and Competitive Advantage.

Hypothesis Testing

Hypothesis testing was conducted by examining the path coefficients, T-statistics, and P-values generated from the SmartPLS analysis. Data analysis was conducted using SmartPLS 4 software (Sarstedt et al., 2022).

Table 5. Path Coefficient Results

Relationship	Estimate	T-Statistics	P-Value
CA → MP	0.434	4.924	0.000
PC → CA	0.419	4.615	0.000
PC → MP	0.146	2.031	0.043
ME → CA	0.364	5.209	0.000
ME → MP	0.387	5.347	0.000

Source: Processed primary data, 2024

The results indicate that all direct relationships among variables are positive and statistically significant because all T-statistics values are greater than 1.96 and all P-values are below 0.05. Therefore, all proposed hypotheses are accepted.

Mediation Effect Testing

The mediation effect of Competitive Advantage was tested using indirect effect analysis.

Table 6. Indirect Effect Results

Relationship	Estimate	T-Statistics	P-Value
ME → CA → MP	0.158	3.688	0.000
PC → CA → MP	0.182	3.592	0.000

Source: Processed primary data, 2024

The indirect effect results reveal that Competitive Advantage significantly mediates the relationship between Marketing Environment and Marketing Performance, as well as the relationship between Product Creativity and Marketing Performance. This is evidenced by T-statistics values greater than 1.96 and P-values below 0.05.

Discussion

The most significant contribution of this study lies not merely in confirming the statistical significance of the proposed relationships but in explaining how competitive advantage emerges as the primary mechanism through which environmental responsiveness and product creativity are translated into superior marketing performance. The findings suggest that environmental adaptation and creativity do not create performance improvements independently. Rather, they become strategically valuable when they produce meaningful differentiation, stronger customer perceptions, and superior market positioning. This result reinforces the argument that competitive advantage is not an outcome itself but a dynamic process through which firms convert resources and capabilities into performance gains.

The findings of this study indicate that the marketing environment has a positive and significant effect on competitive advantage. This result demonstrates that Batik MSMEs in Banjarnegara Regency are increasingly capable of building competitive advantage when they are able to adapt to changes in market conditions, technological developments, consumer preferences, and competitive dynamics. These findings also support the argument of Santos-Vijande et al., (2018) that organizational adaptability and strategic flexibility are critical drivers of competitive positioning. A dynamic marketing environment encourages business actors to continuously improve their responsiveness and strategic flexibility in order to maintain their

market position. These findings support the Resource Advantage Theory (RAT), which explains that firms capable of utilizing external resources and adapting to environmental changes will achieve superior competitive positions (Barney, 1991). The result is also consistent with previous studies showing that environmental adaptability contributes significantly to the development of competitive advantage among MSMEs (Ardianwiliandri et al., 2021). Furthermore, Handayani et al., (2022) emphasized that businesses capable of understanding market changes and customer needs are more likely to sustain long-term competitiveness.

The study also found that product creativity positively and significantly affects competitive advantage. The result is consistent with Ferreira et al., (2020), who emphasized that creativity and innovation capabilities significantly strengthen competitive advantage. This finding suggests that the ability of Batik MSMEs to create innovative, unique, and differentiated products can strengthen their position in the market. Product creativity enables firms to offer superior value to customers and create differentiation from competitors, thereby improving competitiveness. Creative product development is particularly important in the batik industry because consumers tend to value originality, aesthetics, and cultural uniqueness. These results are in line with the findings of Ambarwati et al., (2023), who reported that product innovation and creativity significantly improve competitive advantage among MSMEs in the food and beverage sector. Similarly, Anjaningrum & Rudamaga, (2019) stated that creative industries depend heavily on innovation capabilities to sustain competitive advantage and organizational performance. Therefore, continuous product development and innovation are essential strategies for Batik MSMEs to survive in an increasingly competitive market environment.

The results further reveal that the marketing environment has a positive and significant effect on marketing performance. This indicates that MSMEs capable of responding effectively to environmental changes tend to achieve better marketing outcomes, such as increased sales growth, customer satisfaction, and market expansion. External environmental factors, including technological advancement, changes in consumer behavior, and market competition, require firms to continuously adapt their marketing strategies. This finding confirms that firms capable of adapting to changing market conditions are more likely to achieve superior marketing performance (Wahyono & Hutahayan, 2021). Companies that successfully align their strategies with environmental conditions are more likely to improve their marketing performance. These findings are supported by Sukarno, (2019), who found that environmental adaptation plays a crucial role in enhancing MSME marketing performance. In addition, Ardianwiliandri et al., (2021) explained that understanding market conditions and customer expectations contributes significantly to improving customer satisfaction and organizational performance.

Another important finding of this study is that product creativity positively and significantly influences marketing performance. This result confirms that innovative and creative products are able to attract customer attention, strengthen brand image, and increase customer loyalty, which ultimately improve marketing performance. Creative product development enables MSMEs to improve differentiation strategies and customer value creation, which ultimately enhances marketing performance (Ambarwati et al., 2023). Product creativity enables MSMEs to develop unique products that provide added value to consumers and differentiate them from competitors. In the context of Batik MSMEs, creativity in motifs, colors, designs, and product diversification can become an important strategy for attracting broader market segments. These findings are consistent with Maulana & Tuti, (2022), who emphasized that product creativity contributes significantly to improving business competitiveness and marketing outcomes.

