



THE IMPACT OF PRODUCT INNOVATION ON MARKETING PERFORMANCE IN THE CONTEXT OF PAKISTANI FIRMS

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Abstract

This study attempts to present a picture of marketing performance of SME's. The aim of this study to test the impact of electronic customer relationship management and customer knowledge sharing capacity on small and medium size enterprises marketing performance through product innovativeness development. The purpose of this study to analyze the relationship between e-CRM and customer knowledge sharing capacity and marketing performance. This study has conduct on small and medium enterprises province of Punjab, Pakistan. The design of this research will use quantitative research design. The data collection employed survey method with questionnaires distributed to 300 respondents. The respondents are owners and managers of SME's in Punjab. The data analysis technique is used SPSS and Amos. The findings of this study has revealed that mediation of product innovativeness has play a key role to enhance the marketing performance of SME's.

INTRODUCTION

Marketing performance is the result of marketing departments evaluating how well marketing initiatives are working towards their objectives. A company's efforts to recognize and meet the wants and preferences of its customers are referred to as its marketing performance. Marketing performance attempts are made to determine and satisfy consumer requirements and tastes, claim (Khan, Hussain, Maqbool, Ali, & Numan, 2019). Companies are interested in both how well their products perform on the market and what it takes to

succeed in business. Therefore, any corporation's success depends on how the market reacts to its product and how its attainment is mirrored in the business world (Aksoy, 2017; Ozgun, Tarim, Delen, & Zaim, 2022) According to several authors, SME's have numerous obstacles to reaching outstanding performance, including insufficient resource capacity and restricted information technology innovation. Several experts have asserted that marketing effectiveness has a significant role



in success(AlQershi, Mokhtar, & Abas, 2022; Lee-Kelley, Gilbert, & Mannicom, 2003) Marketers use a variety of platforms to build long-term relationships with customers, including emails, forums, the World Wide Web, chat rooms, social media, and more, to find, create, and cultivate long-term connections. This idea is referred to as "e-CRM" (Lee-Kelley et al., 2003).Using internet technology has helped businesses transform their initial, conventional approach to managing their clients into a more cutting-edge one. Electronic customer relationship management (e-CRM) has grown more and more popular and effective as a strategic communication tool to forge deep and lasting bonds with clients thanks to the increasing global adoption of Internet tools(Kim, Choi, Lim, & Sung, 2022). Through the use of e-CRM, organizations can track customer behavior, providing them with valuable insights into their preferences and needs. This allows organizations to tailor their services and products to meet the specific needs of their customers, leading to an increase in customer satisfaction and loyalty(Wang, Khan, Sajjad, Sarki, & Yaseen, 2023).By incorporating e-CRM into their company plan, companies demonstrate a strong commitment to their customers. The connection requires adding additional value in order to boost customer happiness, loyalty, and retention as well as market performance. Furthermore, deploying e-CRM provides the advantages of boosting customer loyalty, sales, and cost effectiveness(Adnan, Rashid, Khan, & Baig, 2023). According to several experts, e-CRM contributes to performance enhancement through fostering product invention. While creating new generalities for goods and services, it may be necessary to modernize, include, or restructure some of the abecedarian aspects of quality, brand, and design that are presently being. CRM is favorably identified with performance through invention, claim some experts(C. M. Afzal, Khan, Baig, & Ashraf, 2023; Aksoy, 2017; AlQershi et al., 2022). Innovation is one of the factors that contribute to the great performance results of client relationship operation.

SMEs are often the first to spot and capitalize on new opportunities. They are agile and can adapt quickly to changing market conditions, which allows them to take advantage of new technologies and trends. Furthermore, SMEs are often the most innovative, and can provide a valuable source of competition for large firms. Therefore invention has an impact on a company's capacity for competition(Baksi & Parida, 2013). Meanwhile, product invention is an important business element since it enables companies to manufacture effects that are profitable to consumers in terms of new features, designs, and functionalities (Aksoy, 2017).Likewise, invention has been conceded as a dependable tactic for perfecting request success. The invention is a crucial element of any association's plan for achieving great performance (AlQershi et al., 2022). It may be necessary to change, add to, or re-organize some of the essential rates, brands, and designs of being available goods and services as part of the process of developing innovative solutions to the customer. This process usually involves researching the target audience, such as identifying customer needs and preferences, while also analyzing the competitive landscape. The ultimate goal is to create a product that meets customer needs in a way that is easily accessible and profitable (S. N. K. Afzal & Rafiq, 2021; Arshad, Iqbal, Afzal, Khan, & Sajjad, 2022).Product development meets the demands of the being request by stepping up deals sweats, searching for new and advanced products, and ramping up product exploration and development conditioning.

