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The Role of Marketing Innovation in Household Business Sustainability: A Resource-Based View Approach

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Abstract: Marketing innovation has become an important capability that enables household businesses to improve competitiveness and adapt to changing market conditions. Through product innovation, price innovation, promotion innovation, and retail innovation, business actors can create value and strengthen their market position. This study aims to examine the influence of product innovation, price innovation, promotion innovation, and retail innovation on marketing innovation, as well as the effect of marketing innovation on household business sustainability from a Resource-Based View (RBV) perspective. A quantitative approach was employed using a survey of 210 household food business actors in Medan City selected through purposive sampling. Data were collected through a structured questionnaire measured using a seven-point Likert scale and analyzed using Partial Least Squares–Structural Equation Modeling (PLS-SEM). The results reveal that product innovation, retail innovation, and promotion innovation have positive and significant effects on marketing innovation, while price innovation has no significant effect. Furthermore, marketing innovation does not significantly influence household business sustainability. These findings suggest that product quality, promotional capabilities, and diversified sales channels represent valuable internal capabilities that support marketing innovation. This study contributes to the Resource-Based View literature by providing empirical evidence regarding the role of internal capabilities in fostering marketing innovation among household food businesses.

Keywords: Marketing Innovation, Household Business Sustainability, Resource-Based View.

INTRODUCTION

Marketing innovation has become an increasingly important strategy for businesses seeking to maintain competitiveness and adapt to dynamic market conditions. Rapid changes in consumer preferences, technological advancement, and intensifying competitin have encouraged businesses to continuously develop innovative approaches in their marketing activities. Marketing innovation encompasses various activities, including product innovation, price innovation, promotion innovation, and retail innovation, which enable firms to create superior customer value and strengthen their market position (OECD, 2018).Through effective

marketing innovation, businesses can better respond to market demands and enhance their long-term performance and sustainability (Vrontis et al., 2022).

The utilization of digital media is no longer limited to a communication tool, but has become an integral part of marketing strategies that influence how business actors reach consumers, build market relationships, and maintain business sustainability amid increasingly dynamic competition. Changes in consumer behavior, which are increasingly dependent on digital media to seek product information, compare prices, and conduct transactions, have encouraged business actors to adapt their marketing activities to the development of a digitally driven business environment.(Dwivedi et al., 2021).

The importance of marketing innovation has become more evident with the growing digitalization of business activities. In Indonesia, the adoption of digital technology has expanded opportunities for business actors to develop innovative marketing strategies through social media platforms, e-commerce, digital payment systems, and online communication channels. This development is also evident among household businesses in the Indonesian food sector. The 2024 INDEF report revealed that 33.6% of Micro, Small, and Medium Enterprises (MSMEs) have entered the digital ecosystem, while in Badan Pusat Statistik 25 reported that 45.76% of micro and small food sector businesses have utilized the internet in their business activities. These findings indicate that the use of digital media among food businesses continues to grow, although the level of implementation still differs among business actors.

This phenomenon can also be observed among household food businesses in Indonesian. Based on preliminary observations of several household businesses, such as banana chips, roasted peanuts, and peyek chips enterprises, business owners have utilized social media platforms such as Instagram and TikTok as promotional tools and adopted cashless payment systems in sales transactions. However, the use of digital technology remains primarily focused on product communication and transaction convenience (Ayem et al., 2024). Some business actors have started to actively develop product variations, digital content-based promotions, and online sales through digital platforms, while others still use digital media in a limited manner merely for product posting activities. This condition reflects differences in the capabilities of business actors to develop marketing innovation in sustaining their businesses (Suwarno & Pohan, 2025).

The ability to develop marketing innovation is closely associated with household business sustainability. Household business sustainability refers to the capability of businesses to maintain operational continuity, generate stable income, adapt to environmental changes, and sustain business growth over time. As household businesses generally operate with limited financial, managerial, and technological resources, the ability to continuously innovate in marketing activities becomes increasingly important in supporting long-term sustainability. Marketing innovation may help businesses enhance customer satisfaction, strengthen competitive advantage, and improve business resilience amid changing market conditions.