Likewise, Anjaningrum & Rudamaga, (2019) argued that creative products create higher customer value and positively influence organizational performance.

The findings also indicate that competitive advantage has a positive and significant effect on marketing performance. This means that Batik MSMEs possessing stronger competitive advantages are more likely to achieve superior marketing performance. Competitive advantage allows businesses to create better customer value, strengthen customer loyalty, and maintain sustainable market positions. Firms with unique products, efficient operations, and strong market differentiation are generally more successful in increasing sales and expanding market share. This result is consistent with the Resource Advantage Theory, which explains that firms with superior resources and capabilities will achieve better performance outcomes (Morgan & Hunt, 1995). The findings are also in line with Sukarno, (2019), who stated that competitive advantage significantly improves MSME marketing performance through customer retention and market expansion.

Conceptually, the marketing environment and product creativity represent two complementary sources of strategic value creation. The marketing environment provides external information regarding market trends, customer preferences, technological developments, and competitive pressures, whereas product creativity reflects the firm's internal capability to transform these signals into innovative offerings. However, neither environmental adaptation nor creativity automatically improves marketing performance. Their impact becomes meaningful when they generate competitive advantages that differentiate firms from rivals. Therefore, competitive advantage serves as the strategic bridge connecting external adaptation and internal innovation with superior marketing outcomes.

In terms of mediation analysis, the results demonstrate that competitive advantage successfully mediates the relationship between the marketing environment and marketing performance. This indicates that the ability of MSMEs to adapt to environmental changes contributes to better marketing performance through the creation of competitive advantage. In other words, environmental adaptation alone is not sufficient to directly improve performance unless it is transformed into strategic advantages that differentiate businesses from competitors. This finding confirms that competitive advantage functions as an important strategic mechanism linking external environmental conditions to organizational performance. This result is in line with Khan et al., (2019), who found that superior organizational capabilities contribute significantly to sustainable performance. The result supports the argument of Hunt and Morgan that competitive advantage acts as a bridge between organizational resources and superior performance outcomes (Morgan & Hunt, 1995).

Furthermore, competitive advantage was also found to mediate the relationship between product creativity and marketing performance. This finding implies that product creativity contributes to improved marketing performance when creative products successfully generate superior value and differentiation advantages in the market. Product innovation alone may not directly improve performance unless it strengthens the firm's competitive position. Therefore, the success of Batik MSMEs in improving marketing performance depends not only on their creativity but also on how effectively creativity is transformed into sustainable competitive advantages. These findings support the study by Ambarwati et al., (2023), which emphasized that product creativity enhances marketing performance through the creation of competitive advantage.

The context of Batik MSMEs in Banjarnegara offers important academic insights because these firms operate within a traditional creative industry where cultural identity and product differentiation are fundamental sources of competitiveness. Unlike mass-produced manufacturing sectors, batik enterprises compete through artistic uniqueness, local heritage, and

symbolic value. Consequently, product creativity in this context extends beyond innovation for commercial purposes and functions as a mechanism for preserving cultural authenticity while simultaneously responding to changing market demands. This finding suggests that competitive advantage in traditional creative industries is deeply embedded in the interaction between cultural resources and market-oriented innovation.

Overall, the findings of this study highlight the importance of environmental adaptability, product creativity, and competitive advantage in improving the marketing performance of Batik MSMEs in Banjarnegara Regency. MSME actors are encouraged to continuously innovate, strengthen product differentiation, and respond proactively to changes in the marketing environment. In addition, support from government institutions in the form of training, technological assistance, market access facilitation, and business development programs is essential to strengthen the competitiveness and sustainability of MSMEs in the long term. The mediating role of competitive advantage confirms that environmental adaptation and creativity must be transformed into strategic superiority before significantly influencing marketing performance (Zehir et al., 2015).

The findings contribute to SME marketing literature by demonstrating that competitive advantage functions as the strategic pathway linking environmental adaptation and product creativity with marketing performance. The study therefore strengthens the explanatory power of Resource Advantage Theory within the context of traditional creative industries. From a practical perspective, Batik MSME owners should prioritize not only product innovation but also the development of distinctive competitive positioning strategies. Policymakers and MSME development agencies are encouraged to design programs that integrate product innovation support, digital marketing capability enhancement, market intelligence systems, and branding development. Such integrated initiatives can help transform local creative resources into sustainable competitive advantages capable of supporting long-term marketing performance and industry sustainability.

CONCLUSIONS

This study concludes that both marketing environment and product creativity significantly contribute to the development of competitive advantage among Batik MSMEs in Banjarnegara Regency. The findings further demonstrate that marketing environment, product creativity, and competitive advantage positively influence marketing performance. More importantly, competitive advantage serves as a significant mediating mechanism through which environmental adaptation and product creativity are transformed into superior marketing outcomes.

The findings indicate that MSMEs operating in traditional creative industries cannot rely solely on product innovation or market responsiveness to improve performance. Instead, these resources must be translated into sustainable competitive advantages that create meaningful differentiation and superior customer value. The study therefore reinforces the Resource Advantage Theory by demonstrating that competitive advantage functions as the critical strategic link between organizational resources and marketing performance.

Theoretically, this research contributes to the understanding of performance-building processes in creative MSMEs by integrating environmental adaptation, product creativity, and competitive positioning within a single explanatory framework. Practically, the findings highlight the importance of strengthening innovation capabilities, market responsiveness, branding

strategies, and competitive positioning to support the long-term sustainability and competitiveness of Batik MSMEs.

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