LITERATURE REVIEW

Marketing Performance

One construct of factor that is frequently used to evaluate business strategies is marketing performance (Yasa, Giantari, Setini, & Rahmayanti, 2020). A variety of elements, including customer and competitor attention, affect marketing performance, encouraging businesses to innovate to satisfy customer needs and expectations(Nguyen, Nguyen, & Morgan, 2021). So the effective marketing performance is a dependent process that changes depending on the firm's marketing



strategy, corporate context, and task environment (Nguyen et al., 2021). A comprehensive list of metrics, including new product success, revenue growth, and customer growth, is provided by (Saputra & Mahaputra, 2022). Furthermore, the marketing performance might be measured by market share, sales growth, sales to current customers, revenue growth from existing customers, the acquisition of new customers, and sales growth from existing clients (Biemans, Malshe, & Johnson, 2022). A larger market share, improved ability to draw in new clients, more noticeable sales revenue growth, and stronger sales to current customers.

E-CRM and Marketing Performance

Businesses that operate in the unstable business environment need to understand how e-CRM can affect marketing performance. The use of e-CRM is the creation of enterprises' products, services, and marketing efforts, which are recognized as marketing innovation (Santamoko, 2023). Despite the fact that any company must succeed in marketing, it is unclear from prior studies how long-term connections will affect this. Using e-CRM encourages customers to offer suggestions and feedback for advertising products and services while also cultivating enduring relationships with them. E-CRM also emphasizes relationship marketing with the aim of enhancing long-term connections (AlQershi et al., 2022).

H1: There is a significant relationship between e-CRM and marketing performance.

Customer knowledge sharing and Marketing Performance

Customer knowledge management makes it simpler to comprehend how various factors interact to decide the knowledge that should be used to enhance performance. By altering their marketing strategies and an unstable business terrain, small and medium-sized enterprises (SMEs) can increase their marketing success (Jamshed, Rehman, & Majeed, 2021). Companies that encourage the sharing of consumer moxie would fare more in this script. Guests' opinions can be gathered by marketers using a secure client knowledge operation

system, and this data can also be utilized to help them develop their products and services in a way that fulfills client expectations.

However, it's regarded as having a better understanding of the requirements, wants, a company has the capacity to gather client knowledge. Also, CKM assists in comprehending how numerous factors interact to identify the knowledge that should be used to enhance performance (Aksoy, 2017). A company will be suitable to integrate knowledge if it possesses the three critical traits of system faculty, collaboration capability, and socialization capability (S. N. K. Afzal & Rafiq, 2021). Guests will be happier as a result and calculate more on the company's goods and services. This could be achieved by seeing, seizing, comprehending, interacting with, and influencing their desires.

H2: There is a significant relationship between customer knowledge sharing and marketing performance.

E-CRM and Product Innovation Development

CRM implementation can take the place of developing a reliable clientele. Meanwhile, e-CRM is a tactic used by businesses to interact with customers, find and keep beneficial clients, and generate value for both the businesses and the clients (Annahli, Hurriyati, & Monoarfa, 2023). According to the author, e-CRM can give a company a competitive edge since it allows it to better understand its customers, find and keep its target customers, and predict demand e-CRM should be used as a dynamic idea to help enterprises perform better in the business, as illustrated in the Xerox case study. Several studies in this field show that companies who offer more inventive products and services than rivals are more successful (Annahli et al., 2023). So, companies should concentrate more on e-CRM perpetration and effective invention generation. Also considerably delved are the benefits of CRM and invention on performance (AlQershi et al., 2022). The relationship between these ideas and how they eventually impact performance has to be made more unequivocal. Conceptually, exploration on the impact of colorful CRM traits on the



growth of an idea is still in its immaturity. To close the gap, this work uses an empirical disquisition. Consequently, CRM has a favorable effect on organizational innovation, but it is unclear how much (Aksoy, 2017)

H3: There is a significant relationship between e-CRM and Product Innovation.

Product Innovation Development and Marketing Performance

Companies must innovate if they want to adapt to environmental change, gain a competitive advantage, and perform better. Moreover, innovation affects a company's ability to compete (Larios-Francia & Ferasso, 2023). The company's performance in terms of innovation has a favorable and significant impact on the development of SMEs. A company's capability to vend innovatively is pivotal to its success. Increased product deals can be used, according to studies, to introduce marketing invention (Biemans et al., 2022). Still, it must produce high-quality products in addition to similar bones. If a company wants to contend and ameliorate its marketing effectiveness. The enforcing a new marketing strategy calls for considerable adaptations to product positioning, packaging, creation, price strategy, and design. Product Innovation, has a positive effect on marketing performance (Afandi, 2023).

H4: There is a significant relationship between Product innovation and Marketing performance.