Previous studies have demonstrated that marketing innovation contributes positively to business performance and competitiveness. Product innovation relates to the development of product variety, quality, and value offered to consumers (Andersén, 2021). Price innovation reflects the ability of business actors to implement adaptive pricing strategies in accordance with market conditions (Yang & Xia, 2021) Promotion innovation is associated with the development of more interactive and targeted digital marketing communication (Ayenew, 2023), , while retail innovation concerns the improvement of distribution and sales systems through digital platforms and integrated marketing channels (Ellitan, 2020). Collectively, these dimensions represent important forms of marketing innovation that enable businesses to create customer value and strengthen business sustainability.

Several studies have shown that marketing innovation is associated with the development of competitiveness and sustainability among small businesses. Affran et al., (2024) also found

that marketing innovation positively affects business sustainability. Despite these findings, studies examining the influence of product innovation, price innovation, promotion innovation, and retail innovation on household business sustainability remain limited, particularly among household food businesses. Understanding how marketing innovation contributes to household business sustainability requires an appropriate theoretical perspective that explains how internal capabilities generate competitive advantages. This study adopts the Resource-Based View (RBV) perspective, which explains that business sustainability is influenced by the ability of business actors to manage internal resources into valuable strategic capabilities (Barney, 1991.) Based on these considerations, this study aims to analyze the role of marketing innovation, represented by product innovation, price innovation, promotion innovation, and retail innovation, in influencing household business sustainability among food-sector household businesses in Indonesia through the RBV perspective.

Literature Review

Resource-Based View

The Resource-Based View (RBV) explains that business sustainability is influenced by the ability of business actors to manage internal resources into strategic capabilities that support competitive advantage (Wernerfelt, 1995). Barney, (1991.) stated that internal resources can create sustainable competitive advantage when they possess valuable, rare, inimitable, and non-substitutable (VRIN) characteristics. In the context of household businesses, technological resources are considered one of the strategic resources that support business development and the ability to adapt to market changes.

In the development of the digital business environment, marketing innovation has become one of the internal capabilities utilized by business actors to adjust business activities to changes in consumer behavior. Marketing innovation includes product innovation, price innovation, promotion innovation, and retail innovation within business marketing activities. The ability of business actors to manage technological resources and develop marketing innovation influences the competitiveness and sustainability of household businesses.

Marketing Innovation

Marketing innovation in this study is examined through product innovation, price innovation, promotion innovation, and retail innovation (Pamungkas et al., 2025). Product innovation refers to improvements in product quality, appearance, variety, and characteristics to enhance consumer attractiveness (Saraswati & Sudarmiatin, 2024). Price innovation relates to the ability of businesses to adjust pricing strategies according to market conditions and consumer behavior (Dutta et al., 2003). Promotion innovation concerns changes in how business actors communicate product information through social media and more interactive digital communication channels (Bakri et al., 2024), while retail innovation refers to the development of sales and distribution systems through online platforms and more flexible selling patterns (Ong et al., 2020).

Household Business Sustainability

Household business sustainability refers to the ability of a business to maintain operational activities and adapt to changes in the business environment (Ellitan, 2020). In household businesses within the food sector, sustainability is influenced not only by production capability but also by the ability of business actors to retain customers, expand market reach, and adjust business strategies to the development of the digital business environment. From the perspective of the RBV, business sustainability is influenced by the ability of business actors to develop internal capabilities that are relevant to market needs. Marketing innovation becomes part of these capabilities because it enables businesses to adjust their marketing activities to changes in consumer behavior and market competition. The better the ability of

business actors to develop marketing innovation, the greater the opportunity for household businesses to sustain their business continuity amid continuously evolving market conditions.

Conceptual Framework

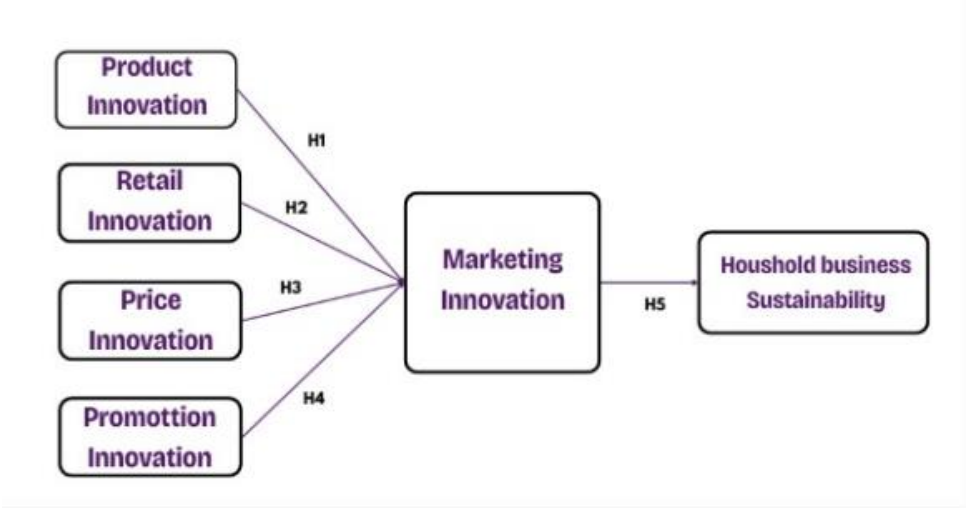

Figure 1. Conceptual Framework Model

This research framework explains the relationships between product innovation, price innovation, promotion innovation, and retail innovation on marketing innovation, as well as the effect of marketing innovation on the sustainability of household businesses in the food sector. In this study, marketing innovation is understood as a business capability to adapt marketing activities to market changes in order to support business sustainability.

Hypothesis

H1: Product innovation has an effect on marketing innovation.
H2: Retail innovation has an effect on marketing innovation.
H3: Price innovation has an effect on marketing innovation.
H4: Promotion innovation has an effect on marketing innovation.
H5: Marketing innovation has an effect on the sustainability of household businesses in the food sector.

These hypotheses were formulated to analyze the relationships between the dimensions of marketing innovation and marketing innovation, as well as the effect of marketing innovation on the sustainability of household businesses in the food sector. Hypothesis testing was conducted using a quantitative approach through Partial Least Squares–Structural Equation Modeling (PLS-SEM) analysis and was strengthened by a qualitative approach to provide deeper insights into the research findings.

METHODS

This study employed a quantitative approach using a survey method to examine the role of marketing innovation in household business sustainability among food-sector household businesses in Medan City, Indonesia. The target population consisted of household business owners actively operating food-related businesses. A purposive sampling technique was applied, whereby respondents were selected based on their involvement in managing and operating household food businesses.The sample size was determined based on the recommendation of Hair et al. (2022), which suggests a minimum sample size of five to ten times the number of indicators used in the research model. Since this study utilized 42

indicators, the minimum required sample size was 210 respondents. A total of 210 valid responses were collected and included in the analysis.

Data were gathered through a structured questionnaire distributed to household business owners. The questionnaire measured product innovation, price innovation, promotion innovation, retail innovation, marketing innovation, and household business sustainability. All items were assessed using a seven-point Likert scale ranging from 1-7. Respondent profiles were described based on gender, business duration, and business ownership status to provide an overview of the characteristics of the participating household businesses. Data analysis was conducted using (PLS-SEM) .The analysis involved the assessment of the measurement model through validity and reliability testing, followed by the evaluation of the structural model to examine the hypothesized relationships among the study variables.

RESULTS AND DISCUSSION

The measurement model evaluation was conducted to examine the validity and reliability of the research instruments. The results showed that all research indicators had outer loading values above 0.70, thereby meeting the criteria for convergent validity. The Average Variance Extracted (AVE) values for all variables were also above 0.50. In addition, the Composite Reliability and Cronbach's Alpha values exceeded 0.70, indicating that all research constructs were valid and reliable for use in testing the research model.