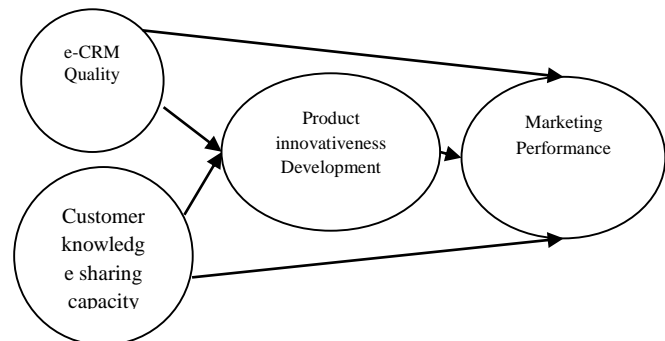
Customer knowledge sharing capacity and Product Innovation

Customer knowledge is any type of information that belongs to a company and whose availability comes from its customers. Every business must be able to interact and communicate with customers in a two-way manner in order to increase customer satisfaction (Santos, Beuren, Bernd, & Fey, 2023). This should be followed by management of all customer knowledge regarding the company's products. Workers should be able to share, collaborate with others to solve issues, generate fresh concepts, and put knowledge sharing policies or procedures into action. The

additional evidence in support of the idea that knowledge can help lower manufacturing costs, hasten the processing of products, promote innovation in creating new products, and create new service systems (Koshelieva et al., 2023). Many studies have been carried out. Customer In order to promote innovation and give businesses a sustained competitive advantage, knowledge sharing is a crucial element. Using employees' skills, knowledge, and experience to add value to the business is crucial for innovation. Knowledge exchange is crucial for innovation. Additionally, knowledge is a valuable resource and a major driver of innovation, claims (Larios-Francia & Ferasso, 2023)

H5: There is a significant relationship between customer knowledge sharing capacity and product innovativeness development.

Figure 1
Conceptual Framework



RESEARCH DESIGN

In this study, quantitative approaches are used to validate and assess hypotheses that have been generated by a variety of testing and processing. Customer relationship management, customer information sharing ability, marketing performance, and the mediating function of product innovativeness development are the variables that will be analyzed in this study. Data collection methods, sample design, and data instrumentation are all related, according to quantitative research methods. The study's hypotheses will be evaluated utilizing a Statistical Package for Social Science (SPSS) method. SPSS is a statistical research



technique, tests several linkages that are difficult to quantify concurrently.

Population of study and sample size

The study's sample consists of SMEs from the Punjab Province of Pakistan and SMEs registered with the cooperative office. The population in this study includes business owners and entrepreneurs. A total of 250 SMEs has contacted to participate in the study, which is represented by owners-managers, based on a convenient frame.

Sample Technique

The study is based on simple random sampling. This method of sampling has chosen from the population employing random methods to give precisely the same probability of being chosen to each part of the population.

Data Collection

Based on the objectives and hypotheses of the current investigation, a survey approach has adopted. Since it is preferable to obtain respondents', agreement as opposed to a 5-point Likert scale, the questionnaire has used as a survey instrument in conjunction with a 5-point Likert scale to gauge respondents' opinions (Yuan et al., 2023)

Measurement

The open questions are short and precise elaborations in order in order to aid the closed ones in discovering more details. To evaluate the research tool, validity and reliability tests will be organized. An instrument in the form of a questionnaire containing indicators will be created for this purpose and adopted from the previous study in order to reduce the danger of external validity (Sugiyarti et al., 2018; Yadav & Rahman, 2017). e-CRM adopted five items (Santamoko, 2023).CKMS six items adopted (Siallagan, 2023),Marketing performance (Purwanto, Purba, Bernarto, & Sijabat, 2021), product innovativeness development four items were adopted and five items were adopted marketing performance (Purwanto et al., 2021).

DATA ANALYSIS

These composite factors are additionally referred to as elements. It is crucial to determine whether the example can be used to demonstrate the element research. Information from the absence of value, odd characteristics, and anomalies were also separated out in this examination. To convey out a factor examination, the instance must measure satisfactorily.

Exploratory Factor Analysis:

Table 1

Pattern Matrix^a

	Component			
	1	2	3	4
SMEAN(MP3)	.956			
SMEAN(MP2)	.930			
SMEAN(MP4)	.893			
SMEAN(MP1)	.877			
SMEAN(PID3)		.936		
SMEAN(PID2)		.892		
SMEAN(PID4)		.875		
SMEAN(PID1)		.826		
SMEAN(CKS2)			.825	
SMEAN(CKS3)			.816	
SMEAN(CKS1)			.809	
SMEAN(CKS4)			.709	
SMEAN(CRM3)				.883
SMEAN(CRM2)				.871
SMEAN(CRM1)				.849

Extraction Method: Principal Component Analysis.