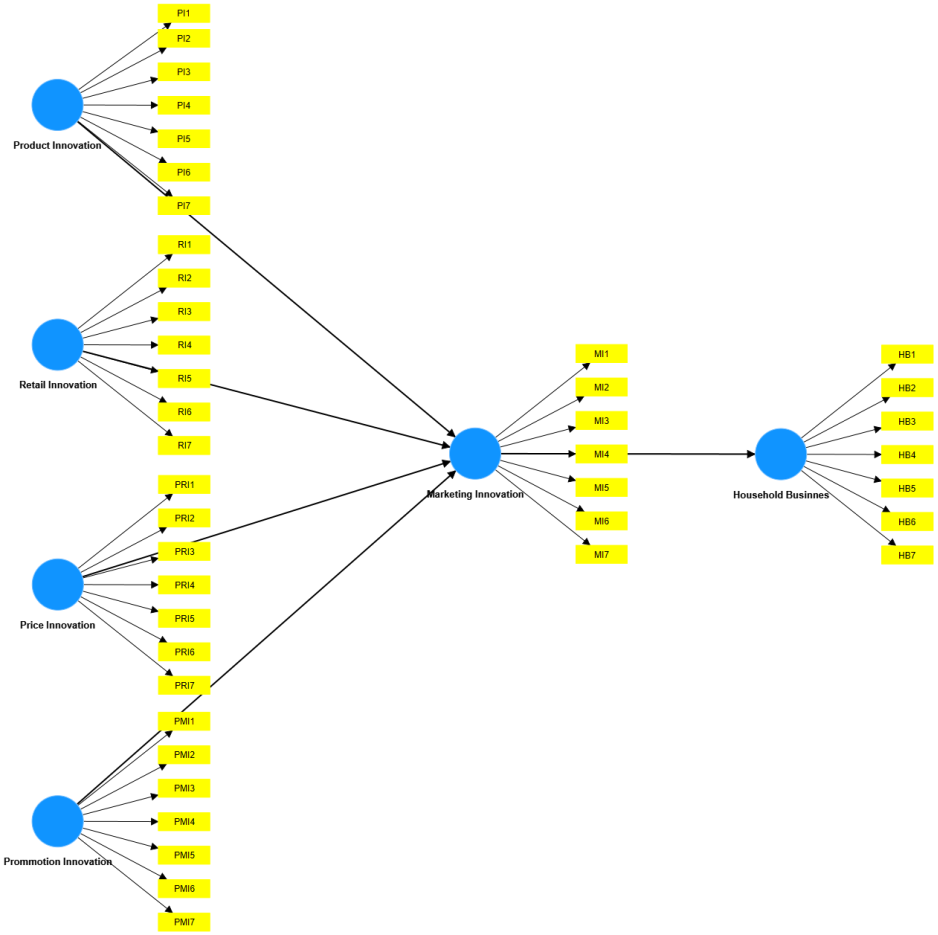

Figure 2. SmartPLS Structural Model

Figure 1 presents the structural model estimated using PLS-SEM. The model illustrates the relationships between product innovation, price innovation, promotion innovation, and retail innovation on marketing innovation, as well as the effect of marketing innovation on

household business sustainability. The results indicate that product innovation, promotion innovation, and retail innovation exhibit positive relationships with marketing innovation, whereas price innovation demonstrates a relatively weaker relationship. Furthermore, marketing innovation shows a positive relationship with household business sustainability, indicating its potential contribution to sustaining household businesses in the food sector.

Hypothesis Testing

Table 1. Hypothesis Testing Results

Hypothesis	Relationship	Original Sample (O)	T Statistics	P Values	Result
H1	Product Innovation → Marketing Innovation	0.213	4.098	0.000	Significant
H2	Retail Innovation → Marketing Innovation	0.222	3.984	0.000	Significant
H3	Price Innovation → Marketing Innovation	-0.051	0.423	0.672	Not Significant
H4	Promotion Innovation → Marketing Innovation	0.225	4.070	0.000	Significant
H5	Marketing Innovation → Household Business Sustainability	0.083	1.514	0.130	Not Significant

The hypothesis testing results indicate that product innovation, promotion innovation, and retail innovation have positive and significant effects on marketing innovation. Among these variables, promotion innovation exhibits the strongest influence, followed by retail innovation and product innovation. These findings suggest that the ability of household business actors to develop innovative products, promotional strategies, and retail channels contributes to the enhancement of marketing innovation. From the RBV perspective, these dimensions can be considered strategic capabilities that enable businesses to create value and strengthen their competitive position. In contrast, price innovation does not significantly affect marketing innovation, indicating that pricing practices among household food businesses may not yet serve as a primary driver of marketing innovation. Furthermore, marketing innovation does not have a significant effect on household business sustainability, suggesting that additional factors may contribute to sustaining household businesses beyond marketing-related activities.

Discussion

The hypothesis testing results indicate that product innovation, retail innovation, and promotion innovation have positive and significant effects on marketing innovation, while price innovation does not significantly influence marketing innovation. Furthermore, marketing innovation was found to have no significant effect on household business sustainability.The significant effect of product innovation on marketing innovation suggests that household food businesses that continuously improve product quality tend to be more capable of developing innovative marketing activities. From the Resource-Based View (RBV)

perspective, product quality represents an internal capability that creates value and differentiates businesses from competitors. The ability to maintain and improve product quality enables businesses to strengthen customer perceptions and support the development of marketing innovation.

Retail innovation also demonstrates a positive and significant influence on marketing innovation. This finding indicates that businesses that sell products through multiple channels, such as physical stores, social media platforms, online marketplaces, and direct customer networks, tend to exhibit higher levels of marketing innovation. According to RBV, the capability to utilize various distribution and sales channels represents a strategic resource that enhances market accessibility and strengthens business adaptability in responding to changing customer demands. In contrast, price innovation does not significantly affect marketing innovation. One possible explanation is that pricing strategies such as discounts, promotions, and bundling are commonly adopted by many household businesses and can be easily imitated by competitors. RBV argues that resources and capabilities must possess unique characteristics to generate competitive advantages. Therefore, pricing practices that are relatively similar across businesses may not provide sufficient differentiation to stimulate marketing innovation.

Promotion innovation emerged as the strongest predictor of marketing innovation among the examined variables. The use of social media platforms such as Instagram, TikTok, Facebook, and WhatsApp enables household businesses to communicate product value more effectively and establish direct interactions with consumers. From the RBV perspective, the capability to create attractive digital content and manage online customer engagement represents an intangible strategic resource that contributes to marketing innovation and business competitiveness. Although marketing innovation contributes to the development of marketing capabilities, the results show that it does not significantly affect household business sustainability. This finding suggests that sustainability is influenced by a broader set of resources and capabilities beyond marketing activities alone. Consistent with RBV, long-term business sustainability depends on the effective management of various internal resources, including operational capabilities, financial resources, managerial competencies, and technological capabilities. Therefore, marketing innovation may support business development, but it is not sufficient by itself to ensure the sustainability of household food businesses.

CONCLUSION

This study examined the role of marketing innovation in household business sustainability among food-sector household businesses in Medan City from a Resource-Based View (RBV) perspective. The findings reveal that product innovation, retail innovation, and promotion innovation positively and significantly influence marketing innovation. Among these variables, promotion innovation demonstrates the strongest effect, indicating the importance of utilizing digital promotional channels and customer engagement strategies in enhancing marketing innovation. In contrast, price innovation does not significantly affect marketing innovation, suggesting that pricing practices such as discounts and bundling are not sufficient to differentiate household businesses or stimulate marketing innovation.

The results also show that marketing innovation does not significantly influence household business sustainability. This finding indicates that the sustainability of household food businesses is not determined solely by marketing-related activities but may also depend on other internal resources and capabilities. From the RBV perspective, product quality, promotional capabilities, and the ability to utilize multiple sales channels represent valuable resources that support marketing innovation. However, these capabilities alone may not be adequate to ensure long-term business sustainability. Therefore, household businesses should

not only focus on marketing innovation but also strengthen other strategic resources and capabilities to support sustainable business growth.

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