Rotation Method: Promax with Kaiser Normalization.^a

a. Rotation converged in 5 iterations.

Final pattern matrix Continue...



RELIABILITY

Table 2

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.854
Bartlett's Test of Sphericity	Approx. Chi-Square Df	2390.015
	Sig.	.000

Reliability Test for the Variables

The meaning of reliability is "how much everything in the scale measure a similar hidden work" (Lee-Kelley et al., 2003). It is similarly portrayed as the constancy of consequences while approximating the things of factors over and over (Pfeffer, 1972).

CORRELATION

Table 3

Correlations

	CRM	CKS	PID	MP
CRM	1			
Pearson Correlation		.376**	.397**	.455**
Sig. (2-tailed)		.000	.000	.000
N	250	250	250	250
CKS		1		
Pearson Correlation			.381**	.292**
Sig. (2-tailed)		.000	.000	.000
N	250	250	250	250
PID			1	
Pearson Correlation				.294**
Sig. (2-tailed)		.000	.000	.000
N	250	250	250	250
MP				1
Pearson Correlation				
Sig. (2-tailed)		.000	.000	.000
N	250	250	250	250

** Correlation is significant at the 0.01 level (2-tailed).

Table 4

Hypothesis Testing

		Estimate	S.E.	C.R.	P	Accepted/Rejected
PID	<--- CKS	.201	.062	3.239	.001	Accepted
PID	<--- CRM	.209	.070	2.997	.003	Accepted
MP	<--- CRM	.175	.056	3.139	.002	Accepted
MP	<--- CKS	-.043	.050	-.868	***	Accepted
MP	<--- PID	.177	.053	12.729	***	Accepted

There is a positive relationship between e-CRM and product innovativeness development (S.E= 0.062, $p < .0001$),

- There is a positive relationship between customer knowledge sharing and product innovativeness development (S.E= 0.070, $p < .003$),
- There is a positive relationship between e-CRM and marketing performance (S.E= 0.056, $p < .0002$),

Item-Total Statistics

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
CRM	8.9333	2.718	.544	.687
CKS	8.7273	2.486	.460	.636
PID	9.2353	2.428	.471	.729
MP	7.6830	2.943	.441	.846

- There is a positive relationship between customer knowledge sharing and marketing performance (S.E= 0.050, $p < .000$),
- There is a positive relationship between product innovativeness development and marketing performance (S.E= 0.053, $p < .000$),

DISCUSSION

One of the most crucial components of CRM is developing a relationship with clients via technology (Annahli et al., 2023). The primary benefits of using e-CRM for the business are to maximize client value and create long-term partnership (Koshelieva et al., 2023). An essential component of creating pronounced competitiveness is creating and sustaining relationships with clients ..

This study explores the efficacy of e-CRM for knowledge sharing among SMEs. According to the study's findings, SMEs may find it easier to



share expertise the more successfully they employ e-CRM. Because to their capacity to use the internet to facilitate CRM, businesses may be able to easily get information. Also, SMEs may communicate with their clients more easily thanks to internet technology (AlQershi et al., 2022).

In-depth customer communication makes it feasible for SMEs and customers to exchange information. SMEs and their clients may comprehend one another in order to promptly address their needs. The ability to take part in activities that promote information sharing is essential for fostering connections (Herman, Sulhaini, & Farida, 2021). The usage of the internet in marketing connections has a big impact on how effectively information is conveyed (Lee-Kelley et al., 2003).

SMEs can communicate directly with customers online by using call centers. Both sides can readily share any kind of information thanks to this communication facilitation, especially the information they need. Consumers have the right to voice their desires, interests, grievances, and opinions. With communication, SMEs can provide customers with any information they require, including specifics about their products, limited-time deals, and other helpful information.

CONCLUSION

This study attempts to determine how knowledge sharing and e-CRM skills affect the competitiveness of products and the marketing effectiveness of SME's. The outcomes are as follows: The first is that e-CRM capability positively influences capacity for knowledge sharing, the second is that marketing performance of SMEs is positively influenced by knowledge sharing capability, the third is that marketing performance of SMEs is positively influenced by product competitiveness, and the fourth is that knowledge sharing capacity positively influences product competitiveness. Some of the theory's implications are presented in this paper.

Second, the capacity for knowledge exchange may be impacted by the company's ability to communicate with customers via e-CRM. The ability of SMEs to manage their relationships

may have an impact on the loyalty of their clients in Pakistan. To increase the volume of information activity, consumers are not unwilling to provide Businesses their personal information. Second, performance is indirectly impacted by the e-CRM capacity.

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